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Press release

## The Board of Directors of El.En. approves the quarterly financial report as of September 30th, 2015

*Revenue was 156,0 million of euro in strong growth (up 25,2%)  
EBIT was 16,2 million of euro ( up 53,7%) exceeding 10% on Sales  
Revenue guidance for the full year 2015 at 210 million of euro with EBIT over 20 million*

### Main consolidated financial results as of September 30th, 2015

- Consolidated Revenue : 156,0 million of euro up 25,2% on the 124,6 million of 2014
- EBITDA: 19,3 million of euro (12,4% on Revenue ) up 61,4% on the 11,9 million of 2014
- EBIT: 16,2 million (10,4% on Revenue) up 53,7% on the 10,5 million of 2014 ( up 78,8% net of 2014's one time proceeds)
- Income before taxes: 17,2 million of euro (11,0% on Revenue), was 18,7 million in 2014 (down 8,3%; up 80,4% net of 2014's one time proceeds)
- Net financial position: positive for 23,1 million of euro, was 47,1 million as of December 31<sup>st</sup>, 2014

### Main consolidated financial results for the third quarter of 2015 :

- Consolidated Revenue: 49,1 million of euro (44,2 million in 2014), up 11,1%
- EBITDA: 6,8 million of euro (13,8% on Revenue ), was 4,9 million in 2014, up 37,9%
- EBIT: 5,8 million (11,8% on Revenue), was 4,0 million in 2014, up 43,7%
- Income before taxes: 5,5 million of euro (11,2% on Revenue ), was 7,4 million in 2014, down 25,6% (up 45,4% net of 2014's one time financial proceeds )

**Florence, November 13<sup>th</sup> 2015** – – The Board of Directors of El.En. S.p.A., leader on the laser market and listed on the Star segment of the Italian Stock Exchange, approved today the financial report as of September 30th , 2015, which registered **consolidated revenue** for 156,0 million of euro up 25,2% on the 124,6 million of euro of the corresponding period in 2014. In the quarter Revenue was 49,1 million of euro, also up on the 44,2 million of euro of the corresponding quarter registering an 11,1% increase.

In the first 9 months of 2015 the Group registered a remarkable increase **in Income from operations** that was up 53,7% on 2014. Net of 1.5 million of euros one time proceeds booked in 2014 for the patent settlement Palomar/Cynosure, such increase would had been equal to 80%.

We are reporting a performance in operations that confirms our more optimistic forecast as provided at the beginning of the year, and recently improved, a set of financial results that are outstanding in terms of revenue growth and profitability with respect to our competitors.

Both the industrial and medical business areas contribute to the excellent performance of the Group, registering a similar revenue growth rate of roughly 25%. The revenue increase touches all our geographical market areas; growth was very strong on the extra European markets, particularly on the US market, and was stronger in Italy than in the rest of Europe.

The improved economic situation in the European region, together with a good absorption of our international markets have allowed the group to grab the advantages deriving from its strong competitive positioning based on continuous technological innovation, and to register notable growths in sales and profits from operations, above the market average of the period.

**Gross margin** for the nine months was 70,2 million of euro up on the 57,3 million of euro as of September 30<sup>th</sup>, 2014 due to the strong increase in sales albeit a small inflection in margins on sales margins down to 45,0% from 46,0% of the same period of 2014 as an effect of a less favorable mix and decreased grants for R&D received in the period.

**EBITDA** for the first nine months was positive for 19,3 million of euro up 61,4% on the 11,9 million of euro as of September 2014. The cost for employees was 30,1 million of euro up 10,9% on the 27,2 million of the corresponding period of the previous year, but improved its productivity as an effect of sales growth, reducing its impact on revenue from 21,8% to 19,3%.

**EBIT** at the end of the first nine months of 2015 was positive for 16,2 million of euro up 53,7% on the 10,5 million of euro as of September 30<sup>th</sup>, 2014. EBIT margin on sales was 10,4% up on the 8,5% as of September 2014. Net of the on time proceeds stemming from the Palomar/Cynosure patent settlement (1,5 million of euro) registered in 2014, EBIT would have marked an even stronger increase, equal to roughly 80%.

**Income before taxes** for the 9 months was equal to 17,2 million of euro up from the 18,7 million of euro of the same period in 2014. Also this result needs to be interpreted segregating the extraordinary and one time proceeds of 2014 for a total of roughly 9 million of euro – due to the Palomar settlement (1,5 million of euro), to the gain on the sale of Cynosure shares (4,5 million of euro) and to the higher foreign exchange financial gains (roughly 3 million of euro). Net of such entries the pre tax income for the first 9 months of 2015 would have exceeded 2014's income by roughly 7 million of euro.

The **Net financial position** of the Group decreases for roughly 24,0 million of euro from December 2014, and stayed positive for 23,1 million of euro. The decrease is related as of 10,5 million of euro to temporary investments of liquidity, that for their nature can't be booked within current assets and therefore within the net financial position; moreover, the group paid in the period roughly 5 million in dividends and invested 5 million of euro in fixed assets.

### **Outlook for the current year**

As an effect of the increasingly favorable economic environment and of the ability of the group to exploit the growth opportunities that the markets are offering, also the third quarter of 2015 showed brilliant financial results, exceeding the guidance provided at the beginning of the year. The group therefore confirms it expects to exceed 210 million of revenue and 20 million of EBIT for the full year

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.

As required by Consob, the Quarterly report as of September 30<sup>th</sup>, 2015 will be available for the public at our premises in Calenzano, at Borsa Italiana SpA, on our website [www.elengroup.com](http://www.elengroup.com) (section "Investor Relations / Relazioni e Bilanci") and on authorized storage website [www.emarketstorage.com](http://www.emarketstorage.com) from November 13<sup>th</sup>, 2015.

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## CONFERENCE CALL

Tuesday November 17<sup>th</sup> 2015, at 3.00pm CET, (2:00 GMT) (9.00am EST) a conference call will be held with the financial community during which the Group's economic and financial results will be discussed. It will be possible to connect to the call by dialing the following numbers: from Italy + 39 02 8020911, from UK +44 1212818004, from USA +1 7187058796.

The presentation slides can be downloaded before the conference call from the Investor Relations page on EL.EN. web site: <http://www.elengroup.com/it/investor-relations/presentazioni>

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*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 42% and its market capitalization amounts to Euro 216,9 million.*

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTA

Mkt capt.: 216,9 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – Three months ended September 30th , 2015 (unaudited)**

<b>Income Statement - 3 months</b>	<b>30/09/15</b>	<b>Inc.%</b>	<b>30/09/14</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	49.122	100,0%	44.218	100,0%	11,1%
Change in inventory of finished goods and WIP	2.131	4,3%	1.244	2,8%	71,4%
Other revenues and income	812	1,7%	367	0,8%	121,0%
<b>Value of production</b>	<b>52.065</b>	<b>106,0%</b>	<b>45.829</b>	<b>103,6%</b>	<b>13,6%</b>
Purchase of raw materials	27.799	56,6%	23.043	52,1%	20,6%
Change in inventory of raw material	(1.786)	-3,6%	530	1,2%	
Other direct services	3.894	7,9%	3.041	6,9%	28,0%
<b>Gross margin</b>	<b>22.159</b>	<b>45,1%</b>	<b>19.215</b>	<b>43,5%</b>	<b>15,3%</b>
Other operating services and charges	6.147	12,5%	5.623	12,7%	9,3%
<b>Added value</b>	<b>16.012</b>	<b>32,6%</b>	<b>13.593</b>	<b>30,7%</b>	<b>17,8%</b>
For staff costs	9.231	18,8%	8.674	19,6%	6,4%
<b>EBITDA</b>	<b>6.781</b>	<b>13,8%</b>	<b>4.919</b>	<b>11,1%</b>	<b>37,9%</b>
Depreciation, amortization and other accruals	962	2,0%	871	2,0%	10,5%
<b>EBIT</b>	<b>5.819</b>	<b>11,8%</b>	<b>4.048</b>	<b>9,2%</b>	<b>43,7%</b>
Net financial income (charges)	(341)	-0,7%	3.370	7,6%	
Share of profit of associated companies	18	0,0%	(13)	-0,0%	
Other Income (expense) net	0	0,0%	(21)	-0,0%	
<b>Income (loss) before taxes</b>	<b>5.496</b>	<b>11,2%</b>	<b>7.385</b>	<b>16,7%</b>	<b>-25,6%</b>

**Tab. 2 – Nine months ended September 30, 2015 (unaudited)**

<b>Income Statement</b>	<b>30/09/15</b>	<b>Inc.%</b>	<b>30/09/14</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	156.006	100,0%	124.616	100,0%	25,2%
Change in inventory of finished goods and WIP	3.754	2,4%	5.067	4,1%	-25,9%
Other revenues and income	1.773	1,1%	1.644	1,3%	7,9%
<b>Value of production</b>	<b>161.533</b>	<b>103,5%</b>	<b>131.327</b>	<b>105,4%</b>	<b>23,0%</b>
Purchase of raw materials	87.049	55,8%	64.822	52,0%	34,3%
Change in inventory of raw material	(7.523)	-4,8%	(489)	-0,4%	1439,1%
Other direct services	11.772	7,5%	9.719	7,8%	21,1%
<b>Gross margin</b>	<b>70.236</b>	<b>45,0%</b>	<b>57.274</b>	<b>46,0%</b>	<b>22,6%</b>
Other operating services and charges	20.789	13,3%	18.141	14,6%	14,6%
<b>Added value</b>	<b>49.446</b>	<b>31,7%</b>	<b>39.132</b>	<b>31,4%</b>	<b>26,4%</b>
For staff costs	30.136	19,3%	27.169	21,8%	10,9%
<b>EBITDA</b>	<b>19.310</b>	<b>12,4%</b>	<b>11.964</b>	<b>9,6%</b>	<b>61,4%</b>
Depreciation, amortization and other accruals	3.117	2,0%	1.432	1,1%	117,8%
<b>EBIT</b>	<b>16.193</b>	<b>10,4%</b>	<b>10.532</b>	<b>8,5%</b>	<b>53,7%</b>
Net financial income (charges)	881	0,6%	3.795	3,0%	-76,8%
Share of profit of associated companies	117	0,1%	(13)	-0,0%	
Other net income (expense)	0	0,0%	4.430	3,6%	
<b>Income (loss) before taxes</b>	<b>17.191</b>	<b>11,0%</b>	<b>18.744</b>	<b>15,0%</b>	<b>-8,3%</b>

**NOTE:**

In accordance with the recommendation CESR/05-178b on alternative performance indicators, the Group uses, in addition to the financial information required by IFRS, some information derived from the latter, although not required by IFRS (non - GAAP measures). These are presented in order to allow a better assessment of the performance and the management of the group and should not be considered as alternatives to those required by IFRS.

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

- **Income from operations**, also known as "EBIT" it's an indicator of operating performance and is determined by adding to the profit / loss for the period: income taxes, other income and expenses, the share of profits/losses of associates, financial income/loss;
- **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

The alternative performance measures are used by the Issuer to monitor and evaluate the performance of the group and are not defined as accounting measures either within Italian GAAP or the IAS / IFRS. Therefore, the criteria used by the Group may not be consistent with those adopted by other operators and / or groups and therefore may not be comparable.