

## El.En. Spa: the Bod releases the six months financial report as of June 30, 2014

All the indexes are positive and improving on the first six months of 2013, also net of the one time deals closed in the period.

### Main consolidated financial results as of June 30, 2014

- **Consolidated Revenues: 80,4 million of euro (up 8,9%)**
- **EBITDA: 7,0 million of euro (up 18,6%)**
- **EBIT: 6,5 million of euro (up 73,7%)**
- **Net Income for the Group: 8,5 million of euro (up 575,4%)**
- **Net financial position up to 40,1 million of euro from 21,9 million of euro as of December 31, 2013)**

**Florence, August 28<sup>th</sup>, 2014** – 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, 2014.

In the first six months of 2014 the group registered excellent achievements in revenues growth, income from operations and net income. **Consolidated Revenues** exceeded 80 million of Euro, up 9% on the first six months of 2013 (73,8 million of euro) and **Net income** was 8,5 million of euro, also brilliantly growing on the 1,3 million of euro of the corresponding 2013 period. The **EBIT** at 6,5 million of euro, with an 8,1% margin on revenues, also confirms and continues the positive results of the first quarter.

A positive contribution to the overall trend was also brought by the one time deals closed in the period: the sale of a batch of Cynosure Inc. shares involved 4,5 million of euro of consolidated gain on the sale and a 23 million of euro cash inflow, while the settlement of a patent dispute allowed the release of reserves accrued in prior years exceeding by 1,5 million of euro the final settlement amount. Also net of the effects of these two deals, income from ordinary operations is increasing, in line with the guidance. We also highlight that the accrual of the reserves released in the period had affected decreasing it the EBIT of previous years.

The persistent stagnation in the European markets did not allow to register in Europe the revenue growth results that were achieved in the rest of the world, were extremely positive results were registered, particularly in the industrial segment in China. Moreover, as an effect of specific geographic market selections in the industrial market, and of successful marketing actions in the medical-aesthetic business, also in Italy a revenue increase was registered in the period.

**Gross Margin** was up 4,7% to 38,1 million of euro on the 36,3 million of 2013 due to the revenue increase. The impact on revenue decreased by two percentage points due to the joint effect of the increased volume of sales in the industrial market in China, bearing a lower gross margin percentage than the group average, together with the decrease of sales in the Far East of systems manufactured in Europe, affected by the currencies exchange rate both in volume and in profitability.

**EBITDA** was positive for 7,0 million of euro, up 18,6% on the 5,9 million of euro as of June 30th 2013. The manpower cost, though increasing on 2013, registers a lower impact on revenues.

As an effect of the mentioned release of the accrued reserve, the cost for depreciation amortization and accruals was reduced to a marginal amount. **EBIT** stands therefore at 6,5 million of euro, up 73,7% on the 3,7 million of euro registered as of June 30th 2013; also without the mentioned one time pick up EBIT would have exceeded 5 million of euro, up 34% and equal to 6,2% on revenues.

**Income before taxes** was equal to 11,4 million of euro, markedly up 235,4% on the 3,4 million of euro as of June 30<sup>th</sup>, 2013.

The first semester of 2014 closed with a **Net income for the group** of 8,5 million of euro, widely exceeding the 1,3 million of euro of the corresponding semester of 2013.

The **Net Financial position** of the group as of June 30th, 2014 was positive for 40,1 million of euro doubling the 21,8 million of the end of 2013. The sale of Cynosure shares contributed to the increase.

For what concerns the **evolution of the current year**, the positive outcome of the first six months allows to confirm the annual ordinary growth and profitability guidance, which is 5% revenue growth with an improvement on 2013's EBIT; in addition, the net effect of the one time deals closed in the semester will contribute to the financial results of 2014.

The available cash position will enable investments aimed to the development of the existing activities, also through acquisitions of complementary activities. A sample of this approach is the deal closed at the beginning of August, with the acquisition of a minority stake of Quanta USA LLC with the purpose of supporting Quanta System's sales in North America and consolidating a cooperation which could result in the acquisition of a control position of the American distributor in force of the call option exercisable in 2017. The available cash will allow to maintain interesting levels in dividends payout.

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>, 2014 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) sez. "Investor Relations /Documenti finanziari/Relazioni e Bilanci/2014") from August 28<sup>th</sup>, 2014 and in the authorized storage device 1Info.



**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 36% and its market capitalization amounts to €115 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTA

Mkt capt.: 115 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – EI.En. Group Profit and Loss account as of June 30<sup>th</sup>, 2014**

<b>Income Statement</b>	<b>30/06/14</b>	<b>Inc.%</b>	<b>30/06/13</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	80.398	100,0%	73.837	100,0%	8,9%
Change in inventory of finished goods and WIP	3.823	4,8%	1.426	1,9%	168,2%
Other revenues and income	1.276	1,6%	1.067	1,4%	19,6%
<b>Value of production</b>	<b>85.497</b>	<b>106,3%</b>	<b>76.330</b>	<b>103,4%</b>	<b>12,0%</b>
Purchase of raw materials	41.779	52,0%	37.021	50,1%	12,9%
Change in inventory of raw material	(1.018)	-1,3%	(2.874)	-3,9%	-64,6%
Other direct services	6.678	8,3%	5.840	7,9%	14,4%
<b>Gross margin</b>	<b>38.058</b>	<b>47,3%</b>	<b>36.343</b>	<b>49,2%</b>	<b>4,7%</b>
Other operating services and charges	12.519	15,6%	12.759	17,3%	-1,9%
<b>Added value</b>	<b>25.540</b>	<b>31,8%</b>	<b>23.584</b>	<b>31,9%</b>	<b>8,3%</b>
For staff costs	18.495	23,0%	17.644	23,9%	4,8%
<b>EBITDA</b>	<b>7.044</b>	<b>8,8%</b>	<b>5.940</b>	<b>8,0%</b>	<b>18,6%</b>
Depreciation, amortization and other accruals	561	0,7%	2.206	3,0%	-74,6%
<b>EBIT</b>	<b>6.484</b>	<b>8,1%</b>	<b>3.733</b>	<b>5,1%</b>	<b>73,7%</b>
Net financial income (charges)	425	0,5%	70	0,1%	504,7%
Share of profit of associated companies	(1)	0,0%	(645)	-0,9%	-99,9%
Other net income (expense)	4.451	5,5%	229	0,3%	1846,5%
<b>Income (loss) before taxes</b>	<b>11.359</b>	<b>14,1%</b>	<b>3.387</b>	<b>4,6%</b>	<b>235,4%</b>
Income taxes	2.339	2,9%	2.058	2,8%	13,7%
<b>Income (loss) for the financial period</b>	<b>9.019</b>	<b>11,2%</b>	<b>1.329</b>	<b>1,8%</b>	<b>578,6%</b>
Net income (loss) before minority interest	527	0,7%	72	0,1%	634,5%
<b>Net income (loss)</b>	<b>8.492</b>	<b>10,6%</b>	<b>1.257</b>	<b>1,7%</b>	<b>575,4%</b>

**Tab. 2 – EI.En. Group balance sheet as of June 30th, 2014**

	30/06/2014	31/12/2013	Var.
<b>Statement of financial position</b>			
Intangible assets	3.510	3.397	113
Tangible assets	22.118	21.853	264
Equity investments	16.515	41.568	-25.053
Deferred tax assets	6.291	6.123	168
Other non current assets	3	34	-32
<b>Total non current assets</b>	<b>48.436</b>	<b>72.976</b>	<b>-24.540</b>
Inventories	52.686	48.372	4.314
Accounts receivables	39.157	42.545	-3.388
Tax receivables	6.558	4.254	2.304
Other receivables	8.733	6.324	2.409
Financial instruments	50	300	-250
Cash and cash equivalents	58.618	42.868	15.750
<b>Total current assets</b>	<b>165.802</b>	<b>144.663</b>	<b>21.139</b>
<b>TOTAL ASSETS</b>	<b>214.238</b>	<b>217.639</b>	<b>-3.401</b>
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	43.829	50.493	-6.665
Treasury stock	-528	-528	
Retained earnings / (deficit)	35.205	31.121	4.083
Net income / (loss)	8.492	6.080	2.412
<b>Share Capital and Reserves attributable to the Shareholders' of the Parent Company</b>	<b>128.099</b>	<b>128.269</b>	<b>-170</b>
Share Capital and Reserves attributable to non-controlling interests	6.226	6.037	189
<b>Total equity</b>	<b>134.325</b>	<b>134.306</b>	<b>19</b>
Severance indemnity	3.247	3.115	132
Deferred tax liabilities	1.060	1.303	-243
Other accruals	2.500	4.485	-1.985
Financial liabilities	5.386	6.968	-1.582
<b>Non current liabilities</b>	<b>12.193</b>	<b>15.872</b>	<b>-3.678</b>
Financial liabilities	13.818	15.763	-1.945
Accounts payables	27.356	31.227	-3.871
Income tax payables	1.909	1.726	183
Other payables	24.636	18.745	5.891
<b>Current liabilities</b>	<b>67.719</b>	<b>67.461</b>	<b>258</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>214.238</b>	<b>217.639</b>	<b>-3.401</b>

**Tab. 3 – EI.En. Group cash flow statement as of June 30th, 2014**

Cash Flow Statement	30/06/2014	30/06/2013
<b>Cash flow generated by operating activity:</b>		
Profit (loss) for the financial period	9.019	1.329
Amortizations and depreciations	1.240	1.346
Gain on investment AFS	-4.467	
Devaluations of equity investments	34	
Share of profit of associated companies	1	645
Stock Options		4
Change of employee severance indemnity	132	-50
Change of provisions for risks and charges	-1.985	-16
Change of provisions for deferred income tax assets	-168	-61
Change of provisions for deferred income tax liabilities	-243	-78
Stocks	-4.314	-3.931
Receivables	3.388	403
Tax receivables	-2.304	-522
Other receivables	-3.184	-1.496
Payables	-3.871	5.248
Income Tax payables	183	700
Other payables	5.891	1.517
	-9.667	3.710
<b>Cash flow generated by operating activity</b>	-648	5.039
<b>Cash flow generated by investment activity:</b>		
(Increase) decrease in tangible assets	-1.445	-692
(Increase) decrease in intangible assets	-172	-147
(Increase) decrease in equity investments and non current assets	23.183	-1.891
Increase (decrease) in financial receivables	774	-1.266
(Increase) decrease investments which are not permanent	250	-199
Cash flow from sell of subsidiary companies		
<b>Cash flow generated by investment activity</b>	22.590	-4.195
<b>Cash flow from financing activity:</b>		
Increase (decrease) in non current financial liabilities	-1.582	-1.504
Increase (decrease) in current financial liabilities	-1.945	1.496
Change in Capital and Reserves and consolidation scope		3.388
Dividends distributed	-2.950	-3.884
<b>Cash flow from financing activity</b>	-6.476	-504
<b>Change in cumulative conversion adjustment reserve and other no monetary changes</b>	284	-92
<b>Increase (decrease) in cash and cash equivalents</b>	15.750	248
<b>Cash and cash equivalents at the beginning of the financial period</b>	42.868	40.475
<b>Cash and cash equivalents at the end of the financial period</b>	58.618	40.723

**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.