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Press release

## The Board of Directors of El.En. approves the quarterly financial report as of September 30th, 2016

**Revenue: 180.0 million of € (up 15.1%)**

**EBIT: 19.8 million of € (up 22.1%), 11% on Sales**

**2016 Guidance confirmed: sales up 10%, EBIT up 15%**

### Main consolidated financial results as of September 30th, 2016

- Consolidated revenue: 180.0 million of euro vs. 156.0 million of euro of 2015, up 15.1%
- EBITDA: 23.0 million of euro (12.8% on Revenue) vs. 19.3 million in 2015, up 18.9%
- EBIT: 19.8 million of euro (11% on Revenue) vs. 16.2 million of euro in 2015, up 22.1%
- Income before taxation: 42.0 million of euro (23.4% on Revenue) vs. 17.2 million of euro in the first nine months of 2015, up 144.5%
- Net financial position: positive for 72.2 million of euro up on the 29.8 million as of December 31<sup>st</sup>, 2015

### Main consolidated financial results for the third quarter of 2016

- Consolidated revenue: 59.4 million of euro (49.1 million of euro in Q3, 2015), up 21%
- EBITDA: 7.4 million of euro (12.5% on Revenue) vs. 6.7 million of euro in Q3 2015, up 9.1%
- EBIT: 6.2 million (10.5% on Revenue) vs. 5.8 million of euro in Q3 2015, up 7.3%
- Net financial position: 6.0 million of euro (10.2% on Revenue) 5.5 million of euro in Q3 2015, +10%

**Florence, November 11th, 2016** – 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, 2016 which register **Consolidated Revenue** for 180,0 million of euro, up 15.1% on the 156.0 million of euro of the corresponding period of 2015 and an EBIT of 19.8 million of euro, up 22% on 2015. For the quarter, revenue were 59.4 million of euro, up 21% on the 49.1 million of euro of the corresponding period of 2015.

The rapid growth trend of the group was confirmed, accompanied by a continuous improvement in operating profits thanks in particular to product innovation. The continuing sales volume growth registered in the past two years, achieved without significantly changing the fixed costs structure, allowed income from operations the operating to exceed the threshold of 10% on sales, for years considered a benchmark for the group's activities.

Other income contributed to the excellent results thanks to the capital gain generated by the sale of the last batch of Cynosure shares held by El.En. S.p.A., which grossed 45 million US dollars in the sale performed in the month of April, generating a capital gain of approximately 23 million of euro at consolidated level.

Gabriele Clementi, President of El.En. Spa, said : " *We are pleased with our results that confirm the soundness of our Group's expansion strategy. We pursue growth by focusing on developing specific niche applications, as part of the two macro target markets for our technologies: laser systems for medical applications and laser sources and systems for industrial applications for manufacturing.*

*The Group continues to invest continuously in research and development by pursuing excellence thanks to application and product innovations ".*

Both the medical and industrial sectors contribute to the growth of the Group marking a "double digit" increase, a 24% growth in the industrial and 11% in the medical sector. The development has affected all geographic areas with a higher growth registered on the Italian market, where the growth was about 25%, while European markets and the rest of the world recorded a growth of 10.5% and 14.0%, respectively. Foreign markets represent altogether more than 81% of consolidated sales, highlighting the Group's global positioning.

**Gross Margin** in the first nine months was 78,623 thousands of euro, with an 11.9% increase on the 70,236 thousands of euro as of September 30<sup>th</sup>, 2015, mainly driven by revenue growth.

**EBITDA** in the first nine months was positive for 22.9 million of euro up 18.9% on the 19.3 million of euro as of September 30<sup>th</sup>, 2015.

**EBIT** at the end of the first nine months of 2016 showed a net balance of 19.8 million of euro up 22,1\$ on the 16.2 million of euro of 2015. Ebit margin on sales was 11.0% up on the 10.4% margin of last year's corresponding period.

**Income before taxes** for the nine months was 42.0 million, up from the 17.2 million of euro of the first nine months of 2015.

The **Net financial position of the Group** was positive for 72.2 million of euro, it was 29.8 million of euro as of December 31<sup>st</sup>, 2015.

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

In approaching year end and based on the excellent results of the third quarter, we confirm that the group aims to close the year with an increase of 10% in Revenue and 15% in operating income.

Net income is going to mark in 2016 the historical record thanks to the sale of the last batch of Cynosure shares and the increased contribution of the income from operations.

*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 Sept 30<sup>th</sup>, 2016 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 11<sup>th</sup>, 2016.

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## CONFERENCE CALL

On Monday, November 14th, 2016 at 15:00 CET (14:00 GMT) (9:00 ET), 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>

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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 41% and its market capitalization amounts to Euro 389 million.*

Cod. ISIN: IT0005188336

Sigla: ELN

Negoziata su MTA

Mkt capt.: 389 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – Three months ended September 30th , 2016 (unaudited)**

<b>Income Statement - 3 months</b>	<b>30/09/16</b>	<b>Inc.%</b>	<b>30/09/15</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	59.389	100,0%	49.122	100,0%	20,9%
Change in inventory of finished goods and WIP	252	0,4%	2.131	4,3%	-88,2%
Other revenues and income	615	1,0%	812	1,7%	-24,2%
<b>Value of production</b>	<b>60.256</b>	<b>101,5%</b>	<b>52.065</b>	<b>106,0%</b>	<b>15,7%</b>
Purchase of raw materials	33.643	56,6%	27.799	56,6%	21,0%
Change in inventory of raw material	(3.321)	-5,6%	(1.786)	-3,6%	85,9%
Other direct services	4.576	7,7%	3.894	7,9%	17,5%
<b>Gross margin</b>	<b>25.358</b>	<b>42,7%</b>	<b>22.159</b>	<b>45,1%</b>	<b>14,4%</b>
Other operating services and charges	7.429	12,5%	6.147	12,5%	20,9%
<b>Added value</b>	<b>17.929</b>	<b>30,2%</b>	<b>16.012</b>	<b>32,6%</b>	<b>12,0%</b>
For staff costs	10.534	17,7%	9.231	18,8%	14,1%
<b>EBITDA</b>	<b>7.395</b>	<b>12,5%</b>	<b>6.781</b>	<b>13,8%</b>	<b>9,1%</b>
Depreciation, amortization and other accruals	1.150	1,9%	962	2,0%	19,5%
<b>EBIT</b>	<b>6.246</b>	<b>10,5%</b>	<b>5.819</b>	<b>11,8%</b>	<b>7,3%</b>
Net financial income (charges)	(211)	-0,4%	(341)	-0,7%	-38,1%
Share of profit of associated companies	13	0,0%	18	0,0%	-27,3%
Other Income (expense) net	(0)	0,0%	0	0,0%	
<b>Income (loss) before taxes</b>	<b>6.048</b>	<b>10,2%</b>	<b>5.496</b>	<b>11,2%</b>	<b>10,0%</b>

**Tab. 2 – Nine months ended September 30, 2016 (unaudited)**

<b>Income Statement</b>	<b>30/09/16</b>	<b>Inc. %</b>	<b>30/09/15</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	179.565	100,0%	156.006	100,0%	15,1%
Change in inventory of finished goods and WIP	1.159	0,6%	3.754	2,4%	-69,1%
Other revenues and income	2.484	1,4%	1.773	1,1%	40,1%
<b>Value of production</b>	<b>183.207</b>	<b>102,0%</b>	<b>161.533</b>	<b>103,5%</b>	<b>13,4%</b>
Purchase of raw materials	95.975	53,4%	87.049	55,8%	10,3%
Change in inventory of raw material	(5.784)	-3,2%	(7.523)	-4,8%	-23,1%
Other direct services	14.394	8,0%	11.772	7,5%	22,3%
<b>Gross margin</b>	<b>78.623</b>	<b>43,8%</b>	<b>70.236</b>	<b>45,0%</b>	<b>11,9%</b>
Other operating services and charges	22.875	12,7%	20.789	13,3%	10,0%
<b>Added value</b>	<b>55.747</b>	<b>31,0%</b>	<b>49.446</b>	<b>31,7%</b>	<b>12,7%</b>
For staff costs	32.785	18,3%	30.136	19,3%	8,8%
<b>EBITDA</b>	<b>22.962</b>	<b>12,8%</b>	<b>19.310</b>	<b>12,4%</b>	<b>18,9%</b>
Depreciation, amortization and other accruals	3.193	1,8%	3.117	2,0%	2,4%
<b>EBIT</b>	<b>19.769</b>	<b>11,0%</b>	<b>16.193</b>	<b>10,4%</b>	<b>22,1%</b>
Net financial income (charges)	(675)	-0,4%	881	0,6%	
Share of profit of associated companies	(87)	0,0%	117	0,1%	
Other net income (expense)	23.019	12,8%	0	0,0%	
<b>Income (loss) before taxes</b>	<b>42.027</b>	<b>23,4%</b>	<b>17.191</b>	<b>11,0%</b>	<b>144,5%</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.