

The Bod of El.En. releases the consolidated 2019 six months financial report

***Best six months consolidated revenues ever, 188,5 million of euro (up 17,3%)
Net Income for the Group at 10,2 million of euro (up 37,2%)
Net Financial Position solidly positive for 54 million of euro
Improved 2019 guidance for Revenues and EBIT***

- **Consolidated revenues: 188,5 million of euro vs. 160,6 million of euro in 1H 2018 (up 17,3%)**
- **EBITDA: 20,6 million of euro vs. 15,3 million of euro in 1H 2018 (up 34,2%)**
- **EBIT: 16,7 million of euro vs. 12,7 million of euro in the same period of 2018 (up 31,3%)**
- **Net Financial Position: positive for 53,8 million of euro vs. 62,5 million of euro as of 31st of December 2018**
- **Net Income for the Group positive for 10,2 million of euro vs. 7,4 million of euro in 1H 2018 (up 37,2%)**

Florence, September 12, 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, met today and approved the six months financial report as of June 30, 2019.

The growth of the El.En Group continued in the first half of 2019: the brilliant results have exceeded the guidance released at the beginning of the year, once again highlighting the deep appreciation of the Group's products on our reference markets. In the period in question, the **best consolidated revenues ever** were achieved, both for the quarter and for the half year, exceeding 188 million euros, up by 17,3% compared to 1H 2018. The growth in income was even faster. With 20,6 million euros, **EBITDA** registered a 34,2% improvement with an EBITDA margin of around 11%, compared to 15,3 million of euro in the same period of the 2018 which had an impact on sales of 9,6%. The **EBIT** was 16,7 million of euro with a variation of up 31,3% and an EBIT margin of 8,9%, an increase compared to the 12,7 million euro of the same period of 2018. The **Group's Net Income** was 10,2 million euros, up 37,2% compared to 7,5 million in 1H 2018.

The overall status of our reference markets has remained receptive with a high level of demand for our products. Both our medical and industrial sectors report double-digit growth rates. The medical sector, up 19,8%, shows revenues for 112,1 million of euros (vs. around 94 million of euros in the same period of 2018), the industrial sector, with revenues of 76,3 million euros (vs. approximately 67,0 million in the first half of 2018) recorded a 13,9% increase. As it pertains to **geographic distribution**, the largest growth in both sectors was recorded in the Extra-European countries which reported a turnover of around 119,6 million euros with a 21,3% increase, followed by Europe with revenues equal to 36,8 million euros and a positive change of 17,5%, while the Italian market with a turnover of 32,1 million euros, showed an increase of 4,4%. The relevant expansion in European and non-European countries confirms the Group's strategy of acquiring market shares on international markets.

Gabriele Clementi, President of El.En. Spa, said: *"We are very pleased with the results of this half-year that highlighted a brilliant growth in the Extra-European markets on which we are consolidating among the most significant global players. We are completing the two-year investment plan for the expansion of the production capacities of the operating units in Florence, Jena, Torre Annunziata, Vicenza, Samarate and Wenzhou for the manufacturing of laser cutting systems for the Chinese market. We have further improved our structures and organization, both in operational logistics and in R&D, also hiring highly qualified management and personnel to manage and seize even better, in the future, the opportunities that will emerge both in the medical and in the industrial sectors, and to be stronger in the pursuit of our to growth path. "*

In the **medical sector**, all application segments recorded revenue growth. The best result was achieved in **after-sales service** activities in which the volume of business increased by approximately 42,5% to a turnover of 22,4 million euros.

The area that has seen the fastest growth has been urology. The systems for stone removal and for the treatment of benign prostatic hypertrophy (BPH), together with the single and multiple use optical fibers used in the surgeries, with six months revenues of almost 22 million of euro doubled the volume in two years compared to the first semester of 2017. Thanks to the significant growth in the urology and endovascular applications segment, the **surgery segment** confirmed the overall rapid growth trend while sales of Monna Lisa Touch systems outside the United States remained at good levels. Firmly intent on maintaining leadership in laser applications for urology and gynecology, the Group is carrying out intense research and development activities, both for the innovation of the technologies used for the systems, and for the clinical studies capable of validating their effectiveness and safety. An important multi-year clinical study on the Monna Lisa Touch was started together with Cynosure, now a division of Hologic Inc., with the aim of consolidating the efficacy and safety of the treatment in accordance with the most rigorous regulatory requirements. Excellent results were registered in **medical aesthetics**, with turnover at 60,5 million up about 18,6% compared to 2018. The growth was highlighted in all the main application segments, hair removal, skin resurfacing, body contouring and tattoo removal, also sustained by the launch of new products. Among these we underline the success of the new Mediostar equipped with the powerful Monolith handpieces, and the progressive spread of Deka's Onda *Coolwaves* system for body contouring that continues to meet our highest expectations and is going to be one of the best seller products of the Group in the year, also thanks to the extensive work performed to obtain the clearances for sale in several countries of the world. The **therapy segment** is in line with last year with a slight revenues increase of 1,67% compared to the same period of last year.

Also in the **industrial applications sector**, growth remained strong in all the main segments. Laser cutting, which represents more than three-quarters of the Group's business in the industrial sector, showed double-digit growth despite the difficult economic situation in China and Europe, with half-year revenues of 58,5 million euros and an increase compared to 2018 of about 12,8%. The Laser Cutting business is experiencing a phase of rapid and continuous transformation and the Group has managed to seize the opportunities offered by the increase in average power of the laser sources installed on the systems, quickly gaining interesting market shares. The increase in average power was also associated with a significant reduction in production costs and a subsequent reduction in sales prices. This has widened the range of potential customers attracted, as well as by the greater technical productivity of the systems also by their ROI and financial accessibility. As for the Chinese market after the decline in the second half of 2018, the market experienced a positive phase in the first half of the year 2019. Growth in the **laser marking market** was also very favorable, with an increase of around 11,1%, passing from a 2018 turnover of 8,3 million euros to 9,2 million euros in 2019, especially for identification applications. In the industrial sector too the most significant growth was recorded in aftersales service which showed an increase of 34% compared to the same period of 2018, with a turnover that went from 4,6 million euros to around 6,2 million euros in 1H 2019. The result of the **laser sources** segment was still positive, increasing by 6,6% compared to the same period of 2018, and is expected to continue its positive development during the year.

In deeper detail:

Gross Margin in 1H 2019 was 74,4 million of euro, up 15% on the 64,7 million of euro as of June 30, 2108, due to the revenues increase.

EBITDA was 20,6 million of euro, up 34,2% on the 15,3 million of euro of 1H 2018, and EBITDA margin was 10,9% improving 9,6% of 1H 2018.

EBIT marked a positive result of 16,7 million of euro, up on the 12,7 million of euro as of end of June in 2018, with an upward 31,3% change and an EBIT margin up from 7,9% in the six months of 2018 to 8,9% in 2019.

Income before taxation was positive for 16,9 million of euro (13,1 million of euro in 1H 2018), up about 29,1%. Income taxes for the period showed an overall burden of 4,7 million of euro with a tax rate of approximately 28%, basically unchanged from the same period of last year.

Net Income for the Group was 10,2 million of euro, up 37,2% on the 7,5 million of euro of 1H 2018.

The **Net Financial Position** of the Group remained firmly positive. In the period it decreased by around 8,7 million of euro 53,8 million of euro compared to 62,5 million of euro at December 31, 2018. The cash absorption of the period was due to several factors: distribution of dividends to third parties for a total of 8,7 million euros; investments in fixed assets for 11,5 million of euro, of which 7,4 million for the new Chinese production facilities in Wenzhou and Lin Yi (this last one added to the original plan) of Jena (Asclepion), of Vicenza (ASA), of Prato (Cutlite Penta) and Torre Annunziata (Lasit). These investments are part of a broader investment plan aimed at expanding production capacities to serve the growing demand, for a total amount expected to slightly exceed the 30 million expected for the 2018-2019 financial years.

The impact of the adoption of the new accounting standard IFRS 16, in force since the 1st of January of 2019, also weighed on the NFP. The impact was equal to approximately 4,9 million of euro, of which 1,5 recorded under current financial debts and 3,4 among non-current financial payables. The net financial position with unchanged accounting principles would have been equal to 58,7 million of euros.

Business outlook

The results of the first half exceeded the guidance both for revenues growth with an increase of 17,3% compared to the minimum outlined growth of 10%, and for EBIT, which reached 8,9% on revenues.

As the effect of our ability to better organize the critical activities for our success on the markets, the Group continues to go through a favorable phase. Our strategic positioning allows us to seize the growth opportunities that the specific trend of the reference markets is offering. The large investments made in the last 18 months aim to provide the Group with operating structures capable of sustaining at best the expected growth. In light of the half-year results, the El.En. Groups is confident to be able to further improve the results with respect to the **guidance** released so far, setting in widely exceeding 10% the annual revenue growth target and in improving 2018's EBIT margin the profitability target guidance.

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.

Stock option plan 2016 -2025

Commencing from September 14th 2019, the administrators, managers, employees and collaborators of El.En. and the Group, are entitled to exercise the first tranche of option rights granted to them by the Board of Directors, upon proposal of the Remuneration Committee, on September 13th 2016 when the Board of Directors implemented the share incentive plan (stock options) for the period 2016-2025 ("2016-2025 Stock Options Plan") following the mandate assigned to it by the shareholders' meeting on May 12th 2016.

Please note that the options may be exercised by the beneficiaries in two equal tranches: the first from the 14th September 2019 and until December 31, 2025; the second from September 14, in accordance with the terms and conditions provided in the regulation of the plan then approved by the Board of Directors and already published.

Please note that the Plan includes among the beneficiaries some: the Chairman of the Board of Directors Gabriele Clementi, the two managing directors Andrea Cangoli and Barbara Bazzocchi, the General Manager Paolo Salvadeo, the officers of El.En. s.p.a. holding office as Executive Directors in the subsidiaries, other officers in the significant roles El.En. s.p.a., Executive Directors of subsidiaries that are considered of strategic importance for the development of the group, some individuals belonging to the categories of employees and executives who for personal and professional characteristics, loyalty play an important role in a future.

The plan is particularly relevant pursuant to arts. 114-bis, comma 3, T.U.F. and 84-bis, comma 2, Consob Issuer Regulations since some beneficiaries were identified the categories include therein. Moreover the Chairman of the Board of Directors Gabriele

Clementi, the two managing directors Andrea Cangoli and Barbara Bazzocchi, the General Manager Paolo Salvadeo shall comply with art. 19 of EU Reg. 596/2014.

For all the information and details relating, among the others, to the names of the beneficiaries, the quantities granted and the manners in which the exercise price was determined by Euro 12,72 please refer to the information document drawn up under art. 84-bis of the Consob Issuer Regulation 11971/1999 which, together with all the documentation relating to the plan, remains available at the registered office and published on the www.elengroup.com website in the section Investor Relations/Governance/Shareholders/2016 as well as on the authorized storage site www.emarketstorage.com.

As required by Consob, the Half yearly report as of June 30th, 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 September 12th, 2019 and on authorized storage website www.emarketstorage.com.

CONFERENCE CALL

On September 13th, 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 360 million.

Cod. ISIN: IT0005188336
Code: ELN
Listed on MTA
Mkt cap.: 360 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
Tel. +39 055 8826807

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

Tab. 1 – El.En. Group Profit and Loss account as of June 30th, 2019

Income Statement	30/06/2019	Inc %	30/06/2018	Inc %	Var. %
Revenues	188.450	100,0%	160.637	100,0%	17,31%
Change in inventory of finished goods and WIP	4.985	2,6%	10.411	6,5%	-52,12%
Other revenues and income	1.119	0,6%	1.539	1,0%	-27,25%
Value of production	194.555	103,2%	172.587	107,4%	12,73%
Purchase of raw materials	108.597	57,6%	107.046	66,6%	1,45%
Change in inventory of raw material	(4.722)	-2,5%	(11.674)	-7,3%	-59,55%
Other direct services	16.295	8,6%	12.514	7,8%	30,21%
Gross margin	74.385	39,5%	64.701	40,3%	14,97%
Other operating services and charges	21.515	11,4%	21.243	13,2%	1,28%
Added value	52.869	28,1%	43.458	27,1%	21,66%
Staff cost	32.266	17,1%	28.109	17,5%	14,79%
EBITDA	20.604	10,9%	15.349	9,6%	34,23%
Depreciation, amortization and other accruals	3.891	2,1%	2.618	1,6%	48,60%
EBIT	16.713	8,9%	12.731	7,9%	31,28%
Net financial income (charges)	267	0,1%	474	0,3%	-43,70%
Share of profit of associated companies	(86)	0,0%	(109)	-0,1%	-21,69%
Other non-operating income (charges)	0	0,0%	(6)	0,0%	
Income (loss) before taxes	16.894	9,0%	13.090	8,1%	29,06%
Income taxes	4.675	2,5%	3.681	2,3%	26,98%
Income (loss) for the financial period	12.219	6,5%	9.409	5,9%	29,87%
Net profit (loss) of minority interest	1.996	1,1%	1.957	1,2%	2,00%
Net income (loss)	10.223	5,4%	7.452	4,6%	37,19%

Tab. 2 – El.En. Group balance sheet as of June 30th, 2019

Statement of financial position	30/06/2019	31/12/2018	Variation
Intangible assets	4.484	4.484	
Tangible assets	73.922	61.020	12.902
Equity investments	2.341	2.459	-119
Deferred tax assets	6.544	6.334	211
Other non-current assets	12.677	12.582	95
Total non current assets	99.968	86.879	13.089
Inventories	95.538	85.892	9.646
Accounts receivable	90.603	80.246	10.357
Tax receivables	12.004	11.436	568
Other receivables	13.121	12.490	631
Financial instruments	2.082	1.951	131
Cash and cash equivalents	82.931	80.966	1.965
Total current assets	296.280	272.982	23.298
Total Assets	396.247	359.861	36.387
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	87.707	92.167	-4.460
Retained earnings / (accumulated deficit)	64.425	50.596	13.828
Net income / (loss)	10.223	16.794	-6.571
Group shareholders' equity	203.457	200.660	2.797
Minority interest	19.772	18.576	1.196
Total shareholders' equity	223.229	219.236	3.993
Severance indemnity	4.657	4.378	278
Deferred tax liabilities	1.734	1.678	57
Reserve for risks and charges	4.389	3.955	433
Financial debts and liabilities	20.692	12.493	8.199
Total non current liabilities	31.471	22.504	8.967
Financial liabilities	11.138	8.314	2.824
Accounts payable	77.647	63.891	13.756
Income tax payables	3.736	2.486	1.250
Other current payables	49.027	43.430	5.597
Total current liabilities	141.548	118.121	23.427
Total Liabilities and Shareholders' equity	396.247	359.861	36.387

Tab. 3 – El.En. Group cash flow statement as of June 30th, 2019

Cash flow statement	30/06/19	30/06/18
Operating activity		
Income (loss) for the financial period	12.219	9.409
Depreciations	3.172	2.091
Share of profit of associated companies	86	109
Write-downs for impairment losses		6
Stock Options	356	431
Severance indemnity	(20)	57
Reserve for risks and charges	433	59
Bad debt reserve	(432)	(110)
Deferred tax assets	(139)	460
Deferred tax liabilities	57	18
Inventories	(9.646)	(22.007)
Accounts receivable	(9.925)	(3.801)
Tax receivables	(568)	(1.968)
Other receivables	(414)	172
Accounts payable	13.756	12.028
Income tax payables	1.250	2.163
Other debts	5.597	(588)
Cash flow generated by operating activity	15.782	(1.469)
Investment activity		
Tangible assets	(11.014)	(9.399)
Intangible assets	(246)	(219)
Equity investments, securities and other financial assets	(181)	44
Loan receivables	(229)	150
Cash flow generated by investment activity	(11.670)	(9.425)
Financing activity		
Non current financial liabilities	4.710	293
Current financial liabilities	1.497	(3.726)
Dividends paid	(8.692)	(8.434)
Cash flow generated by financing activity	(2.485)	(11.867)
Change in cumulative translation adjustment reserve and other no monetary changes	337	708
Increase/(decrease) in cash and cash equivalents	1.965	(22.052)
Cash and cash equivalents at the beginning of the financial period	80.966	97.351
Cash and cash equivalents at the end of the financial period	82.931	75.299

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