

## **El.En. Spa: The BoD releases the quarterly financial report as of September 30, 2014**

***Strong Revenue growth (up 16%) reaching a Euro 124,6 million  
EBIT more than doubled, was Euro 10,5 million  
Income Before Taxes tripled at Euro 18,7 million  
2014 Revenue growth forecast doubled: from +5% to +10%***

### **Main consolidated financial results as of September 30, 2014**

- ***Consolidated Revenue: 124,6 million of Euro (107,0 million in the first nine months of 2013)***
- ***EBITDA: 11,9 million of Euro (9,6% on Revenue) 8,2 million in the first nine months of 2013***
- ***EBIT: 10,5 million (8,5% on Revenue) 4,8 million in the first nine months of 2013***
- ***Income before taxes: 18,7 million of Euro (15,0% on Revenue) 6,0 million in the first nine months of 2013***
- ***Net Financial position: positive for 42,7 million of Euro, was 21,8 million as of December 31<sup>st</sup>, 2013***

### **Main consolidated financial results for the third quarter**

- ***Consolidated Revenue: 44,2 million of Euro (33,2 million in Q3, 2013)***
- ***EBITDA: 4,9 million of Euro (11,1% on Revenue) 2,3 million in Q3, 2013***
- ***EBIT: 4,0 million (9,2% on Revenue) 1,1 million in Q3, 2013***
- ***Income before taxes: 7,4 million of Euro (16,7% on Revenue) 2,6 million in Q3, 2013***

**Florence, November 14, 2014** – 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, released today the quarterly financial report as of September 30, 2013 which registered **consolidated revenue** for 124,6 million of Euro up on the 107,0 of the same period of 2013. In the quarter Revenue was 44,2 million of Euro also up on the 33,2 million of Euro of the corresponding 2013 quarter.

As of September 30th, 2014 the group registered an Income before taxes 18,7 million of Euro, tripled of the 5,9 million of Euro as of September, 30<sup>th</sup>, 2013. In the third quarter of 2014 the EBIT margin in Revenue rose up to 9,2%, one of the best results achieved after the 2009 downturn and the best for the third quarter.

Both medical and industrial businesses contributed to very positive trend of the group with a 12% and 26% Revenue growth rate, respectively. In the medical business we highlight the excellent results achieved in the Far East region and in certain specific markets, among which the Italian market. The profitability of current operations improved also due to the slimming of operating structures performed in 2013, which allowed to control expense.

On the Chinese market a very rapid growth has been experienced in the industrial business.

**Gross Margin** on the nine months was 57,2 million of Euro up on the 51,8 million of Euro as of September 30<sup>th</sup>, 2013, with a small drop in the margin on Revenue, down from 48,4% to 46,0% due to the higher incidence of the sales in China in the industrial market, and to a sales mix with an overall lower margins in the medical market.

**EBITDA** in the nine months was positive for 11,9 million of Euro up 45% on the 8,2 million of Euro of the nine months of 2013. The cost for staff was equal to a 27,1 millions of euro, up 6,2% on the 25,5 million of 2013, but with a lower impact on revenue, down from 23,9% in the first nine months of 2013 to 21,8% as of September 30<sup>th</sup>, 2014.

**EBIT** for the nine showed a positive balance of 10,5 million of Euro up 117,8% on the 4,8 million of Euro as of September 30<sup>th</sup>, 2013. The margin on Revenue was 8,5% up on the 4,5% as of September 2013. Net of the *one-time* cost reduction stemming from the patent settlement with Palomar/Cynosure (worth 1,5 million of Euro ) EBIT would have anyway registered an 87% increase up to 9 million of Euro in the nine months.

**Income before taxes** for the nine months was equal to 18,7 million of Euro more than three times the 6,0 million of Euro of the same period of 2013. Such positive result was achieved also due to the contribution of, together with the one-time gain described in the previous paragraph, of the March 2014 sale of a batch of Cynosure shares which generated a cash inflow of 23 million of Euro with a 4,5 million gain.

The **Net financial position** of the Group increases of 20,8 million of euro compare to December 2013, achieving 42,7 million of Euro as of the end of September. The increase is mostly due to the cash inflow of 32 million of US Dollars (equal to roughly 23 million of Euro) for the sale of Cynosure shares mentioned before.

### **Current outlook**

The very good performance of the third quarter accelerated the revenue growth which marked a 16% increase on the corresponding 2013 period. Such results allow to establish for the full year 2014 a revenue growth target of 10%, improving the previously released 5% target.

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>, 2014 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) from November 14<sup>th</sup>, 2014 and in the authorized storage device 1Info.



**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 36% and its market capitalization amounts to Euro 106 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTA

Mkt capt.: 106 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – Three months ended September 30<sup>th</sup> , 2014 (unaudited)**

<b>Income Statement - 3 months</b>	<b>30/09/14</b>	<b>Inc.%</b>	<b>30/09/13</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	44.218	100,0%	33.210	100,0%	33,1%
Change in inventory of finished goods and WIP	1.244	2,8%	2.725	8,2%	-54,4%
Other revenues and income	367	0,8%	508	1,5%	-27,7%
<b>Value of production</b>	<b>45.829</b>	<b>103,6%</b>	<b>36.443</b>	<b>109,7%</b>	<b>25,8%</b>
Purchase of raw materials	23.043	52,1%	18.211	54,8%	26,5%
Change in inventory of raw material	530	1,2%	23	0,1%	2210,0%
Other direct services	3.041	6,9%	2.735	8,2%	11,2%
<b>Gross margin</b>	<b>19.215</b>	<b>43,5%</b>	<b>15.474</b>	<b>46,6%</b>	<b>24,2%</b>
Other operating services and charges	5.623	12,7%	5.274	15,9%	6,6%
<b>Added value</b>	<b>13.593</b>	<b>30,7%</b>	<b>10.200</b>	<b>30,7%</b>	<b>33,3%</b>
For staff costs	8.674	19,6%	7.935	23,9%	9,3%
<b>EBITDA</b>	<b>4.919</b>	<b>11,1%</b>	<b>2.265</b>	<b>6,8%</b>	<b>117,2%</b>
Depreciation, amortization and other accruals	871	2,0%	1.162	3,5%	-25,1%
<b>EBIT</b>	<b>4.048</b>	<b>9,2%</b>	<b>1.102</b>	<b>3,3%</b>	<b>267,3%</b>
Net financial income (charges)	3.370	7,6%	(979)	-2,9%	
Share of profit of associated companies	(13)	-0,0%	(37)	-0,1%	-66,1%
Other Income (expense) net	(21)	-0,0%	2.523	7,6%	
<b>Income (loss) before taxes</b>	<b>7.385</b>	<b>16,7%</b>	<b>2.609</b>	<b>7,9%</b>	<b>183,0%</b>

**Tab. 2 – Nine months ended September 30, 2014 (unaudited)**

<b>Income Statement</b>	<b>30/09/14</b>	<b>Inc.%</b>	<b>30/09/13</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	124.616	100,0%	107.048	100,0%	16,4%
Change in inventory of finished goods and WIP	5.067	4,1%	4.150	3,9%	22,1%
Other revenues and income	1.644	1,3%	1.575	1,5%	4,4%
<b>Value of production</b>	<b>131.327</b>	<b>105,4%</b>	<b>112.773</b>	<b>105,3%</b>	<b>16,5%</b>
Purchase of raw materials	64.822	52,0%	55.233	51,6%	17,4%
Change in inventory of raw material	(489)	-0,4%	(2.852)	-2,7%	-82,9%
Other direct services	9.719	7,8%	8.575	8,0%	13,3%
<b>Gross margin</b>	<b>57.274</b>	<b>46,0%</b>	<b>51.817</b>	<b>48,4%</b>	<b>10,5%</b>
Other operating services and charges	18.141	14,6%	18.033	16,8%	0,6%
<b>Added value</b>	<b>39.132</b>	<b>31,4%</b>	<b>33.784</b>	<b>31,6%</b>	<b>15,8%</b>
For staff costs	27.169	21,8%	25.579	23,9%	6,2%
<b>EBITDA</b>	<b>11.964</b>	<b>9,6%</b>	<b>8.204</b>	<b>7,7%</b>	<b>45,8%</b>
Depreciation, amortization and other accruals (*)	1.432	1,1%	3.369	3,1%	-57,5%
<b>EBIT</b>	<b>10.532</b>	<b>8,5%</b>	<b>4.835</b>	<b>4,5%</b>	<b>117,8%</b>
Net financial income (charges)	3.795	3,0%	(909)	-0,8%	
Share of profit of associated companies	(13)	-0,0%	(682)	-0,6%	-98,0%
Other net income (expense)	4.430	3,6%	2.752	2,6%	61,0%
<b>Income (loss) before taxes</b>	<b>18.744</b>	<b>15,0%</b>	<b>5.996</b>	<b>5,6%</b>	<b>212,6%</b>

\* In accordance with Consob regulation 15519 of July 27<sup>th</sup> 2006, under the heading of “Depreciation, amortization and other accruals” is entered an income of 1.478 thousands euro related to significant non recurring operations.

## **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.