

# PRIMA INDUSTRIE GROUP



PRIMA INDUSTRIE

**GAINING HEIGHT AGAIN**

London STAR Conference – October 7, 2010



# EXECUTIVE SUMMARY

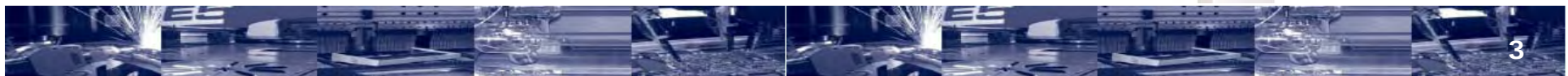
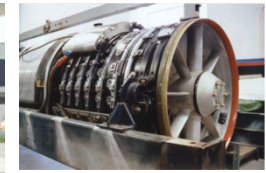
1. **Prima highlights**
2. **Market trend**
3. **Order acquisition recovery**
4. **Geographical coverage & trends**
5. **Our people**
6. **R&D: investing for the future**
7. **Marketing**
8. **H1 2010 highlights**
9. **Shareholding and Governance**

**Appendix**



## PRIMA HIGHLIGHTS: WHO WE ARE

- **Leading global player** in laser and sheet metal machinery (among the **top 4 players worldwide**).
- **Comprehensive product range** in laser systems and sources, punching, shearing, bending and automation for sheet metal industry
- **Market leader in 3D lasers** for **automotive, aerospace** and **energy** markets.
- Over **30 years** experience in the sector.
- Over **10,000 machines and systems** installed in **60 countries**
- Manufacturing facilities in **Italy, Finland, USA, China**
- **Worldwide sales and service network**



# PRIMA HIGHLIGHTS: WHO WE ARE

## COMPETITIVE POSITIONING

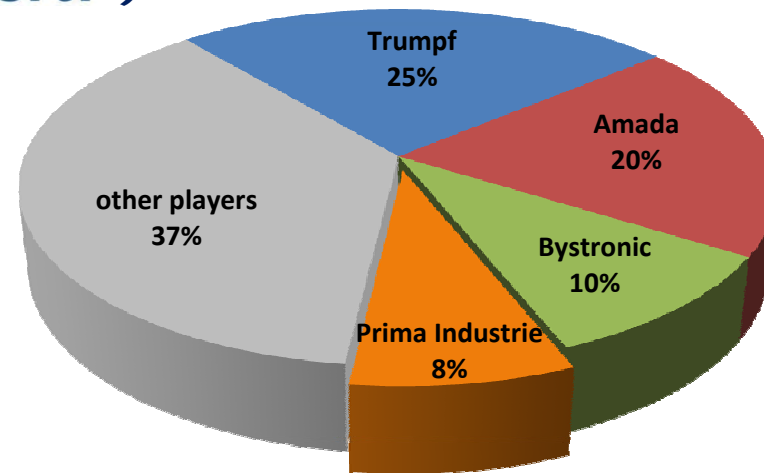
(company estimates)

Market size:	2.8 B€
Prima Group consolidated turnover 2009:	232 M€
Market share:	8.2%

## COMPETITORS (Sheet metal processing)

(Source: )

Trumpf:	25%
Amada:	20%
Bystronic:	10%
Prima Industrie:	8%



# PRIMA HIGHLIGHTS: BUSINESS SEGMENTS

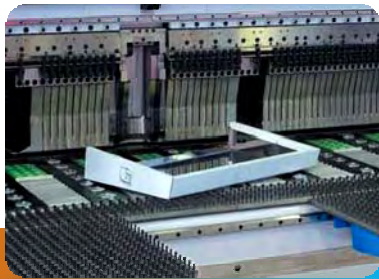


GROUP

Sheet Metal



Sheet metal fabrication machinery: punching, punching/laser, shearing, bending, automation and FMS



Laser



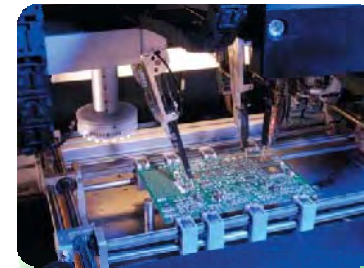
High power CO<sub>2</sub>, Nd:YAG and Fibre laser systems and generators for cutting, welding and drilling 2D and 3D parts



Electronics

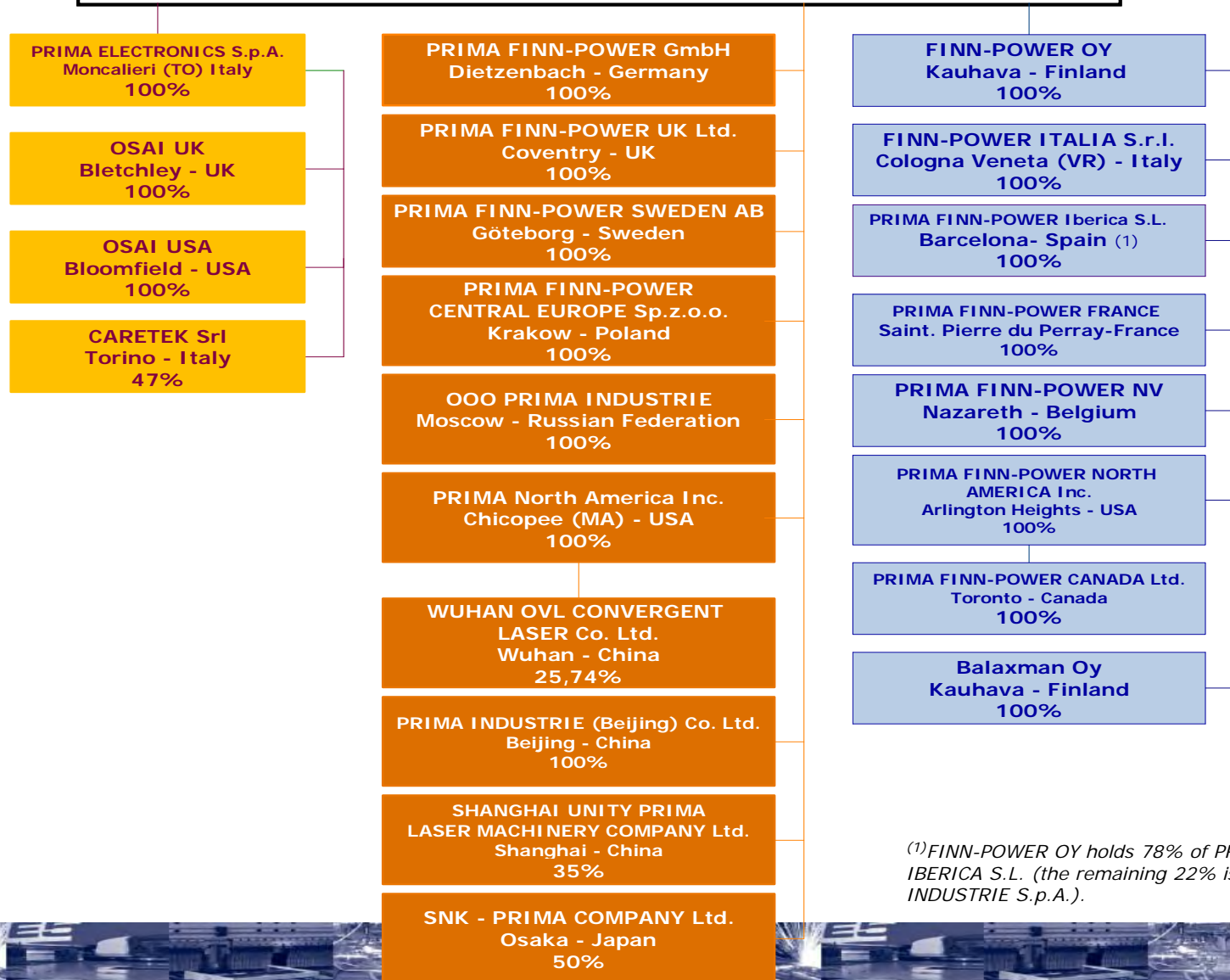


Power and control electronics, Numerical controls (also equipping the machines manufactured by the Group)

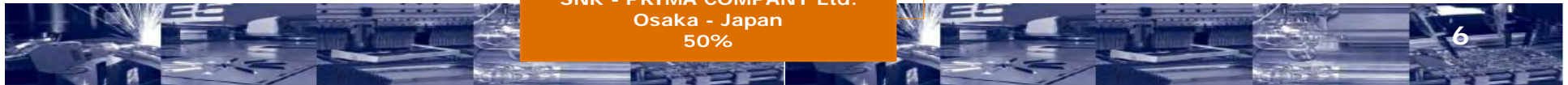


# PRIMA HIGHLIGHTS: GROUP STRUCTURE

## PRIMA INDUSTRIE

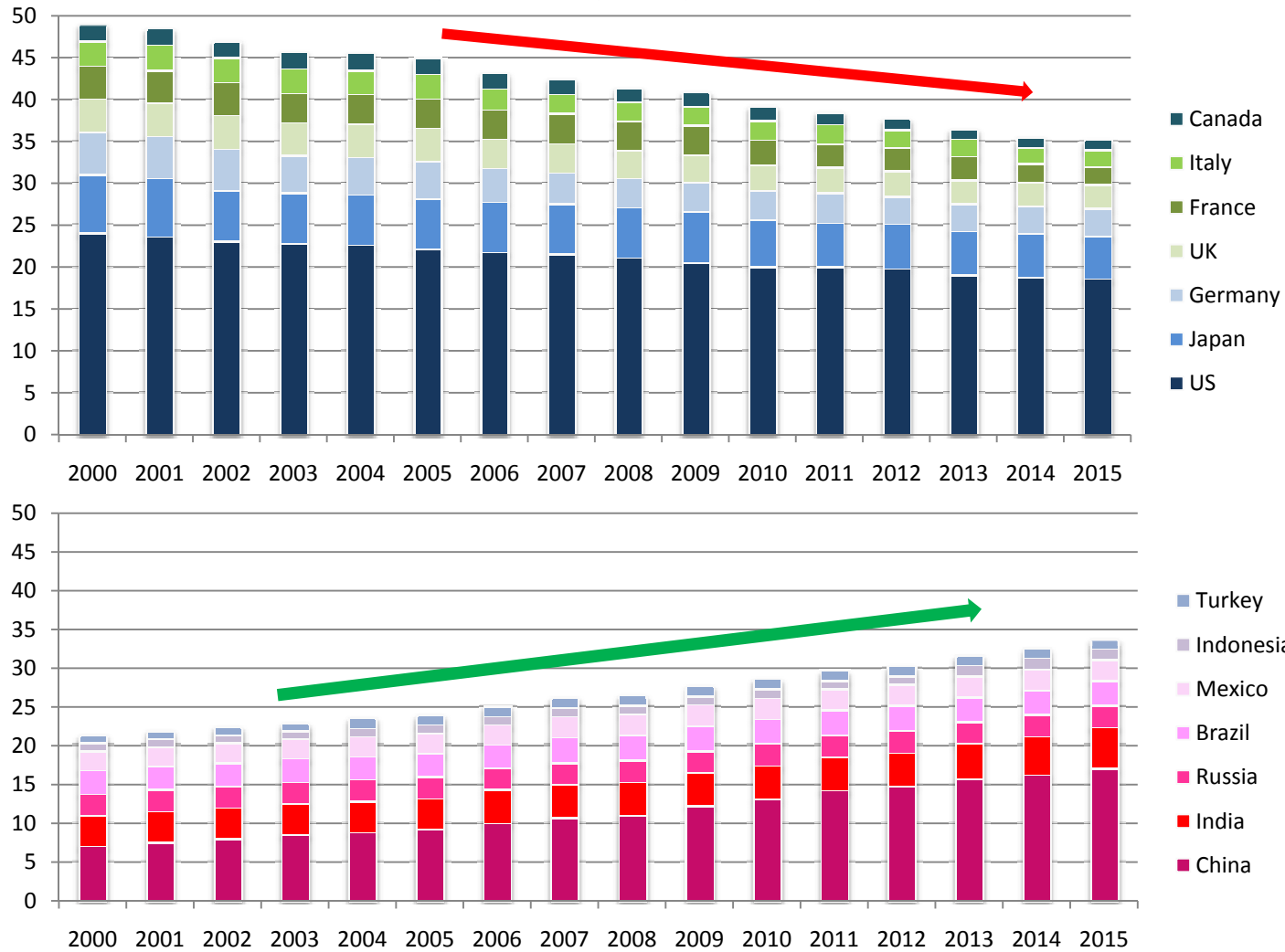


<sup>(1)</sup>FINN-POWER OY holds 78% of PRIMA FINN-POWER IBERICA S.L. (the remaining 22% is held by PRIMA INDUSTRIE S.p.A.).



# MARKET TREND: GEOGRAPHICAL SCENARIO

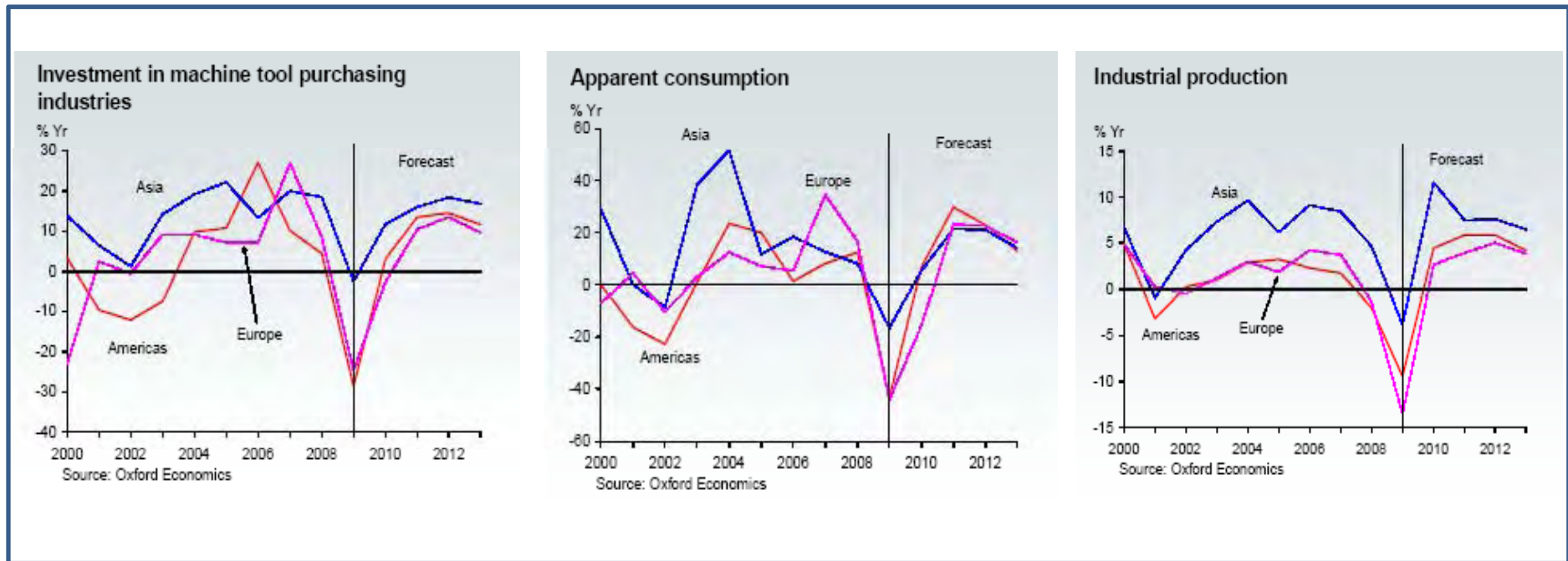
Share of global output by country (%)



Source: IMF



## MARKET TREND: 2011-2012 FORECASTS



- 2010 will see the start of recovery but upturn will be slow at first before gathering pace in 2011 and 2012.
- Globally MT consumption expected to be roughly flat this year before rising by over 20% in both 2011 and 2012.
- Recovery is more rapid in Asia, followed by the Americas. Recovery in European markets is expected to lag than elsewhere.





The year 2010 began with some positive signs, further confirmed in 2Q10.

## Order acquisition for Italian machine Tools manufacturers

**Jan – Jun '10: +34%** compared to Jan – Jun '09

where :

- **domestic market was +39%** and
- **foreign market was +32%**



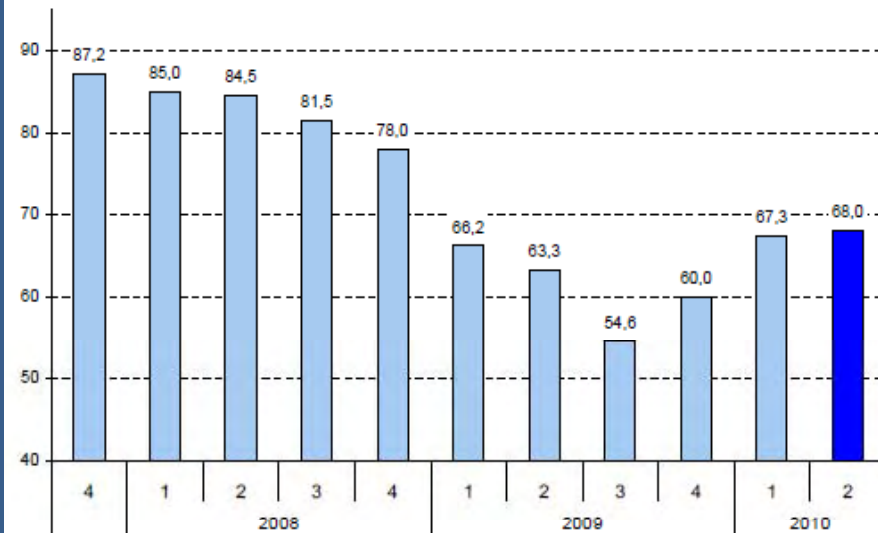
**Order acquisition Prima Industrie S.p.A.**

**Jan – Jun '10: +66%** compared to Jan – Jun '09

where :

- **domestic market was +14%** and
- **foreign market was +126%**

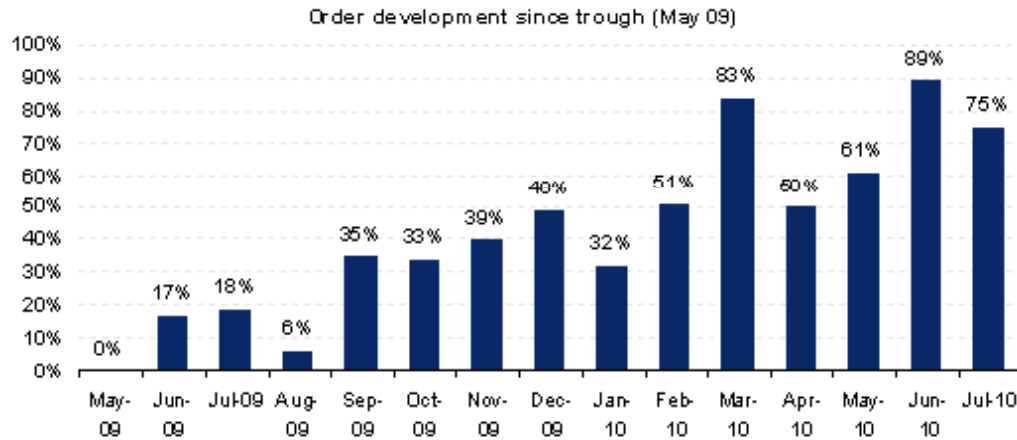
Utilizzo della capacità produttiva (in percentuale)



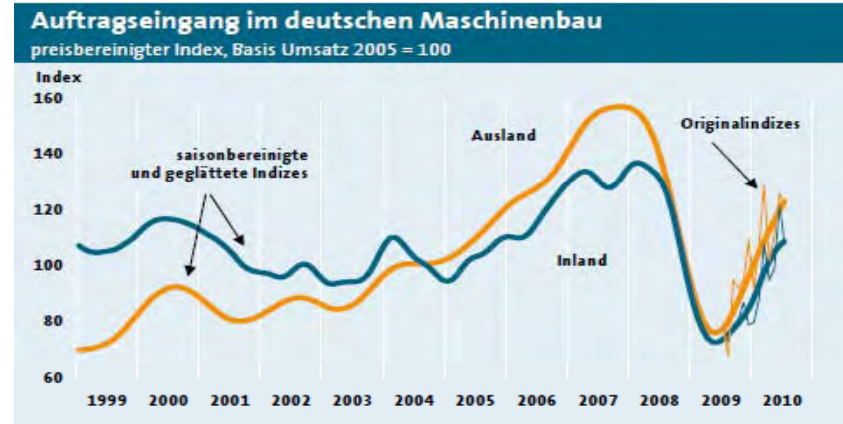
After the sudden drop of production capacity recorded between 3Q08 and 4Q09, the year 2010 seems to show a **turnaround**. Nonetheless, the indicator absolute values are the lowest in the last ten years.



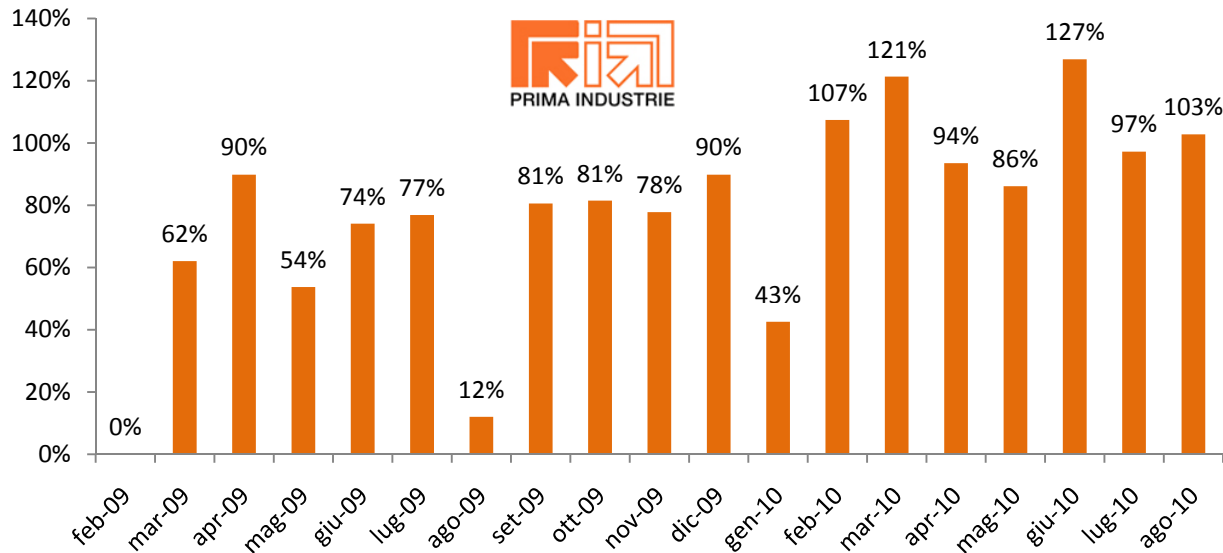
# MARKET TREND: GERMAN MACHINE TOOLS



Since having reached the trough of the recent down cycle (May 09 with a level of 66) order intake is **up by 75%**, but still c. 29% below the peak level of 163 (March 07).



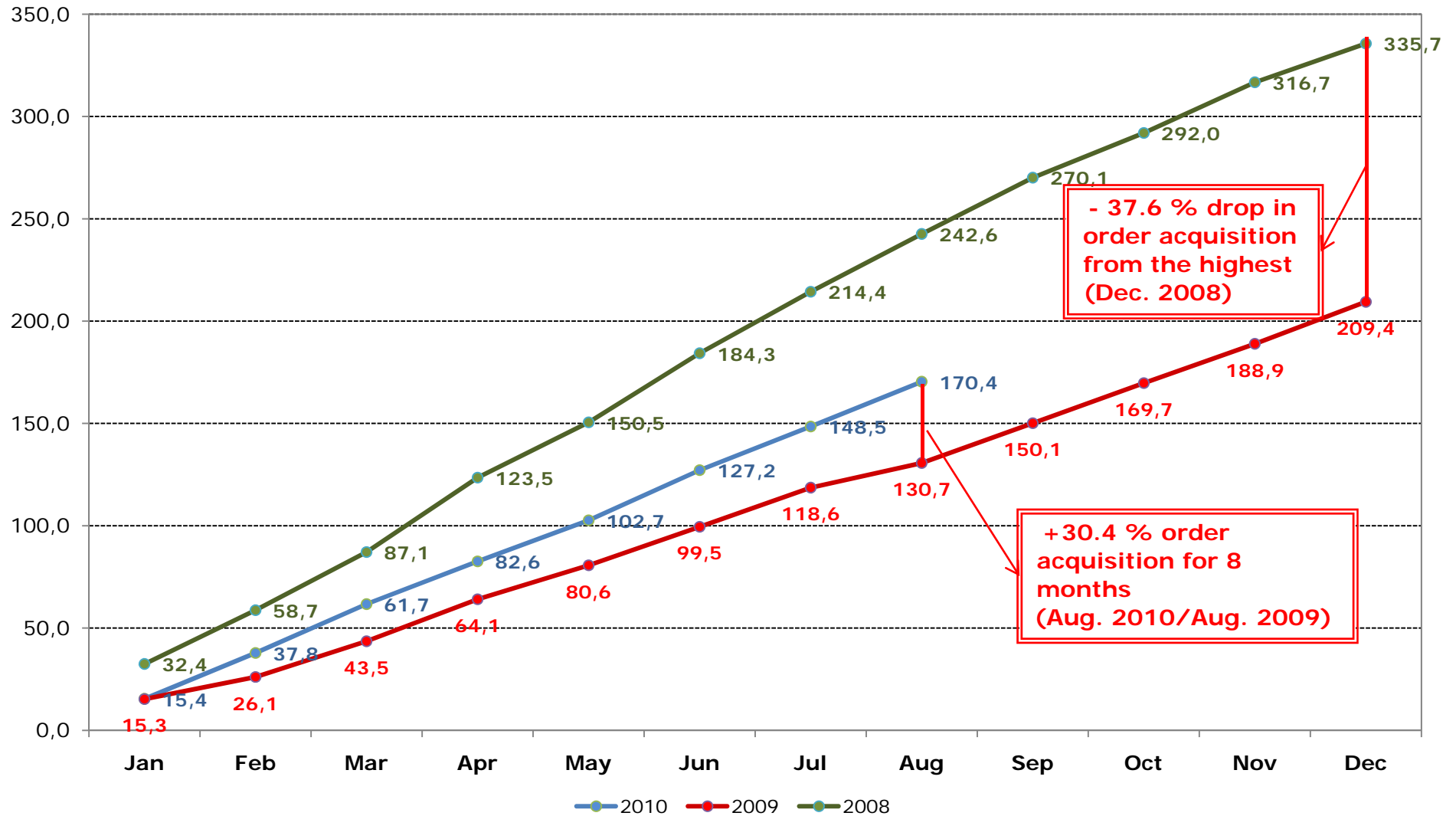
The first half of 2010 recorded a dynamic increase in order acquisition that lead to a **V-shape** curve.



**Prima** is **up by 103%** over its lowest (reached on Feb. '09) and still c. 34% below the peak level of April '08.



# ORDER ACQUISITION RECOVERY: YEAR TO DATE



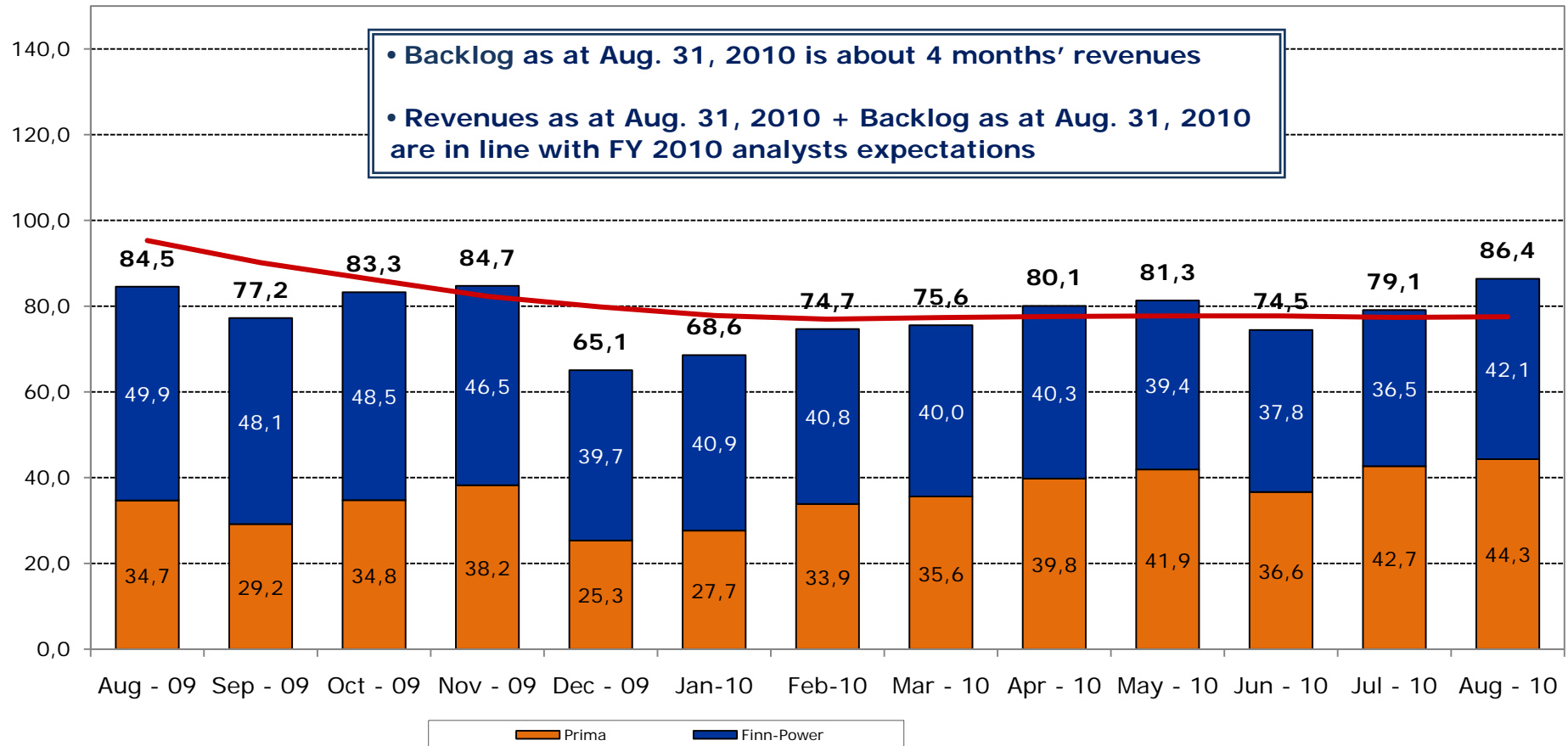
- 37.6 % drop in order acquisition from the highest (Dec. 2008)

+ 30.4 % order acquisition for 8 months (Aug. 2010/Aug. 2009)

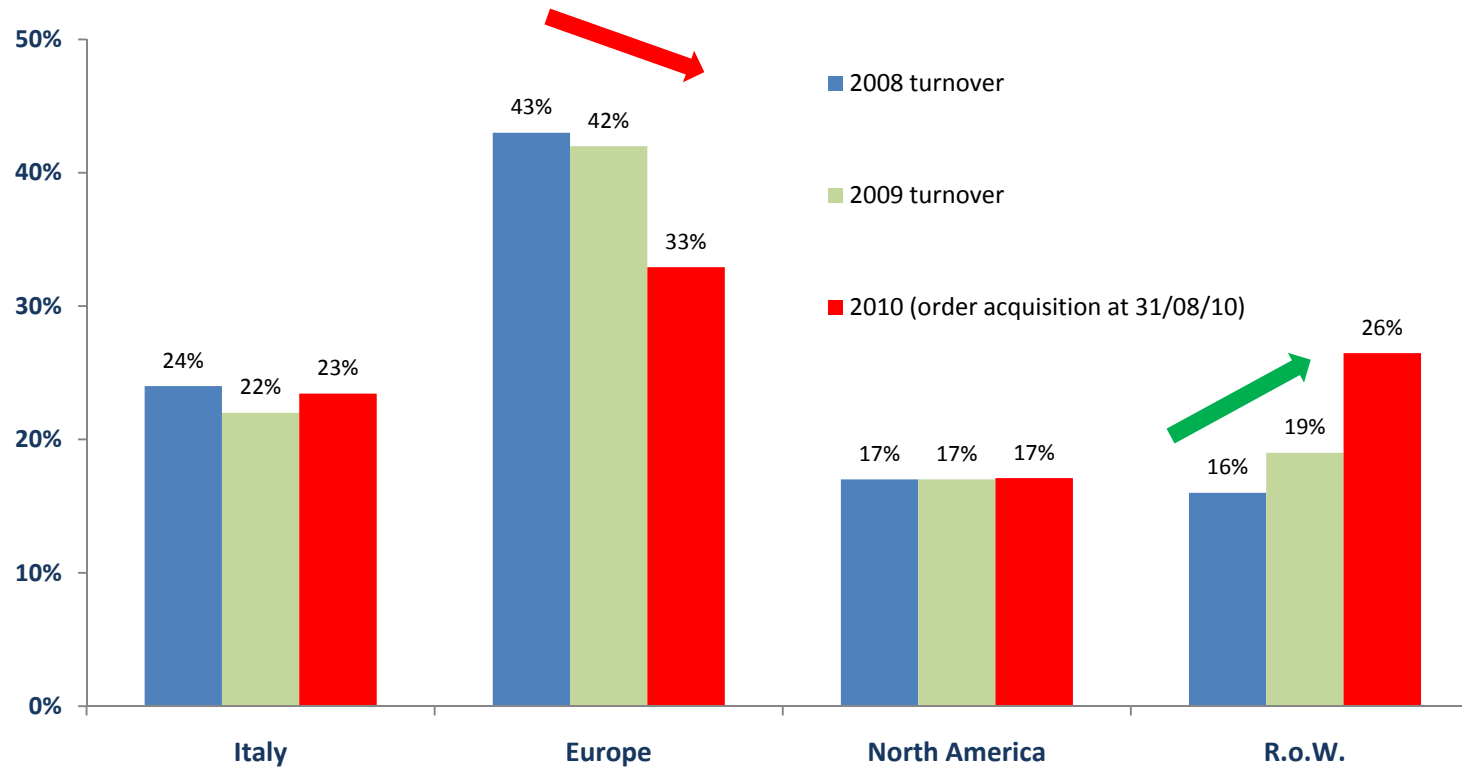


# ORDER ACQUISITION RECOVERY: BACKLOG

## Backlog recovery



# GEOGRAPHICAL COVERAGE



## ITALY

Upside over 2009 due to the Tremonti-ter Law effects

## EUROPE

- Downward trend
- Actions:
  - Merger and reorganization of German activities
  - Restructuring of French and Belgian subsidiaries

## NORTH AMERICA

- Stable
- Actions:
    - Merger and reorganization of US activities

## REST of the WORLD

- Strong performance in China and Korea (~25% of current backlog)
- New opening in Russia
- Work in progress for direct presence in India and Brazil















# GEOGRAPHICAL COVERAGE: MANUFACTURING OPERATIONS

COUNTRY	COMPANY	LOCATION	~ N° of Employees	ACTIVITY
	PRIMA INDUSTRIE S.p.A.	 Collegno (TO) - Italy	290	Laser systems
	FINN-POWER OY	 Kauhava - Finland	340	Punching & Combi systems - Automation
	FINN-POWER ITALIA S.r.l.	 Cologna Veneta (VR) - Italy	140	Panel benders
	PRIMA ELECTRONICS S.p.A.	 Moncalieri (TO) - Italy	180	Electronics
		 Barone C.se (TO) - Italy		
	PRIMA NORTH AMERICA Inc.	 Chicopee (MA) - USA	95	Convergent Lasers
		 Champlin (Minnesota) - USA		Laserdyne systems
	SHANGHAI UNITY PRIMA <i>(not consolidated line-by-line)</i>	 Shanghai - China	200	Laser systems






# GEOGRAPHICAL COVERAGE: SALES & SERVICES SUBSIDIARIES

COUNTRY	COMPANY	LOCATION	COUNTRY	COMPANY	LOCATION
	P FP GMBH	Frankfurt / Munich - Germany		P FP NORTH AMERICA Inc.	Chicago - USA
	P FP IBERICA S.L.	Barcelona - Spain		P FP CANADA Ltd.	Toronto - Canada
	P FP FRANCE S.A.	Paris - France		PRIMA INDUSTRIE (Beijing) Co. Ltd:	Beijing - China
	P FP NV	Gent- Belgium		P FP U.A.E.	Abu Dhabi – U.A.E.
	P FP UK Ltd.	Coventry - UK		SNK – PRIMA COMPANY Ltd.	Osaka - Japan
	P FP CENTRAL EUROPE Sp.Z.o.o.	Krakow - Poland	<b>(not consolidated line-by-line)</b>		
	O.O.O. PRIMA INDUSTRIE	Moscow - Russia			



# GEOGRAPHICAL COVERAGE: ELECTRONICS SALES & SERVICES SUBSIDIARIES

COUNTRY	COMPANY	LOCATION
	OSAI UK Ltd.	Bletchley- UK
	OSAI USA	Chicopee (Massachusetts) - USA
	Guangzhou Prima Electronics Trading Co., Ltd. (*)	Guangzhou - China

(\*) = incorporation in progress



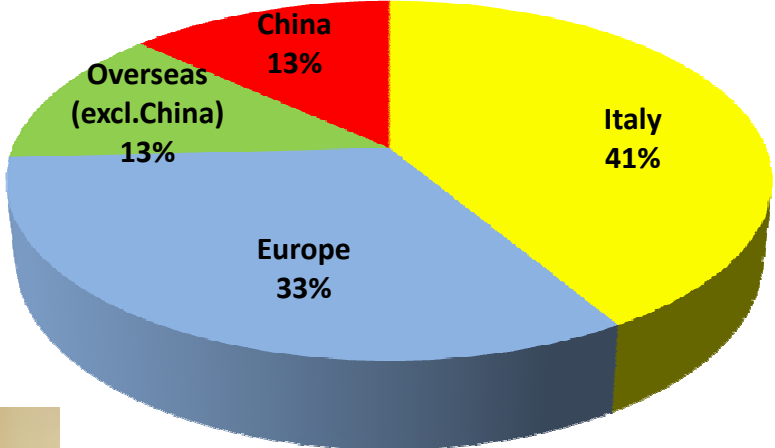
# OUR PEOPLE

## HEADCOUNT EMPLOYED BY

MANUFACTURING OPERATIONS	1045
SALES & SERVICE SUBSIDIARIES	315
<i>SHANGHAI JV (not consolidated)</i>	<i>200</i>
<b>GRAND TOTAL</b>	<b>1560</b>



## HEADCOUNT GEOGRAPHICAL BREAKDOWN



# R&D: INVESTING FOR THE FUTURE



New 3D Rapido with fiber laser



New SG, electrical shearing system



**Premio Italiano Meccatronica**

Per l'anno 2010 il Comitato per l'Assegnazione del Premio Italiano Meccatronica ha scelto come vincitore Prima Industrie con la seguente motivazione:

"Per le innovative soluzioni tecniche adozionate che hanno consentito a Prima Industrie di diventare leader mondiale nel settore dei sistemi laser ad alta precisione. In particolare per aver realizzato alcuni tra le macchine più veloci e precise al mondo fornendo un contributo straordinario all'evoluzione tecnologica del settore per taglio laser".

**PRIMA INDUSTRIE**

Fondata nel 1972, Prima Industrie è fra i leader mondiali nel settore del sistema laser per applicazioni industriali e nelle macchine per la lavorazione della lamiera.

Il Gruppo Prima Industrie opera nei seguenti settori laser a reazione laser ad alta potenza per applicazioni industriali (Prima Industrie), analisi per la lavorazione della lamiera (Prin-Power), elettronica industriale (Prima Elettronica e Dual).

Il Gruppo, che ha sede a Torino, conta circa 1400 dipendenti, stabilimenti produttivi in Italia, Polonia, Stati Uniti e Cina e una capillare rete di vendita e assistenza clienti in oltre 60 paesi.

Creando ed è iscritta nel 1998 a Borsa Italiana e ha ottenuto diversi riconoscimenti internazionali per la creazione di valore e per l'innovazione tecnologica.

**INDUSTRIALI REGGIO EMILIA**



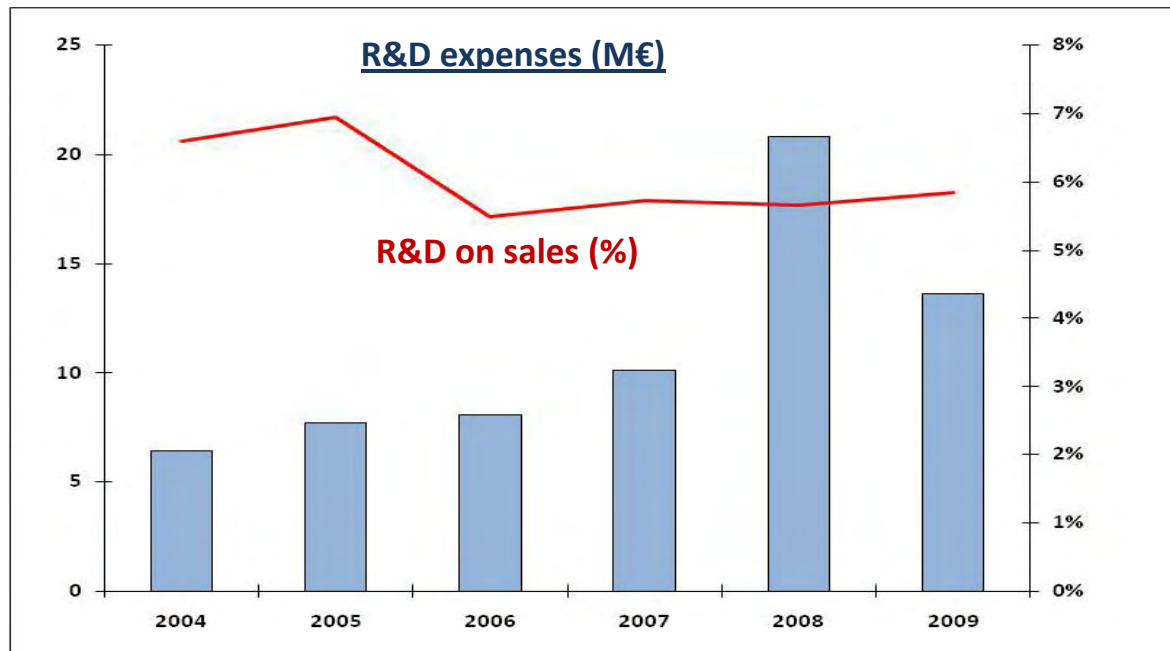
# R&D: INVESTING FOR THE FUTURE



## NEW LAB ON SOLID STATE LASERS

in cooperation with:

- Politecnico di Torino
- Datalogic



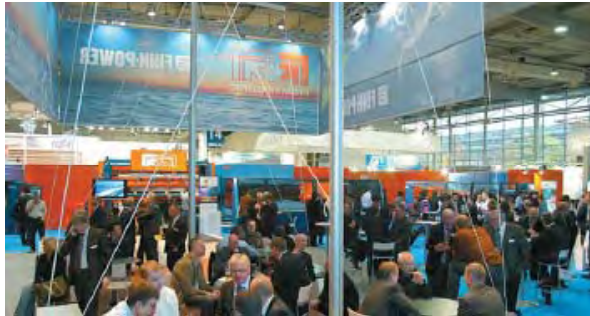
13% of headcount employed in R&D



# MARKETING

## Euro BLECH 2010

26-30 October 2010 • Hanover, Germany



**PRIMA INDUSTRIE**

### PRIMA AERODAYS AEROSPACE WORKSHOP

*The Laser Systems in the Aerospace and Land Based Turbine Manufacturing*

The 2010 is the year commemorating the 50th anniversary of the laser invention; the first demonstration of a working laser was in 1960 by Theodore Maiman at Hughes Research Lab.

PRIMA INDUSTRIE is celebrating this anniversary with event dedicated to laser system applications used in the manufacturing of the aerospace and land based turbine components. The workshop program consists of a mix of technical presentations from aerospace companies, enriched by sessions with real demonstrations of the technology utilizing PRIMA INDUSTRIE laser systems. The workshop will provide ample opportunity for attendees to become better acquainted with the most current laser-based techniques while networking with other companies in the same field.

**SPEAKERS:**

Marco Fasano - Alenia Aeronautica	Roberto Marone - Avio
Angelo Ippico - Alenia Aeronautica	Roberto Farina - Turbomeca
Andrea Rezzati - IRI	Peter Thompson - Prisma North America
Luca Mattioli - Prisma Industrie	Luca Bianchini - Prisma in electric
Danielle Colombo - Politecnico Milano	

**DEMONSTRATIONS:**  
RAPIDO  
OPTIMO  
LASERDYNE 450

### PRIMA AERODAYS AEROSPACE WORKSHOP

17-18 November 2010

REU HOTEL - VIA TORINO 154 - COLLEGO - TORINO  
PRIMA INDUSTRIE - VIA ANTONELLI 32 - COLLEGO - TORINO

## FABTECH

LASER WELDING FIBER OPTIC PMA METAL FORM

**NOVEMBER 2-4, 2010**  
GEORGIA WORLD CONGRESS CENTER  
ATLANTA, GEORGIA

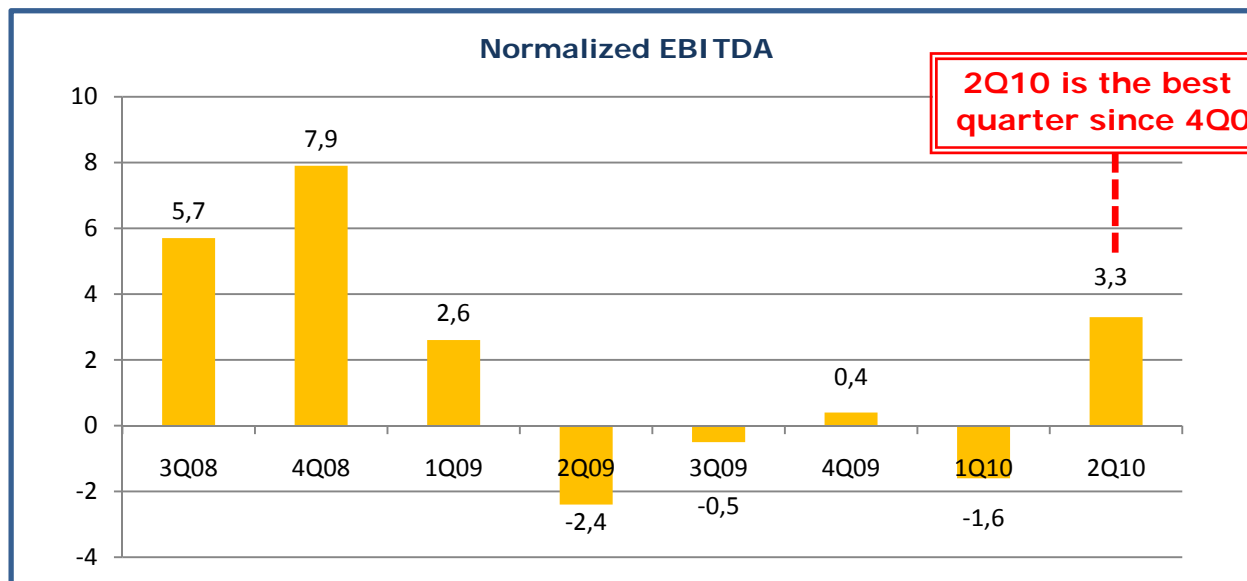
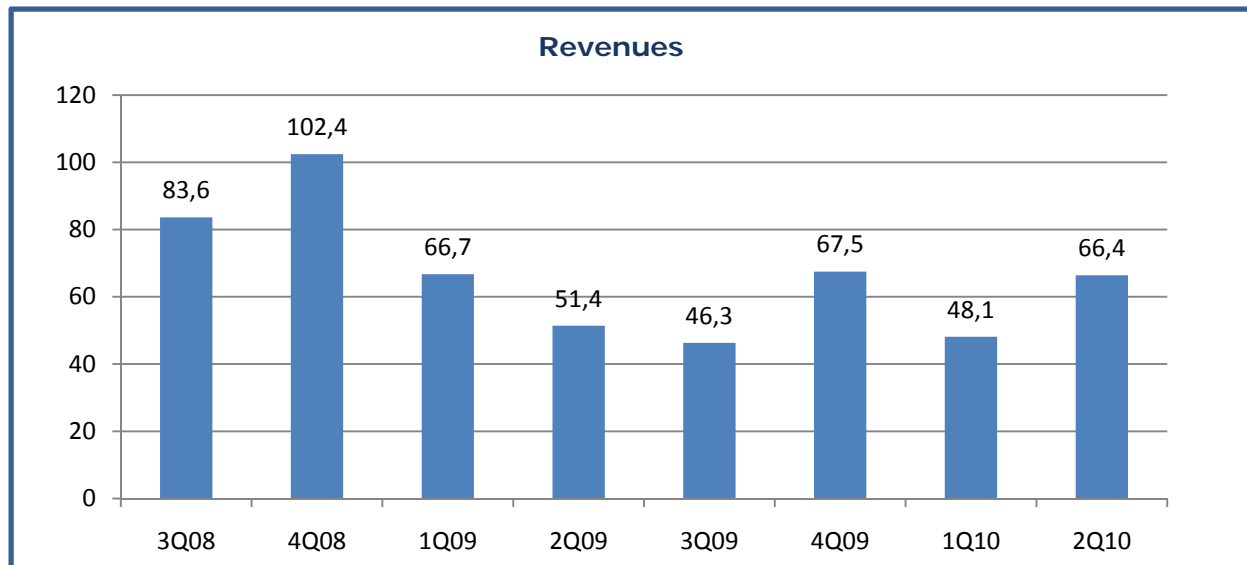


## H1 2010 HIGHLIGHTS

- **Group revenues for 1H10 at 114.5 M€**, - 3% compared to 1H09.
- On a **quarterly basis** 2Q10 recorded a turnover **increase of 29%** compared to 2Q09, as a consequence of the signs of recovery in order acquisition.
- As for geographical area, sales show a **shift from Europe to the overseas markets** (which reach almost **25%** of the consolidated turnover).
- Return for all business sectors to a **positive operating profitability in 2Q10**, which is also less affected by positive non recurring items than 2Q09 (Normalized EBITDA at 3.3 M€ as against -2.4 M€ in 2Q09).
- **Good order acquisition** trend continuing after June 30, 2010.
- **Capital increase fully subscribed** in Feb.2010 for **15.2 M€**; outstanding **warrants** for **19.0 M€** (to be converted within Dec. 16, 2013).



# H1 2010 HIGHLIGHTS



# H1 2010 HIGHLIGHTS: BALANCE SHEET

## BALANCE SHEET

Values expressed in Euro thousand	30/06/2010	31/12/2009
Tangible & Intangible assets	77.283	77.944
Goodwill	102.880	102.511
Participations and other non current assets	6.756	5.599
Fiscal assets for prepaid taxes	6.037	4.916
<b>NON CURRENT ASSETS</b>	<b>192.956</b>	<b>190.970</b>
Inventories	80.189	71.808
Accounts receivables	64.606	58.823
Accounts payables and advances from customers	(84.057)	(71.094)
<b>WORKING CAPITAL</b>	<b>60.738</b>	<b>59.537</b>
Other current assets and liabilities	(14.964)	(16.964)
Other non current assets	(7.029)	(7.571)
Fiscal liabilities for deferred taxes	(10.686)	(10.903)
<b>NET INVESTED CAPITAL</b>	<b>221.015</b>	<b>215.069</b>
<b>NET DEBT</b>	<b>143.302</b>	<b>150.091</b>
<b>NET EQUITY</b>	<b>77.713</b>	<b>64.978</b>
<b>FINANCIAL SOURCES</b>	<b>221.015</b>	<b>215.069</b>



# H1 2010 HIGHLIGHTS: P&L

			<u>PROFIT &amp; LOSS</u>		
(values in Euro thousand)	30/06/2010	30/06/2009	<u>PROFITABILITY</u>		
			<i>Euro thousand</i>	I Half 2010	I Half 2009
<b>SALES</b>	114.512	118.085	<b>EBITDA</b>	<b>2.358</b>	<b>5.052</b>
<b>VALUE OF PRODUCTION</b>	122,762	103,814	Non recurring items	660	4.862
<b>EBITDA</b>	<b>2,358</b>	5,052	<b>Normalized EBITDA</b>	<b>1.698</b>	<b>190</b>
<b>% on sales</b>	2.1%	4.3%	<u>QUARTERLY PROFITABILITY</u>		
<b>EBIT</b>	(2,677)	397	<i>Euro thousand</i>	I Half 2010	I Half 2009
<b>% on sales</b>	(2.3)%	0.3%	I Quarter	(1.713)	1.852
<b>EBT</b>	(5,317)	(1,039)	II Quarter	4.071	3.200
<b>% on sales</b>	(4.6)%	(0.9)%	<b>EBITDA</b>	<b>2.358</b>	<b>5.052</b>
<b>NET INCOME</b>	(5,047)	(525)	<i>Euro thousand</i>	I Quarter 2010	I Quarter 2009
<b>% on sales</b>	(4.4)%	(0.4)%	<b>EBITDA</b>	<b>(1.713)</b>	<b>1.852</b>
			Non recurring items	(144)	(763)
			<b>Normalized EBITDA</b>	<b>(1.569)</b>	<b>2.615</b>
			<i>Euro thousand</i>	II Quarter 2010	II Quarter 2009
			<b>EBITDA</b>	<b>4.071</b>	<b>3.200</b>
			Non recurring items	804	5.625
			<b>Normalized EBITDA</b>	<b>3.267</b>	<b>(2.425)</b>





# H1 2010 HIGHLIGHTS: BALANCE SHEET

## CASH FLOW

<b>Net Financial Position 31/12/2009</b>	<b>(150.091)</b>
Net Result	(5.047)
Depreciation & Impairment	5.034
Change in working capital	(1.724)
Net Investments	(658)
Capitalisation of development costs	(3.050)
Capital Increase	15.212
Other Movement <i>(included changes in equity)</i>	(2.978)
<b>Net Financial Position 30/06/2010</b>	<b>(143.302)</b>

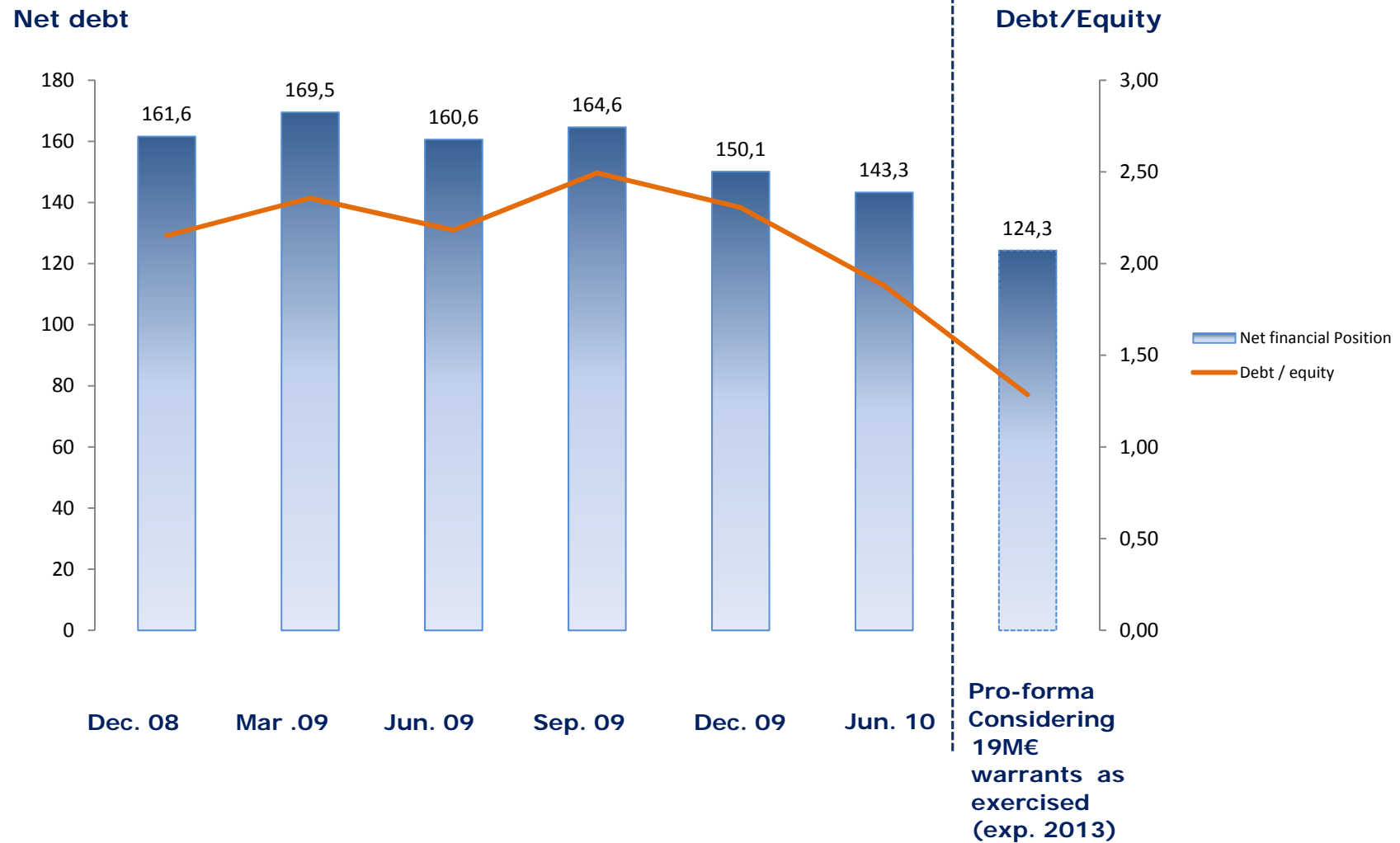
## CHANGE IN WORKING CAPITAL

<i>Values expressed in euro/000</i>	1Q'09	2Q'09	3Q'09	4Q'09	1Q'10	2Q'10
Decrease/(increase) in inventories	11.284	11.260	727	11.108	(5.881)	(2.500)
Decrease/(increase) in trade receivables	8.574	7.649	1.212	(3.992)	6.772	(12.555)
Decrease/(increase) in trade payables	(22.256)	(12.781)	4.207	3.835	2.604	10.359
Net change in other receivables/payables	(1.385)	(481)	(2.797)	(509)	(1.860)	1.337
<b>Cash flow from (used in) working capital management</b>	<b>(3.783)</b>	<b>5.647</b>	<b>3.349</b>	<b>10.442</b>	<b>1.635</b>	<b>(3.359)</b>

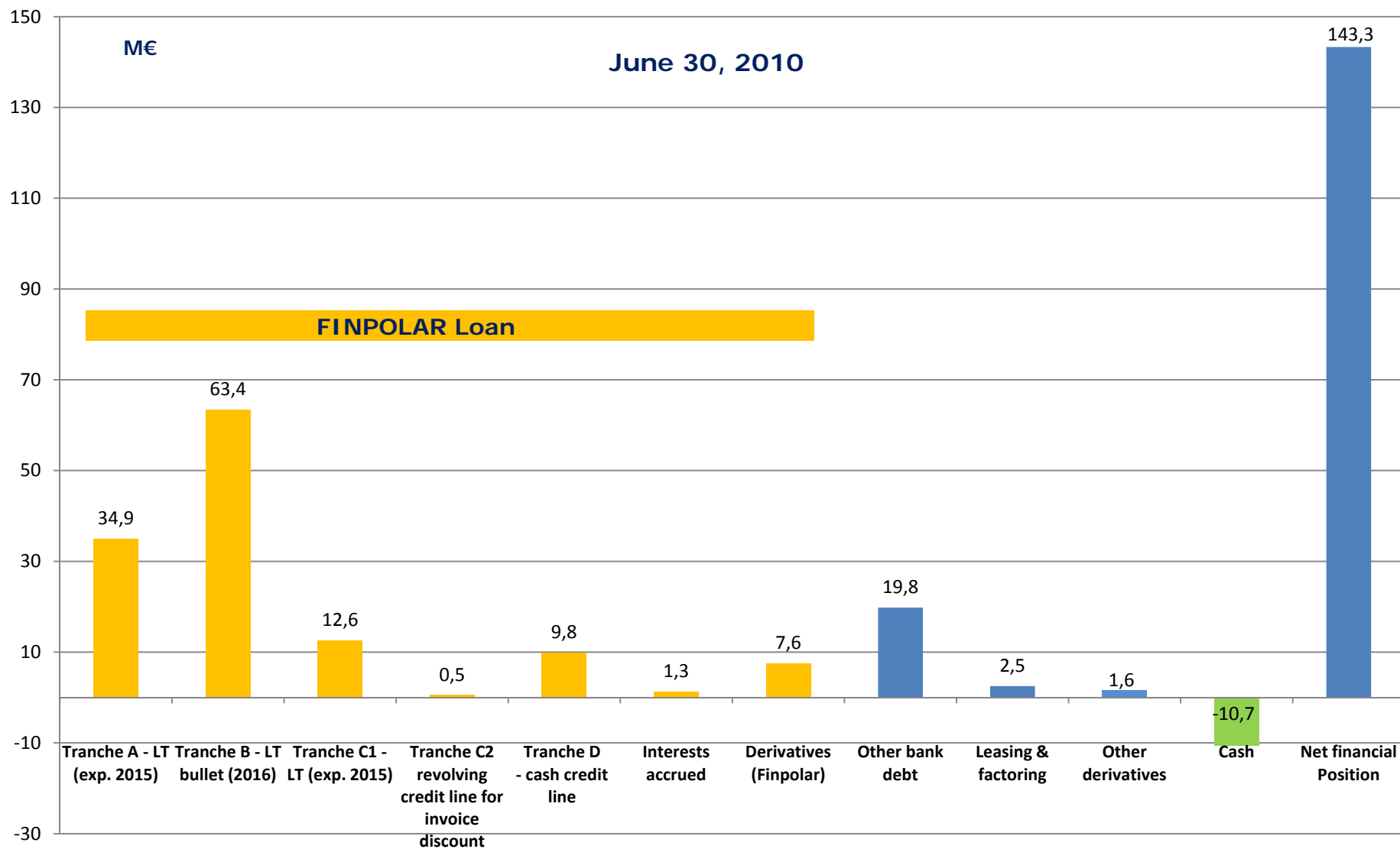


# H1 2010 HIGHLIGHTS: NET DEBT

## DELEVERAGING IN PROGRESS

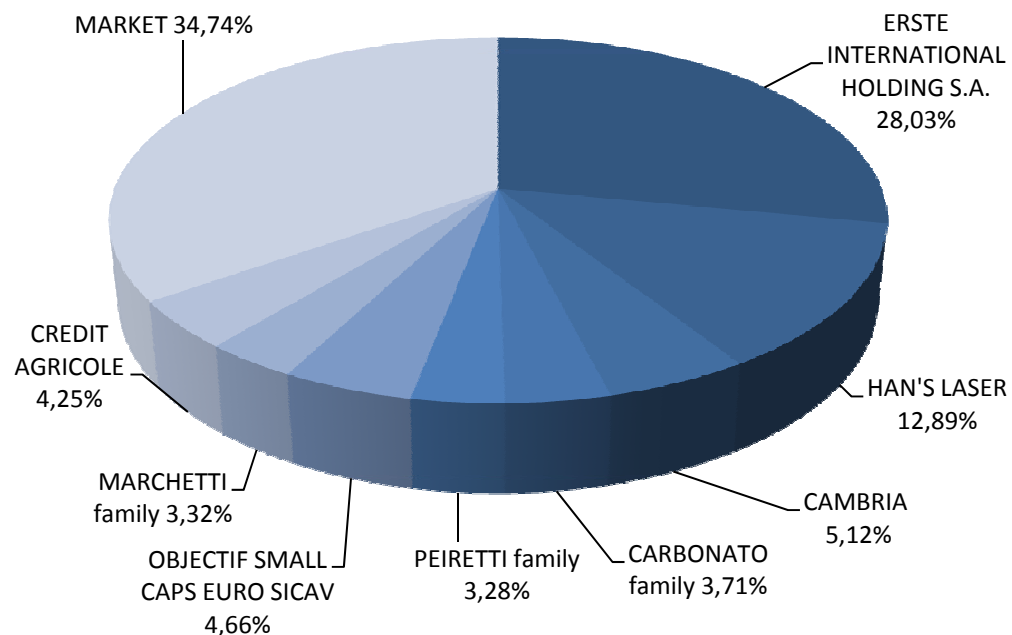


# H1 2010 HIGHLIGHTS: NET DEBT



# SHAREHOLDING & GOVERNANCE

## SHAREHOLDERS' STRUCTURE



**Number of outstanding shares: 8,640,135**

**Face value: Euro 2.50**

**Book value (as at June 30, 2010): Euro 8.99/share**

**Stock price as at June 30, 2010: Euro 6.98**

**Number of outstanding warrants (exp. 2013): 2,239,865**

## BOARD of DIRECTORS

**Gianfranco CARBONATO – Chairman & CEO**

**Ezio BASSO – Executive director**

**Sandro D'ISIDORO – Independent director**

**Michael MANSOUR – Non executive director**

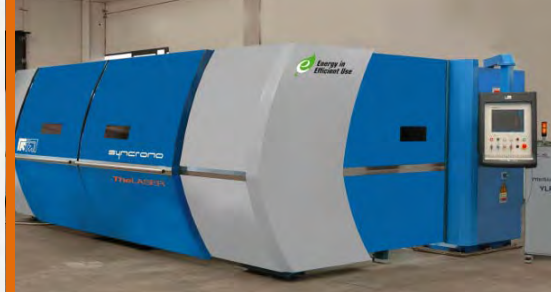
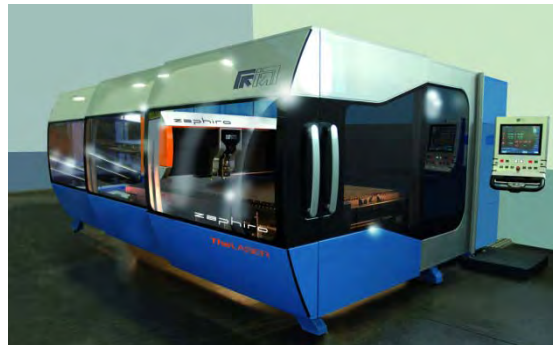
**Rafic MANSOUR – Non executive director**

**Mario MAURI – Independent director**

**Domenico PEIRETTI – Executive director**



# PRIMA INDUSTRIE GROUP



## APPENDIX

# AN INDUSTRIAL SUCCESS STORY

## Key Milestones

### 1980-1989: Evolution into an Industrial Company

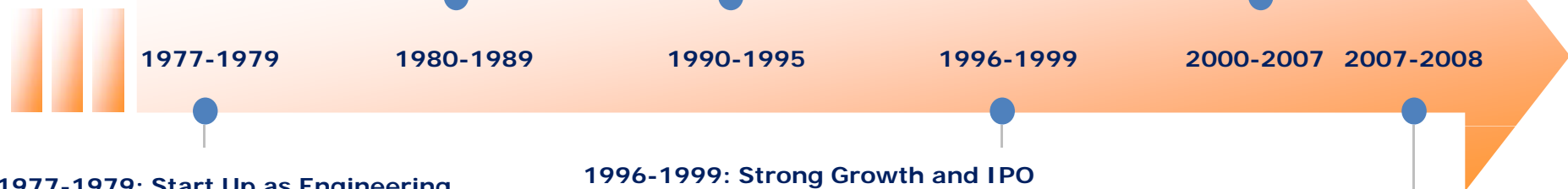
- ▣ Leadership in 3D laser robots (OPTIMO)
- ▣ Development of industrial electronics & software
- ▣ Player in industrial robots for arc welding & handling
- ▣ Leader in measuring robots
- ▣ First International subsidiary (Germany)

### 1990-1995: Focus on Laser

- ▣ Increase 3D products range (RAPIDO)
- ▣ Development of International sales/service subsidiaries (US, France, UK)
- ▣ Sale of non-core activities
- ▣ Entry in 2D laser market through acquisition of the Swiss Company LASERWORK AG

### 2000-2007: Internationalization

- ▣ Acquisition of Convergent Energy and Laserdyne (presently both divisions of PRIMA North America)
- ▣ Second JV in China: SHANGHAI UNITY PRIMA
- ▣ Launch of SYNCRONO and RAPIDO EVOLUZIONE
- ▣ Strengthening EU sales/service (Prima GmbH, Prima Scandinavia, Prima Polska)



### 1977-1979: Start Up as Engineering Company

- ▣ Incorporation under the name of PRIMA PROGETTI
- ▣ Incorporation of PRIMA ELECTRONICS
- ▣ Developments of a wide range of hi-tech products
- ▣ First 3D laser machine developed in 1979 (ZAC)

### 1996-1999: Strong Growth and IPO

- ▣ ISO 9001 certification
- ▣ New 2D product launch (PLATINO)
- ▣ R&D investment program to extend the product range (New OPTIMO, DOMINO, MAXIMO)
- ▣ First JV in China and Branch office in Beijing
- ▣ Listing on Italian Stock Exchange (presently STAR segment)

### 2007-2006: External growth

- ▣ Acquisition of OSAI
- ▣ Acquisition of Finn Power



# PRIMA PRODUCTS

The widest product range in laser and sheet metal machinery



2D laser cutting

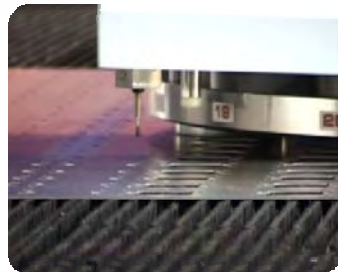


3D laser cutting



3D laser welding

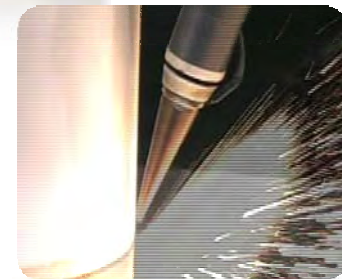
punching



bending



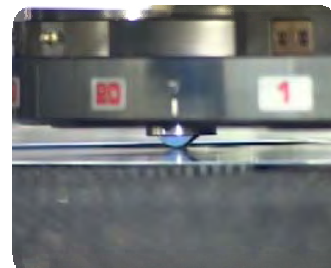
laser drilling



punching/  
laser



punching/  
shearing



FMS



# SELECTED CUSTOMERS

## Automotive



## Aerospace



## Energy



## Agricultural & Construction Machinery, Trucks & Trailers





# SELECTED CUSTOMERS

## Forklifts & Industrial Machinery



## HVAC & White Goods



## Miscellaneous End Products



## Electronics



## Contract Manufacturing

