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Press release

The Bod of El.En. approves the financial report as of March 31st 2019

***Continuing double digit growth
Revenues at 84 million of Euro (up 20,6%)
2019 revenue end EBIT growth guidance confirmed***

- **Consolidate revenues: 84 million of Euro, was 69,6 million of Euro in 2018, up 20,6%**
- **EBITDA: 7,7 million of Euro vs. 6,4 million of Euro in 2018, up 19,5%**
- **EBIT: 5,7 million of Euro vs. 5,3 million of Euro in 2018, up 7,1%**
- **Net Financial position: positive for 61,1 million of Euro (net of 4,5 million decrease due to IFRS16) was 62,5 million as of December 31, 2018**

Florence, May 15th 2019 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 March 31, 2019.

In the first three months of 2019 the El.En. recorded strong growth, with consolidated revenues for 84 million of Euro, up 20.6% compared to March 31, 2018 and an income from operations (EBIT) of 5,7 million euros, up about 7,1% compared to the corresponding period of 2018. previous period.

Gabriele Clementi, President of El.En. Spa said: " *After a 2018 of great growth for the Group, we are very satisfied with the further rapid growth of revenues registered in the first quarter of 2019. Thanks to our global positioning and to the recognition of our products, we have recorded excellent results in the main markets where the Group is active. We continue to invest in our strategic priorities: product innovation and strengthening of operating structures allow us to meet the needs of our customers and face with confidences the challenges of the near future*".

The main application segments, both within the medical and industrial sectors, recorded significant sales increases.

The operating result improved in 2019 compared to the same quarter of 2018, in line with the yearly guidance and the group's expectations for the quarter.

The decrease in sales margins compared to the beginning of 2018 reflects the expansion in segments with lower margins such as sheet metal cutting in China, as well as the reduction in sales of Monna Lisa Touch. It also includes a 1% penalization vs Q1 2018 due to lower government grants. The level of marginality of sales improved on the average of 2018, and, in line with forecasts, was at a level expected to enable a more marked growth in EBIT in correspondence with the greater turnover expected in the coming quarters.

The quarter also reported a consistent volume of research and development costs, with higher personnel and operating expenses, aimed at maintaining and consolidating the growth of the group.

After the pause in the second half of 2018, the Chinese market for sheet metal laser cutting applications was back to rapid growth. Turnover from activities in China increased by around 37% compared to the first quarter of 2018, surpassing even the forecasts that were outlining a progressive growth during the year.

The general situation on the reference markets was overall favorable and is offering interesting growth opportunities for the numerous activities of the Group.

The investment plan for production facilities continued in 2019, a plan aimed at increasing production capacity, providing for an overall investment close to 30 million between 2018 and 2019, and investments of around 3 million were booked in fixed assets in the first quarter of 2019.

Turnover in the two medical and industrial sectors showed double-digit growth rates of around 20% for both sectors in the quarter, with a more rapid growth in the industrial sector which increased by 22,28%.

Within the sector of **medical and aesthetic systems**, representing 60% of turnover, the overall growth was close to 20%, and the best result was marked by after-sales service sales of goods and consumables, where the volume of business increased by around 35%.

The surgery sector was close to 20% growth, due above all to systems for urological applications used with powers from 30W to 200W for lithotripsy and treatment of benign prostatic hypertrophy (BPH). In this business Quanta System is encountering a growing success and increasing its production and sales volumes. The exceptional growth in urology has more than balanced the decline in the gynecological segment, where the Monna Lisa Touch system for the treatment of vaginal atrophy recorded a decline in turnover. It was in fact heavily penalized by the FDA press release of late July 2018 which caused sales to almost stop on the US market and reduced those in the rest of the world. El.En. is working, together with its US distributor Cynosure, to extensive clinical trials conducted in compliance with FDA requirements, which will be the basis for medium-term relaunch of the application in the US and worldwide.

The aesthetic sector, which is worth 51% of the medial sector, showed a growth of 15,7%.

The **Industrial applications sector** grew by around 23%, with a further expansion in the cutting segment which remained one of the most significant for the entire group. In particular, metal cutting applications are benefiting from the continuous technological innovation that has expanded the range of potential users. The development in the laser sources segment is also interesting, with a revenue increase of 36,6% and for which the elective application areas are becoming more numerous. Industrial post sale service revenue also grew considerably, recording a growth of around 43%.

In terms of **geography**, the most significant increase was recorded in the Rest of the World, confirming the ever-increasing internationalization of the Group, with an increase of around 23% and revenues for around 51,8 million of Euro compared to 42,2 million of Euro in the same period 2018. Europe followed closely behind with sales of 16,5 million of Euro compared to around 14 million of Euro in 1Q 2018 up 18%. Finally, turnover on Italian markets recorded an increase of 15,9% with a sales equal to 15.5 million of Euro compared to the 13,4 million of Euro of the same period of 2018.

Gross margin for the first quarter was 33,2 million of Euro, up approximately 12% compared to the 29,7 million euros of 31 March 2018. A decrease in margins on sales, down to 39,6% from 42,7% in the first quarter of 2018 was registered.



EBITDA was positive for 7,7 million of Euros, an increase of about 19,5% compared to the 6,4 million of Euro as of 31 March 2018 with an EBITDA margin that remained constant at 9,2%.

EBIT for the quarter showed a positive balance of 5,7 million of Euro, up 7,1% on the € 5,3 million of 31 March 2018, with an impact on turnover of 6,8 %, down compared to 7,7% in the previous year.

Income before taxes had a positive balance of 6,4 million of Euro and recorded a 39,1% increase compared to the 4,6 million of Euro as of the 31st of March of 2018.

The **Net Financial Position** of the Group was positive for about 61,1 million of Euro compared to about 62.5 million of Euro as of the ne of 2018. The adoption of the accounting standard IFRS 16 led to a reduction of the Net financial position by 4,5 million of Euro, therefore in the quarter the group actually improved the NFP by around 3,1 million of euro.

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.

Current outlook

The good start of the year allows us to fully confirm the guidance for 2019: we therefore count on improving 2018's EBIT and to achieve a revenues growth of over 10%.

As required by Consob, the quarterly report as of March 31st , 2019 will be available for the public at our premises in Calenzano, at Borsa Italiana S.p.A., on our website www.elengroup.com ("*Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2019*") from May 15th , 2019 and on authorized storage website www.emarketstorage.com.



CONFERENCE CALL

On May 16th, 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 315 million.

Cod. ISIN: IT0005188336

Code: ELN

Listed on MTA

Mkt cap.: 315 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 , 2019 (unaudited)

Income Statement	31/03/2019	Inc %	31/03/2018	Inc %	Var. %
Revenues	83.865	100,0%	69.552	100,0%	20,58%
Change in inventory of finished goods and WIP	4.172	5,0%	8.158	11,7%	-48,86%
Other revenues and income	444	0,5%	991	1,4%	-55,20%
Value of production	88.481	105,5%	78.701	113,2%	12,43%
Purchase of raw materials	50.874	60,7%	48.750	70,1%	4,36%
Change in inventory of raw material	(2.558)	-3,0%	(5.335)	-7,7%	-52,06%
Other direct services	6.935	8,3%	5.613	8,1%	23,54%
Gross margin	33.229	39,6%	29.672	42,7%	11,99%
Other operating services and charges	9.867	11,8%	9.641	13,9%	2,34%
Added value	23.362	27,9%	20.031	28,8%	16,63%
Staff cost	15.682	18,7%	13.604	19,6%	15,27%
EBITDA	7.679	9,2%	6.427	9,2%	19,49%
Depreciation, amortization and other accruals	1.954	2,3%	1.079	1,6%	81,01%
EBIT	5.726	6,8%	5.348	7,7%	7,07%
Net financial income (charges)	783	0,9%	(758)	-1,1%	
Share of profit of associated companies	(74)	-0,1%	44	0,1%	
Other non-operating income (charges)	0	0,0%	(6)	0,0%	
Income (loss) before taxes	6.435	7,7%	4.627	6,7%	39,07%

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