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Press release

## **El.En. Spa: the Bod releases the six months financial report as of June 30, 2015**

**2015 guidance improved  
Revenue up 33%  
EBIT doubled Vs 2014 ( net of one-time proceeds)**

### **Main consolidated financial results as of June 30, 2015**

- **Consolidated Revenue: 106,9 million of euro (up 32,9%)**
- **EBITDA: 12,5 million of euro (up 77,9%)**
- **EBIT: 10,4 million of euro (+up 60,0% ; up 107% net of one time proceeds)**
- **Net income for the Group: 7,6 million of euro (down 10,2% ; up 148% net of one time proceeds)**
- **Net Financial Position positive for 24,8 million of euro (was 47,1 million of euro as of December 31<sup>st</sup>, 2014)**

**Florence, August 27<sup>th</sup>, 2015** –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 six months consolidated financial report as of June 30, 2015.

In the first half of 2015 the Group registered brilliant results: **consolidated Revenue** was 106,9 million of euro, up 33% on the first six months of 2014 (80,4 million of euro) and **EBIT** reached 10,4 million of euro, close to 10% on Revenue and up 60% on the first half of 2014 ( up 107% considering 2014 net of the one-time proceeds). The results are sensibly improving the average reported by our major competitors.

The Group gained a competitive position of absolute excellence due to the uniqueness of its products offer, always including technological innovations. It also benefited from the foreign exchange Euro/US Dollar finally at a level which is not penalizing the European manufacturers.

We registered a revenue growth exceeding 30% on both our reference markets, laser systems for Medical and Aesthetic applications ("Medical") and laser systems for manufacturing applications ("Industrial"), also exceeding 35% growth in the Industrial market. The growth took place in all the geographical areas we cover, with a stronger thrust on the international and North American markets.

**Gross Margin** of the Group was 48,1 million of euro, up 26,3% on the 38,1 million of euro of the corresponding period of 2014. The Gross Margin percentage on revenue was lower by two points from 47,3% of the first semester 2014 to 45% in 2015, as an effect of the reduced amount of grants for research activities and also for the increasing weight of sales with lower marginality in the industrial sector on the Chinese market.

**EBITDA** was 12,5 million of euro, up 77,9% on the 7,0 million of euro as of June 30th, 2014. The cost for staff was 20,9 million of euro showing a 13% increase on the 18,5 million of euro of the first half of 2014, though registering a market productivity increase from 23% on revenue to 19,6% as of June 30<sup>th</sup>, 2015.

**EBIT** was equal to 10,4 million of euro, (with a 9,7% impact on revenue) showing a 60% improvement, very solid also considering that without the one-time proceed of 1,5 million registered in 2014 the increase would be roughly 5 million of euro, more than doubling 2014's income from operations.

**Income before taxes was** 11,7 million of euro, up 3,0% on the 11,3 million of euro as of June 30th, 2014. Again, excluding for the 2014 income the one-time proceeds for 6,0 million of euro stemming from the "Palomar" settlement and the sale of Cynosure shares, the actual improvement of the income before taxes was 6 million of euro meaning up 115%.

**Net income for the Group** of the first half of 2015 was 7,6 million of euro, in light decrease on the 8,4 million of euro of the same period in 2014. A very positive achievement, considering that in addition of the one-time 6 million proceeds in the income before taxes, 2104 had benefited also of a lower tax rate, 21% vs. 28% in 2015, due to the partial tax exemption known as "PEX" on the gain on the sale of Cynosure shares. Excluding the one-time proceeds from 2014, net income in the first half of 2015 increased by 4,5 million of euro, up 148%.

The **Net financial position** of the group as of June 30th, 2015 was positive for 24,8 million of euro, down on the 47,1 million as of December 31st, 2104. During the first months of the year 2015 9,5 million of liquidity have been allocated in temporary financial investments the for their own nature need to be booked within non-current assets, and aren't therefore included anymore within the net financial position. Moreover, the amount of dividends paid to shareholders in the period was 5,4 million of euro.

For what concerns the **trend of the current year**, the results of the first half of 2015 are aligned with the most optimistic of the released guidance, meaning annual consolidated revenue of 200 million of euro and EBIT of 20 million of euro.

Gabriele Clementi, President of El.En. S.p.A. said *"We are very pleased and satisfied with the excellent results achieved in the first half of 2015: they are confirming our growth potential, with a profitability of operations back to the best levels reached by El.En. before the 2008 downturn. We count on exceeding 210 million of euro of annual revenue and 20 million of EBIT, given that the very recent turbulences on the markets will maintain their impact on foreign exchange rates and general confidence to a limited oscillation."*

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 Half Yearly Report as of June 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 August 27<sup>th</sup>, 2015.



**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 44% and its market capitalization amounts to Euro 190 million.

Cod. ISIN: IT0001481867  
Code: ELN  
Listed on MTA  
Mkt capt.: 190 mln/Euro  
Cod. Reuters: ELN.MI  
Cod. Bloomberg: ELN IM

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**Tab. 1 – El.En. Group Profit and Loss account as of June 30<sup>th</sup>, 2015**

<b>Income Statement</b>	<b>30/06/15</b>	<b>Inc.%</b>	<b>30/06/14</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	106.884	100,0%	80.398	100,0%	32,9%
Change in inventory of finished goods and WIP	1.623	1,5%	3.823	4,8%	-57,6%
Other revenues and income	961	0,9%	1.276	1,6%	-24,7%
<b>Value of production</b>	<b>109.469</b>	<b>102,4%</b>	<b>85.497</b>	<b>106,3%</b>	<b>28,0%</b>
Purchase of raw materials	59.250	55,4%	41.779	52,0%	41,8%
Change in inventory of raw material	(5.737)	-5,4%	(1.018)	-1,3%	463,4%
Other direct services	7.878	7,4%	6.678	8,3%	18,0%
<b>Gross margin</b>	<b>48.077</b>	<b>45,0%</b>	<b>38.058</b>	<b>47,3%</b>	<b>26,3%</b>
Other operating services and charges	14.643	13,7%	12.519	15,6%	17,0%
<b>Added value</b>	<b>33.434</b>	<b>31,3%</b>	<b>25.540</b>	<b>31,8%</b>	<b>30,9%</b>
For staff costs	20.905	19,6%	18.495	23,0%	13,0%
<b>EBITDA</b>	<b>12.529</b>	<b>11,7%</b>	<b>7.044</b>	<b>8,8%</b>	<b>77,9%</b>
Depreciation, amortization and other accruals	2.155	2,0%	561	0,7%	284,4%
<b>EBIT</b>	<b>10.374</b>	<b>9,7%</b>	<b>6.484</b>	<b>8,1%</b>	<b>60,0%</b>
Net financial income (charges)	1.221	1,1%	425	0,5%	187,1%
Share of profit of associated companies	99	0,1%	(1)	0,0%	
Other net income (expense)	0	0,0%	4.451	5,5%	
<b>Income (loss) before taxes</b>	<b>11.694</b>	<b>10,9%</b>	<b>11.359</b>	<b>14,1%</b>	<b>3,0%</b>
Income taxes	3.235	3,0%	2.339	2,9%	38,3%
<b>Income (loss) for the financial period</b>	<b>8.459</b>	<b>7,9%</b>	<b>9.019</b>	<b>11,2%</b>	<b>-6,2%</b>
Minority interest	836	0,8%	527	0,7%	58,5%
<b>Net income (loss)</b>	<b>7.623</b>	<b>7,1%</b>	<b>8.492</b>	<b>10,6%</b>	<b>-10,2%</b>

**Tab. 2 – El.En. Group balance sheet as of June 30th, 2015**

	30/06/2015	31/12/2014	Var.
<b>Statement of financial position</b>			
Intangible assets	3.705	3.613	92
Tangible assets	29.506	26.927	2.579
Equity investments	37.893	25.549	12.344
Deferred tax assets	6.374	5.682	692
Other non current assets	9.526	3	9.523
<b>Total non current assets</b>	<b>87.004</b>	<b>61.775</b>	<b>25.229</b>
Inventories	58.438	50.481	7.958
Accounts receivables	59.337	47.947	11.390
Tax receivables	6.984	6.618	366
Other receivables	8.998	8.415	583
Financial instruments	1.995		1.995
Cash and cash equivalents	44.659	73.804	-29.145
<b>Total current assets</b>	<b>180.411</b>	<b>187.264</b>	<b>-6.853</b>
<b>TOTAL ASSETS</b>	<b>267.415</b>	<b>249.039</b>	<b>18.376</b>
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	80.590	50.291	30.299
Retained earnings / (deficit)	28.158	35.043	-6.885
Net income / (loss)	7.623	16.520	-8.897
<b>Share Capital and Reserves attributable to the Shareholders' of the Parent Company</b>	<b>157.474</b>	<b>142.957</b>	<b>14.518</b>
Share Capital and Reserves attributable to non-controlling interests	8.332	7.579	753
<b>Total equity</b>	<b>165.807</b>	<b>150.536</b>	<b>15.271</b>
Severance indemnity	3.509	3.700	-191
Deferred tax liabilities	1.590	1.461	129
Other accruals	2.892	2.695	197
Financial liabilities	4.823	5.907	-1.084
<b>Non current liabilities</b>	<b>12.814</b>	<b>13.763</b>	<b>-949</b>
Financial liabilities	17.203	21.494	-4.291
Accounts payables	40.395	35.267	5.128
Income tax payables	3.737	2.223	1.514
Other payables	27.459	25.756	1.703
<b>Current liabilities</b>	<b>88.794</b>	<b>84.740</b>	<b>4.054</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>267.415</b>	<b>249.039</b>	<b>18.376</b>

**Tab. 3 – El.En. Group cash flow statement as of June 30th, 2015**

Financial statement (cash flow)	30/06/2015	30/06/2014
<b>Cash flow generated by operating activity:</b>		
Profit (loss) for the financial period	8.459	9.019
Amortizations and depreciations	1.515	1.240
Gain on investment AFS		-4.467
Devaluations of equity investments		34
Share of profit of associated companies	-99	1
Change of employee severance indemnity	-191	132
Change of provisions for risks and charges	197	-1.985
Change of provisions for deferred income tax assets	-692	-168
Change of provisions for deferred income tax liabilities	129	-243
Stocks	-7.958	-4.314
Receivables	-11.390	3.388
Tax receivables	-366	-2.304
Other receivables	-1.166	-3.184
Payables	5.128	-3.871
Income Tax payables	1.514	183
Other payables	1.703	5.891
	-11.675	-9.667
<b>Cash flow generated by operating activity</b>	-3.215	-648
<b>Cash flow generated by investment activity:</b>		
(Increase) decrease in tangible assets	-4.006	-1.445
(Increase) decrease in intangible assets	-180	-172
(Increase) decrease in equity investments and non current assets	-10.052	23.183
Increase (decrease) in financial receivables	583	774
(Increase) decrease investments which are not permanent	-1.995	250
<b>Cash flow generated by investment activity</b>	-15.650	22.590
<b>Cash flow from financing activity:</b>		
Increase (decrease) in non current financial liabilities	-1.084	-1.582
Increase (decrease) in current financial liabilities	-4.291	-1.945
Dividends distributed	-5.391	-2.950
<b>Cash flow from financing activity</b>	-10.766	-6.476
<b>Change in cumulative conversion adjustment reserve and other no monetary changes</b>	486	284
<b>Increase (decrease) in cash and cash equivalents</b>	-29.145	15.750
<b>Cash and cash equivalents at the beginning of the financial period</b>	73.804	42.868
<b>Cash and cash equivalents at the end of the financial period</b>	44.659	58.618

**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.