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Press release

The Bod of El.En. Spa released the quarterly financial report as of March 31st, 2018

Continued growth in the first quarter of 2018
Revenue up 6,8% at 69,6 million of Euro
2018 growth guidance confirmed at 10% for Revenue and EBIT
Obtained CE mark for the body shaping system "Onda"

- **Consolidated Revenue: 69,6 million of euro up 6,8% on the 65,1 million of euro of 2017**
- **EBITDA: 6,4 million of euro vs. 6,5 million of euro in 2017**
- **EBIT: 5,3 million of euro, was 5,5 million of euro in the same period of 2017**
- **Net Financial Position : positive for 72,6 million of euro, was 84,5 million as of December 31st, 2017**

Florence, May 15th, 2018 – The Board of Directors of El.En. Spa , leader on the laser market and listed on the STAR segment of the Italian Stock exchange, released today the quarterly financial report as of March 31st, 2018.

In the first three months of 2018 El.En. recorded consolidated revenues for 69,6 million euros, up 6,8% compared to 31 March 2017 and an EBIT of 5,3 million euros, down 3,3% compared to the correspondent period of 2017, with a 7,7% margin on Sales.

Andrea Cangioli, El.En.'s Managing Director said: "*We are very pleased by the constant revenue growth we achieved in Q1 2018, which confirms the strength of our industrial strategies. This allows us to look at the future with optimism and enhanced commitment, confirming the guidance released for the full year 2018."*

Just at the beginning of this week the group obtained important clearances to sell its medical systems. The Onda system for non-invasive body shaping and cellulite treatment obtained the CE Mark that allows sales in the EEC and in several other countries. Onda marks the return of Deka in the rapidly growing segment of non-invasive body treatments, with the innovative method based on microwave technology. System deliveries to customers will start this week, ahead of schedule.

Relevant clearances were obtained for other products, too. Quanta System received US FDA clearance for its 100W Holmium laser system for lithotripsy, and by the Japanese Ministry of Health for the Thulium 200W for BPH (Benign Prostatic Hyperplasia)) and the 60W Holmium laser for the removal of kidney stones and the HoLep technique (again for treatments reducing benign enlargement of the prostate). Finally, CE medical mark for Smartxide Punto, the new Deka CO_2 laser system for skin photo rejuvenation was also obtained this week.

The situation on our markets is overall favorable and offers interesting growth opportunities for the various businesses of the Group. In comparison with the financial results of 2017, which marked the historical record for the Group's turnover and EBIT, the foreign exchange rate trend, with the Euro progressing gradually in the course of 2017 compared to the other main currencies, sets the first quarter of 2018 to a more unfavorable comparison of what the comparison for the entire financial year 2018 will be. The negative effect of foreign exchange rate on turnover, was equal to 3,8% of revenues in the first quarter of 2018 and affected sales margins, too, markedly for sales in US dollars in the US and in Yen in Japan.

Revenues in 1Q 2018, registered in the two sectors, **Medical and Industrial**, the same growth rate, just shy of 7%. This marked an improvement in Medical with respect to the early 2017 performance, a slowing down for the Industrial.

Within the **medical and aesthetic systems** an excellent performance was registered in surgical applications, primarily the gynecologic treatment Monna Lisa Touch but also in the systems for urology, both for lithotripsy and BPH treatments.

The **Industrial application sector** registered a 7% growth, with a further expansion in the laser cutting segment which remains one of the most significant for the entire group, due in particular to metal cutting applications, still in a phase of rapid expansion facilitated by a technological discontinuity that has multiplied the number of potential users. An interesting revenues growth was achieved in the segment of laser sources for which the elective application areas are increasing.

Geographically, the most significant growth was recorded in Europe with a 31,23% increase and a revenue of about 14,0 million euro compared to 10,7 million euro in the same period of 2017. In the Rest of the World revenues were of 42,2 million euros compared to 41,0 of 1Q 2017 up approximately 2.8%. Turnover on the Italian markets was flat.

EBIT for the first months of 2018 showed a slight decrease on 2017. In this respect, EBIT was hurt by the highest impact of personnel expenses and operating and commercial expenses, costs pertaining to the quarter but also aimed at facilitating the increase in revenues expected in the rest of the year.

During the first months of the year several important development projects, which engaged the Group's research departments, were completed, and caused the launch of new products on the market (or completed products to be launched soon. Sale clearances were obtained in the European Community countries, in the USA and in Japan.

Gross Margin in the first quarter was 29,7 million, up by about 10,21% compared to the 26,9 million euro of March 31, 2017. There was a slight increase in margins with an incidence on sales up to 42,7% compared to 41,4% in the first quarter of 2017.

EBITDA was positive for 6,4 million of Euro, down by 1,7% compared to 6,5 million of euro at March 31st, 2017. The decrease in EBITDA, whose incidence on sales dropped from 10,0% to 9,2%, derives from increase in operating and personnel costs. The increase was borne in order to consolidate and expand the commercial and research and development structures, aimed at supporting growth through product innovation and distribution and marketing structures able to market at best the Group's products.

EBIT for the quarter was positive for 5,3 million of euro, down on the 5,5 million of euro as of March 31st, 2017. EBIT margin on sales was 7,7% slightly decreasing on 8,5% on yuar 2017.

Pre-tax income marked a positive balance of 4,6 million of euro, lower than the 5,2 million euro of March 31, 2017.

The Group's **net financial position** as of the end of March 2018 was positive by 72,6 million euros, compared to 84,5 million euros at 31 December 2017.

The *manager in charge of preparing the corporate accounting records*, Enrico Romagnoli, declares, pursuant to paragraph 2, article 154-bis of the Consolidated Finance Law, that the accounting disclosures provided in this document correspond to the accounting records, books and entries.

Outlook for the current year

The financial results of the first quarter showed a good revenues growth in both our reference markets and a slight decline in profitability. Our markets remain favorable and foreign exchange is also less penalizing than in the recent past. In light of this context and relying on the quality and strength of its products, the Group confirms the annual growth targets at 10% for both revenue and EBIT.

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Within the same meeting, The Board of Directos appointed the Committee members as provided by the Codice di Autodisciplina of the listed companies, specifically the “Compensation Committee”, the “Control and risks Committee” and the “Appointments Committee”.

Moreover, the board of directors, on the basis of the available information, positively evaluated the independence of the non-executive members Fabia Romagnoli and Michele Legnaioli.

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As required by Consob, the quarterly report as of March 31st , 2018 will be available for the public at our premises in Calenzano, at Borsa Italiana SpA, on our website www.elengroup.com ("*Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2018*") and on authorized storage website www.emarketstorage.com from May 15th , 2018.

CONFERENCE CALL

On May 16th, 2018 at 15:00 CET (14:00 GMT) (9:00 EST), EL.EN. Spa will hold a conference call with the financial community, to discuss the financial results of the Group. You can dial the following numbers: from Italy +39 02 8058811, +44 121 2818003 from the UK, the USA +1 718 7058794. Before the conference call, you can download the presentation slides from the Investor Relations page of the El.En. website : http://www.elengroup.com/it/investor-relations/presentazioni

__El.En__., an Italian company, is the parent of a high-.tech industrial group operating in the optoelectronics sector. Based on proprietary technology and multidisciplinary know-how, the El.En Group manufactures laser sources (gas, semiconductor, solid-state and liquid) and innovative laser systems for medical and industrial applications. The El.En. Group is the laser market leader in Italy and among the top operators in Europe. It designs, manufactures and sells worldwide:

- Medical laser equipment used in dermatology, cosmetics, physiotherapy, dentistry and gynecology;

- Industrial laser systems for applications ranging from cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork;

- Laser systems for scientific research

EL.EN has been listed on the Star (MTA) of Borsa Italiana. Its market floatation is approximately 41% and its market capitalization amounts to Euro 648 million.

Cod. ISIN: IT0005188336
Sigla: ELN
Listed on MTA
Mkt cap.: 648 million of euro
Cod. Reuters: ELN.MI
Cod. Bloomberg: ELN IM

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Tab. 1 – El.En. Group Profit and Loss account on March 31st , 2018 (unaudited)

Income Statement	31/03/2018	Inc %	31/03/2017	Inc %	Var. %
Revenues	69.552	100,0%	65.107	100,0%	6,83%
Change in inventory of finished goods and WIP	8.158	11,7%	4.379	6,7%	86,30%
Other revenues and income	991	1,4%	544	0,8%	82,33%
Value of production	**78.701**	**113,2%**	**70.030**	**107,6%**	**12,38%**
Purchase of raw materials	48.750	70,1%	38.625	59,3%	26,22%
Change in inventory of raw material	(5.335)	-7,7%	(703)	-1,1%	659,30%
Other direct services	5.613	8,1%	5.185	8,0%	8,26%
Gross margin	**29.672**	**42,7%**	**26.923**	**41,4%**	**10,21%**
Other operating services and charges	9.641	13,9%	8.122	12,5%	18,70%
Added value	**20.031**	**28,8%**	**18.801**	**28,9%**	**6,54%**
Staff cost	13.604	19,6%	12.261	18,8%	10,95%
EBITDA	**6.427**	**9,2%**	**6.539**	**10,0%**	**-1,72%**
Depreciation, amortization and other accruals	1.079	1,6%	1.008	1,5%	7,07%
EBIT	**5.348**	**7,7%**	**5.532**	**8,5%**	**-3,33%**
Net financial income (charges)	(758)	-1,1%	(345)	-0,5%	119,88%
Share of profit of associated companies	44	0,1%	(17)	0,0%	
Other non-operating income (charges)	(6)	0,0%	0	0,0%	
Income (loss) before taxes	**4.627**	**6,7%**	**5.170**	**7,9%**	**-10,49%**

NOTE:

The El.En. Group uses some alternative performance indicators that are not identified as IFRS accounting measures, in order to better assess the Group's performance. Therefore criteria of determination applied by the group may not be homogeneous with that adopted by other groups and the value obtained may not be comparable.

These alternative performance indicators, determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA / 2015/1415 and adopted by CONSOB with communication no. 92543 of December 3, 2015, refer only to the performance of the accounting period covered by this release and the periods to be compared.

The Group uses the following alternative performance indicators to evaluate the financial performance:

- **Gross margin from operations,** also known as "EBITDA", it's also an indicator of operating performance and it's calculated by adding the EBIT the entries under "Depreciation, amortization and other accruals";
- **Added Value,** determined by adding to EBITDA the item "For staff costs";
- **Gross Margin,** an indicator of sales margins calculated by adding to the Added Value the line " Other operating service and charges ";
- The impact of the various income lines on revenue.

The Group uses as alternative performance indicators to evaluate their ability to cope with financial obligations:

- **Net Financial Position** as: cash and banks + securities held as current assets + current financial assets – long term financial liabilities - current financial liabilities