

## **The Bod of El.En. approves the financial report as of September 30th 2019**

### **Excellent performance for the Group Improved 2019 guidance**

**Revenues: 283 million of Euro (up 16,2%)**

**EBITDA: 32,6 million of Euro (up 35,7%), 11,5% EBITDA margin**

**EBIT: 26,4 million of Euro (up 32,2%), 9,3% EBIT margin**

**Pre-tax Income: 27,6 million of Euro (up 38,7%)**

**2019 Targets 400 million of Euro in Revenues, EBIT approaching 10%**

#### **Main consolidated figures as of September 30, 2019**

- Consolidated Revenues : 282,9 million of Euro vs. 243,4 million of Euro in 2018, (up 16,23%)
- EBITDA: 32,6 million of Euro (11,5 % on Sales) vs. 24,0 million in 2018, (up 35,70%)
- EBIT: 26,4 million of Euro (9,3% on Sales) vs. 20,0 million of Euro in 2018, (up 32,18%)
- Pre-tax Income: 27,6 million of Euro (9,8% on Sales) vs. 19,9 million of Euro in the first nine months of 2018 (up 38,74%)
- Net Financial Position: positive for 50,8 million of Euro, was 62,5 million as of December 31<sup>st</sup>, 2018

#### **Main consolidated figures for the third quarter:**

- Consolidated Revenues: 94,5 million of Euro vs. 82,8 million of Euro in Q3, 2018, (up 14,13%)
- EBITDA: 12,0 million of Euro (12,7% on Sales) vs. 8,7 million of Euro in Q3 2018, (up 38,3%)
- EBIT: 9,7 million (10,3% on Sales) vs. 7,3 million of Euro in Q3 2018, (up 33,8%)
- Pre-tax Income: 10,7 million of Euro (11,4% on Sales) 6,8 million of Euro in Q3 2018, (up 57,3%)

**Florence, November 14<sup>th</sup> 2019** – The Board of Directors of El.En. S.p.A., leader on the laser market, listed on the STAR Segment of the Italian Stock Exchange, released today its financial report as of September 30<sup>th</sup>, 2019, which showed **record Consolidated Revenues** of 282,9 million of Euro up 16,23% on the 243,4 million of Euro of the same period of 2018 and 26,4 million of Euro EBIT, up 32,2% on the 20,0 million of Euro of 2018. In the quarter revenues were 94,5 million of Euro, up 14,13% on the 82,8 million of Euro of the comparable period of 2018.

The first nine months of the year were characterized by a robust growth in business volume and earnings, both exceeding the guidance. The quarterly results were also excellent, with sales close to 95 million of Euro and EBIT over 10% on sales, growing by 33,8% compared to the same period of 2018, a considerable result for the third quarter, generally weaker than the annual average due to the summer slowdown.

**Gabriele Clementi**, President of EL.EN. Spa said: *"We are particularly happy with the results that exceed by far the guidance released at the beginning of the year and its subsequent upward revisions, results that mark the **Group's return to operating profitability in line with its best years**. Though not in a favorable economic phase in some geographical areas, we confirm our excellent positioning in markets and market niches that maintain a solid growth trend and the great proactive capacity of the Group, able to continuously release new products, innovating with their technologies and their application potential "*.

Revenue growth involved all sectors and all the main application segments in which the Group is active. The trend in the medical sector was brighter but also in the industrial sector the Group recorded a good increase in turnover in sheet metal cutting and marking. The two sectors, medical and industrial, showed high growth rates, which overall exceeded 16%, with the medical sector approaching 23% and returning to grow more rapidly than the industrial sector, which increased by 7.25%.

The medical sector recorded sales for around 170,8 million euros in the nine months compared to 138,8 million euros in the same period in 2018. Within the sector, which represents 60% of the Group's turnover, the best result was achieved in after sales, where the volume of services, goods and consumables sold in the period increased by around 43%. The increase in sales of consumables, especially single and multi-use optical fibers for stones and benign prostatic hypertrophy surgical treatments, is linked to the great success of laser systems for these applications, which causes a 50% leap in the overall urology business compared to the first 9 months of 2018. In this sector our subsidiary Quanta System holds the world leadership in terms of production volumes.

The growth rate in aesthetics exceeded 20% with the positive contribution of all the main application segments, among which hair removal and tattoo removal (whose technology is used in the Far East for "toning" anti-aging applications) are confirmed as growth drivers. The success of Onda *Coolwaves* by Deka for body contouring and the treatment of cellulite continued, together with other systems dedicated to the body, in particular the B-star distributed in Italy by Esthelogue in the professional aesthetics business. The introduction of the Motus hair removal equipment line to the market was successfully completed with the recent introduction of the AY model which, after obtaining the Medical CE certification, also obtained the FDA clearance for sale in the USA. The development of the Luxea platform was also completed, a device with performances that allow in a single system a wide use range for various applications in aesthetic medicine.

In the first nine months of 2019, the industrial sector reported revenues of 112,2 million euros compared to 104,6 million euros in 2018. The industrial sector found itself facing a less favorable situation in 2019 than in recent years; despite this, growth in the sector on an annual basis was equal to 4,34% for systems sales and overall 7,25% including service sales, which registered a 50% leap. In the cutting sector the growth recorded was equal to 3,5%; an excellent performance was registered on the marking market, especially in the identification and traceability market, where Lasit of Torre Annunziata (NA) operates.

Growth involved all the geographical areas in which the Group is present. Foreign markets continue to represent over 83% of the Group's turnover, highlighting its global positioning. In the first nine months of 2019 the fastest growth was recorded in non-European countries, with an excellent + 19,5% compared to the first 9 months of 2018. Europe and Italy showed an increase of 13,4% and 7,9% respectively compared to the first 9 months of 2018. The revamp on the Japanese market was significant, also due to several upgrades on the hair removal systems installed base.

**Gross Margin** for the nine months was 111,1 million of Euro, up 15,4% on the 96,3 million of Euro as of September 30th, 2018, driven by revenue increase.

**EBITDA** for the nine months was positive for 32,6 million of Euro up on the 24 million of Euro , as of September 30th, 2018.

Il **EBIT** at the end of the first nine month of 2019, showed a positive balance for 26,4 million of Euro vs the 20,0 million of Euro as of September 30th, 2018, up 32,18% and improving EBIT margin to 9,3% from 8,2% of the previous year. For what concerns the third quarter, EBIT margin was 10,3%.

The Group performed several sales to leasing companies with a repurchase obligation, and in compliance with IFRS 15, revenues for around 1,5 million of euro were therefore reversed, with a negative impact on the operating result of 0,6 million of Euro compared to the traditional accounting of revenues and cost of sales. The lower revenues and margins for the period will be recovered linearly over the multi-year period of the operating lease contracts.

**Pre-tax income** for the 9 months was positive for 27,6 million of Euro up 38,74% on the 19,9 million of Euro as of September 30<sup>th</sup>, 2018 with 9,8% margin on sales.

The **Net financial position** of the group decreases by roughly 11,6 million of Euro in the 9 months of 2019 and stayed positive for around 50,8 million of Euro, it was 62,5 million of Euro as of December 31<sup>st</sup>, 2018. From the first of January of 2019, due to the adoption of the IFRS 16 accounting standard, financial liabilities also include the residual liabilities related to operating leases and rentals that are now accounted according to the handling already provided under the IAS 17, reducing by 4,8 million the net financial position.

During the period, dividends were paid by the Group for a total of 8,7 million euros. Investments in fixed assets amounted to around 16 million euros. The remaining absorption of the cash generated by operations was driven by the increase in net working capital aimed at supporting the accelerated growth of the Group.

During the period, investments continued for the expansion of production capacity through the construction of new factories, part of a broader plan with investments of over 30 million of Euro in 2018-2019. The factories in Jena for Asclepion, Vicenza for ASA and Prato where Cutlite Penta and Ot-Las have recently moved have been completed. Work is continuing at the new Lasit plant in Torre Annunziata, Lin Yi and Wenzhou for the industrial business in China, the reorganization of the El.En. in Calenzano and the new Quanta System plant in Samarate.

### **Subsequent events**

Following the exercise by a few beneficiaries of the 2016-2025 Stock Option Plan, the company issued 91.100 new ordinary shares for a nominal amount of 11.843,00 euro and a receipt of 1,15 million of euro for the share capital increase with additional paid in capital.

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

In consideration of the financial results achieved in the first 9 months of 2019, which recorded a 16% growth in revenues and 32% in EBIT, we outline the possibility of achieving the 400 million euros consolidated revenues target, with an EBIT margin that could approach 10% at end of the 2019 financial 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>, 2019 will be available for the public at our premises in Calenzano, at Borsa Italiana S.p.A., on our website [www.elengroup.com](http://www.elengroup.com) ("Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2019") from November 14<sup>th</sup>, 2019 and on authorized storage website [www.emarketstorage.com](http://www.emarketstorage.com).

---

## CONFERENCE CALL

On November 15<sup>th</sup>, 2019 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 capitalization amounts to Euro 504 million.*

Cod. ISIN: IT0005188336  
Code: ELN  
Listed on MTA  
Mkt cap.: 504 million of euro  
Cod. Reuters: ELN.MI  
Cod. Bloomberg: ELN IM

For further information:

**El.En S.p.A.**  
Investor Relator  
Enrico ROMAGNOLI - [finance@elen.it](mailto:finance@elen.it)  
Tel. +39 055 8826807

**Polytems HIR**  
Financial Communication, IR and Press Office  
Bianca FERSINI MASTELLONI - [b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)  
Paolo SANTAGOSTINO - [p.santagostino@polytemshir.it](mailto:p.santagostino@polytemshir.it)  
Silvia MARONGIU - [s.marongiu@polytemshir.it](mailto:s.marongiu@polytemshir.it)  
Tel. +39 06-69923324

**Tab. 1 – Three months ended September 30<sup>th</sup>, 2019 (unaudited)**

<b>Income statement - quarterly</b>	<b>30/09/2019</b>	<b>Inc %</b>	<b>30/09/2018</b>	<b>Inc %</b>	<b>Var. %</b>
Revenues	94.498	100,0%	82.800	100,0%	14,13%
Change in inventory of finished goods and WIP	3.876	4,1%	5.086	6,1%	-23,80%
Other revenues and income	1.089	1,2%	1.411	1,7%	-22,84%
<b>Value of production</b>	<b>99.463</b>	<b>105,3%</b>	<b>89.297</b>	<b>107,8%</b>	<b>11,38%</b>
Purchase of raw materials	60.230	63,7%	53.530	64,6%	12,52%
Change in inventory of raw material	(5.898)	-6,2%	(1.564)	-1,9%	277,13%
Other direct services	8.370	8,9%	5.726	6,9%	46,16%
<b>Gross margin</b>	<b>36.761</b>	<b>38,9%</b>	<b>31.605</b>	<b>38,2%</b>	<b>16,31%</b>
Other operating services and charges	9.516	10,1%	9.175	11,1%	3,72%
<b>Added value</b>	<b>27.244</b>	<b>28,8%</b>	<b>22.430</b>	<b>27,1%</b>	<b>21,46%</b>
Staff cost	15.231	16,1%	13.743	16,6%	10,83%
<b>EBITDA</b>	<b>12.013</b>	<b>12,7%</b>	<b>8.687</b>	<b>10,5%</b>	<b>38,29%</b>
Depreciation, amortization and other accruals	2.280	2,4%	1.411	1,7%	61,64%
<b>EBIT</b>	<b>9.733</b>	<b>10,3%</b>	<b>7.276</b>	<b>8,8%</b>	<b>33,77%</b>
Net financial income (charges)	899	1,0%	48	0,1%	1768,33%
Share of profit of associated companies	95	0,1%	(506)	-0,6%	
Other non-operating income (charges)	0	0,0%	0	0,0%	
<b>Income (loss) before taxes</b>	<b>10.727</b>	<b>11,4%</b>	<b>6.818</b>	<b>8,2%</b>	<b>57,33%</b>

**Tab. 2 – Nine months ended September 30<sup>th</sup>, 2019 (unaudited)**

<b>Income Statement</b>	<b>30/09/2019</b>	<b>Inc %</b>	<b>30/09/2018</b>	<b>Inc %</b>	<b>Var. %</b>
Revenues	282.948	100,0%	243.437	100,0%	16,23%
Change in inventory of finished goods and WIP	8.861	3,1%	15.497	6,4%	-42,82%
Other revenues and income	2.208	0,8%	2.950	1,2%	-25,14%
<b>Value of production</b>	<b>294.017</b>	<b>103,9%</b>	<b>261.884</b>	<b>107,6%</b>	<b>12,27%</b>
Purchase of raw materials	168.828	59,7%	160.576	66,0%	5,14%
Change in inventory of raw material	(10.620)	-3,8%	(13.238)	-5,4%	-19,77%
Other direct services	24.664	8,7%	18.240	7,5%	35,22%
<b>Gross margin</b>	<b>111.145</b>	<b>39,3%</b>	<b>96.306</b>	<b>39,6%</b>	<b>15,41%</b>
Other operating services and charges	31.032	11,0%	30.418	12,5%	2,02%
<b>Added value</b>	<b>80.113</b>	<b>28,3%</b>	<b>65.888</b>	<b>27,1%</b>	<b>21,59%</b>
Staff cost	47.497	16,8%	41.852	17,2%	13,49%
<b>EBITDA</b>	<b>32.616</b>	<b>11,5%</b>	<b>24.036</b>	<b>9,9%</b>	<b>35,70%</b>
Depreciation, amortization and other accruals	6.171	2,2%	4.029	1,7%	53,16%
<b>EBIT</b>	<b>26.445</b>	<b>9,3%</b>	<b>20.007</b>	<b>8,2%</b>	<b>32,18%</b>
Net financial income (charges)	1.166	0,4%	522	0,2%	123,18%
Share of profit of associated companies	9	0,0%	(615)	-0,3%	
Other non-operating income (charges)	0	0,0%	(6)	0,0%	
<b>Income (loss) before taxes</b>	<b>27.621</b>	<b>9,8%</b>	<b>19.908</b>	<b>8,2%</b>	<b>38,74%</b>

**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