

# COMPANY PRESENTATION

We Laser your World



Industrial and Medical Laser Solutions

*STAR CONFERENCE, Milan 21/22 March, 2017*

# DISCLAIMER

*Certain statements in this slide show, including those addressing the Company's beliefs, plans, objectives, estimates or expectations of possible future results or events, are forward-looking statements. Forward-looking statements involve known or unknown risks, including general economic and business conditions, and conditions in the industry we operate and may be affected should our assumptions turn out to be inaccurate. Consequently, no forward-looking statement can be guaranteed and actual future results, performance, or achievements may vary materially from those expressed or implied by such forward-looking statements. The Company undertakes no obligation about the contents nor to update the forward-looking statements to reflect events or circumstances that may arise after the date hereof.*

# AGENDA



1 Key Highlights

2 Market Trends & Growth Opportunities

3 Financial Highlights

4 2017 Guidance

5 Appendix

# 1- Key Highlights

## A Primary Player Providing Medical, Industrial, and Conservation Laser Solutions Worldwide



### Hi-Tech company

Hi-Tech industrial group active in opto-electronics with proprietary technologies and know how developed over 35 years



### International Group

More than 20 companies active worldwide on several markets and application segments. Listed on the Milan Stock Exchange, Star segment



### Among the leaders in the global market

Progressively widening its worldwide presence registered continuous growth over the years



### Worldwide distribution network

1,093 employees worldwide, more than 40,000 laser sources sold



### Constant Growth

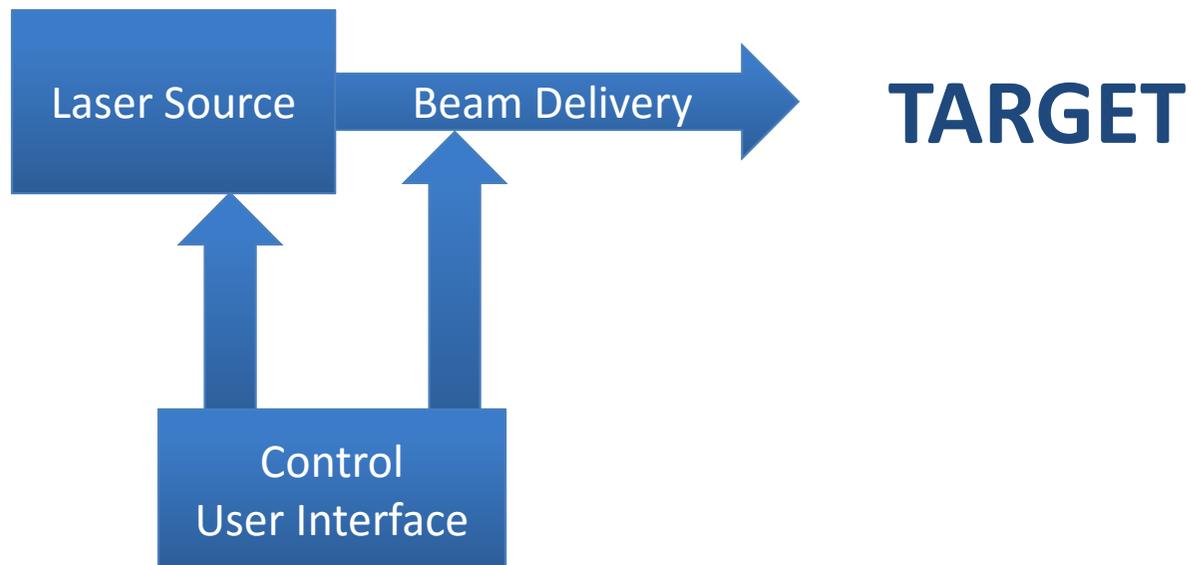
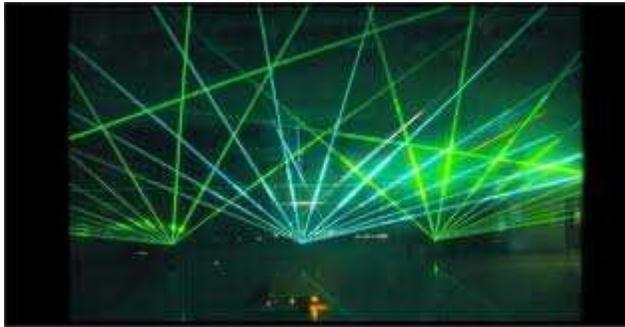
13% Revenue CAGR 2011 – 2016

40% EBIT CAGR 2011 – 2016

FY 2016 Consolidated Revenue at €253m, up 16% YoY

# THE LASER WORLD

## Light Amplification by Stimulated Emission of Radiation



# EL.EN. MILESTONES



1981

Established  
in Florence

2000

IPO

2002  
2004

Acquisition of:  
Cynosure,  
Asclepion,  
Quanta, ASA

2005

Cynosure listed  
on the Nasdaq

2007

WH Penta Chutian  
established in  
in PRC

2016

Exit from  
Cynosure

1998

Smartepil

2006

Smartlipo

2014

Monalisa

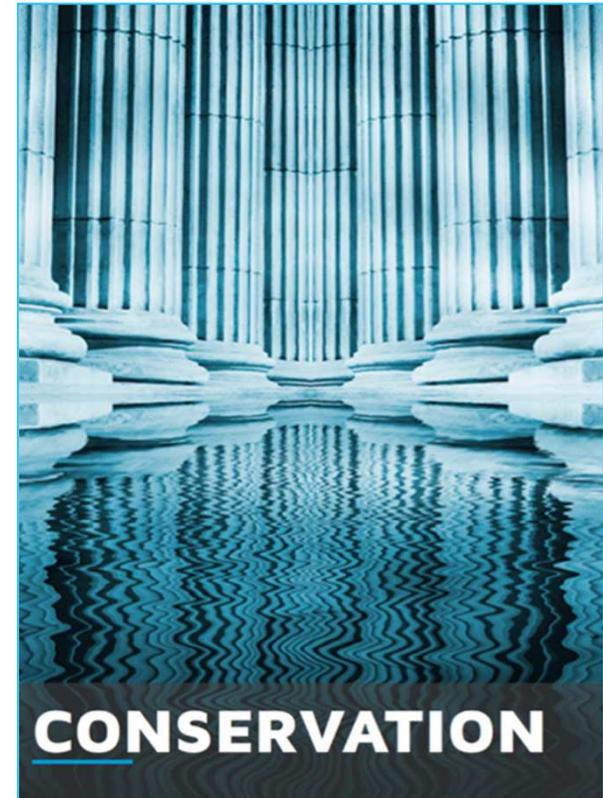
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# EL.EN. WORLDWIDE



# BUSINESS LINES

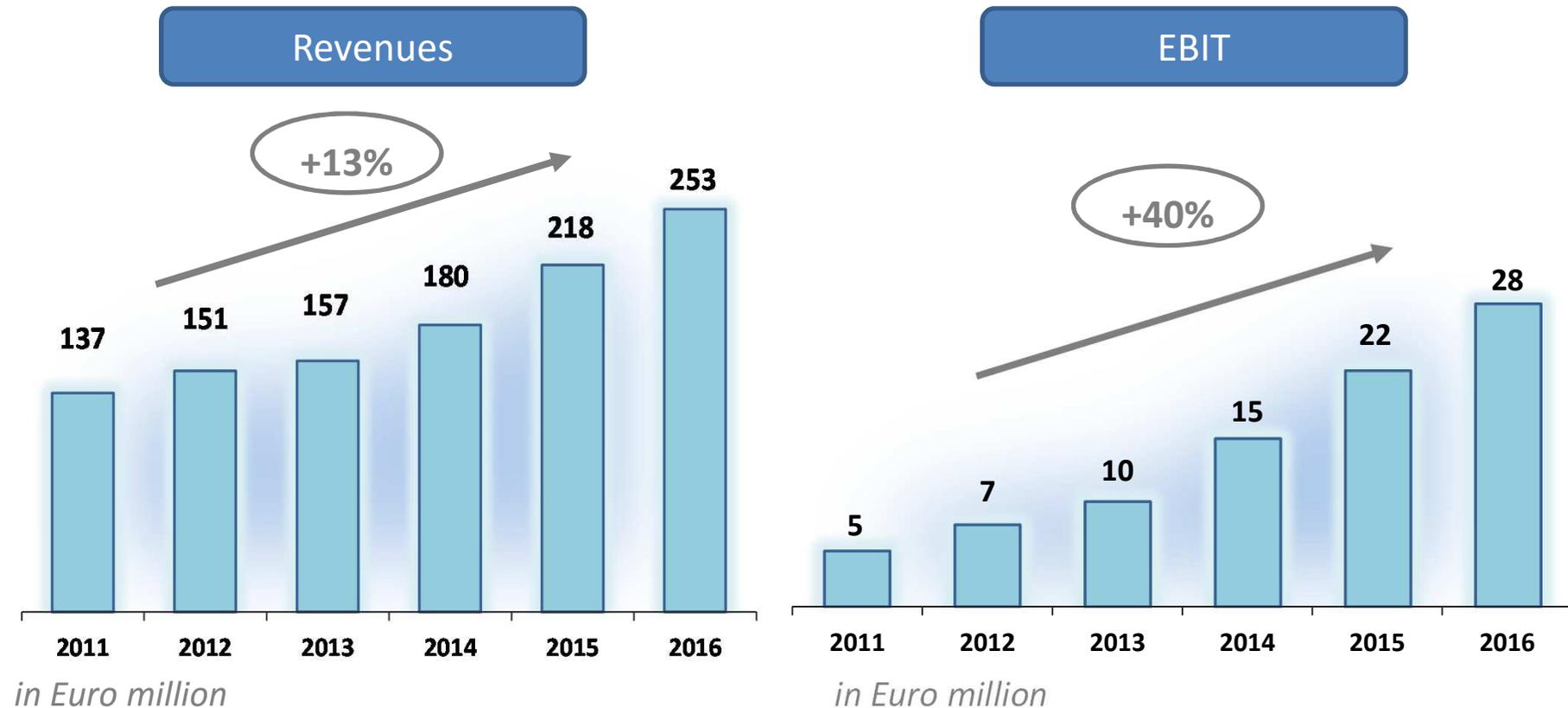
El.En. designs, manufactures and sells worldwide:  
**MEDICAL** laser devices – **INDUSTRIAL** laser solutions – laser  
systems for **CONSERVATION** of the cultural heritage



# STRONG R&D ACTIVITY

- **Driven by constant research and development, El.En. is committed to producing advanced laser devices - excellent in terms of performance, value for money, reliability, respect for the environment and post-sale service**
- **Clinical trials and validations of new therapeutic laser treatments and research on new applications of laser-tissue interaction:**
  - Broadening Mona Lisa Touch Clinical studies
  - New Pico second laser platform
  - Clinical studies on cutaneous ulcers
  - Painless laser hair removal
  - Development of a body contouring platform
  - Increased power of RF laser sources
  - Innovative applications for mid power laser systems
  - High power metal cutting laser systems

# A PATH OF GROWTH



- Constant growth driven by strong execution and favorable market conditions
- 2016 EBITDA margin 12,8% and EBIT margin 10,9%

# STRATEGIC STRENGTHS

## Multidisciplinary And Multifacility R&D Activity: Sources – Systems - Applications

### INDUSTRIAL

Combine High tech laser source development with flexible production facilities focusing on applications

### MEDICAL

Technological and clinical innovation improving performances and broadening the application scope of our laser systems

- ✓ New applications
- ✓ Improved efficacy and effectiveness of current applications

Leverage worldwide distribution with multi brand approach

## **2- Market Trends & Growth Opportunities**

# MEDICAL & AESTHETIC LASER MARKET

Consumers spending billions to restore, repair and refresh their body

- U.S. market for non-surgical cosmetic procedures totalled \$5bn in 2014; worldwide, roughly 24 million non-surgical cosmetic procedures were performed in 2013
- Non-invasive fat reduction was fastest-growing nonsurgical procedure in 2014

*Source:* World Health Organization, ASAPS

Key growth drivers:

- Increasingly aging population
- Increase in healthcare spending
- Requirements for quick and less invasive surgical interventions

# THE MEDICAL LASER MARKET

## Global market for medical lasers by end use, through 2019 (\$ millions)

Market Segment	2014	2019	CAGR% 2014-2019
Surgical	813	1.219	8,4%
Cosmetic	1.024	2.097	15,4%
Dental	244	623	20,7%
Veterinary	115	247	16,5%
<b>Total</b>	<b>2.195</b>	<b>4.185</b>	<b>13,8%</b>

Source: BCC research

# SURGICAL LASER SYSTEMS AND MEDICAL APPLICATIONS



# AESTHETIC APPLICATIONS AND SYSTEMS



Quanta System Q1



DISCOVERY  
PICO



MEDIOSTAR



MOTUS AX



# THE INDUSTRIAL LASER MARKET

## Global market and forecast for high power laser systems, by application (by value)

By Value	CAGR (%)			
	2016	2020	2013-2016	2016-2020
Cutting	3.014	3.965	7,8	7,1
Welding and Brazing	1.605	2.231	8,7	8,6
Surface treatment and Other	63	86	8,3	8,1
<b>Total</b>	<b>4.682</b>	<b>6.282</b>	<b>8,1</b>	<b>7,6</b>

Source: Optech Consulting

# INDUSTRIAL LASERS APPLICATIONS

AUTOMOTIVE, LABELING, DIGITAL CONVERTING, PACKAGING,  
EASY OPENING, DECORATION



RF177



RF888



INDUSTRIAL CO2 LASER SOURCES



LASER CUTTING



LASER KISS-CUTTING



LASER MARKING



LASER DRILLING

# 3- Financial Highlights

# INCOME STATEMENT 2016

Euro Million	31/12/2015	%	31/12/2016	%	Var.%
			unaudited		
Revenues	217.670	100,0%	252.646	100,0%	16,1%
Gross margin	96.318	44,2%	110.533	43,8%	14,8%
EBITDA	25.666	11,8%	32.388	12,8%	26,2%
EBIT	21.499	9,9%	27.594	10,9%	28,4%
Pretax Income	23.113	10,6%	52.721	20,9%	128,1%
Net income	14.371	6,6%	40.408	16,0%	181,2%
Net Income per share	0,74		2,09		

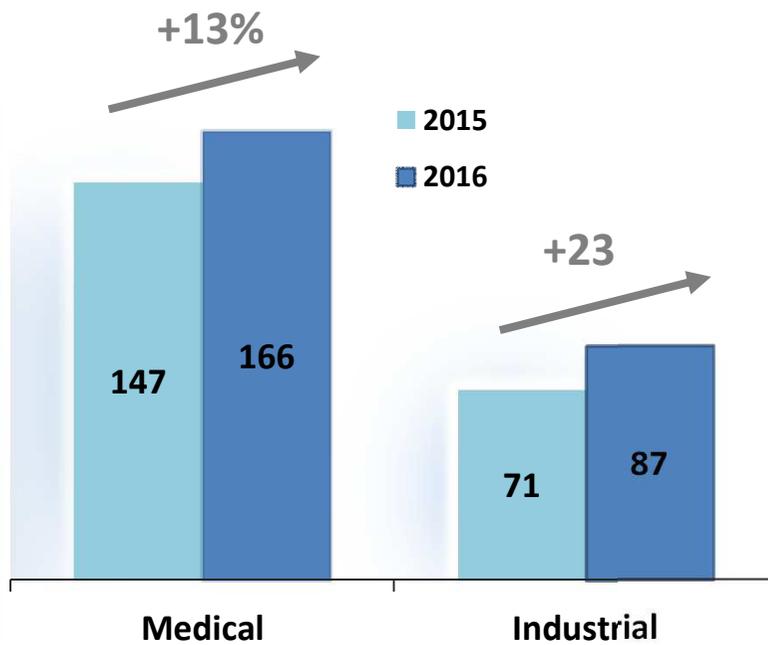
# BALANCE SHEET 2016

Euro Million	31/12/2015	31/12/2016 unaudited	Var.%
Total non current assets	97.766	64.737	-33,8%
Net Working Capital	59.861	54.160	-9,5%
Net financial position	29.815	82.784	177,7%
Long term liabilities	7.904	8.982	13,6%
Net Equity	179.539	192.699	7,3%
Net capital employed	149.724	109.915	-26,6%
Net Working Capital on sales	28%	21%	
ROCE (EBIT/Net capital employed)	14%	25%	
Capex	8.243	11.441	

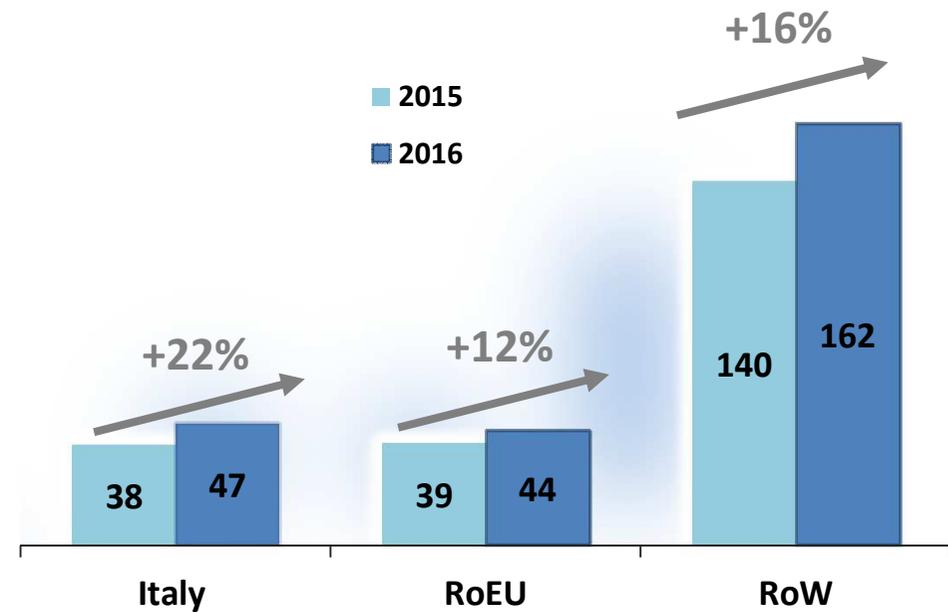
***Proposed dividend €0,40***

# REVENUE BREAKDOWN

By Business

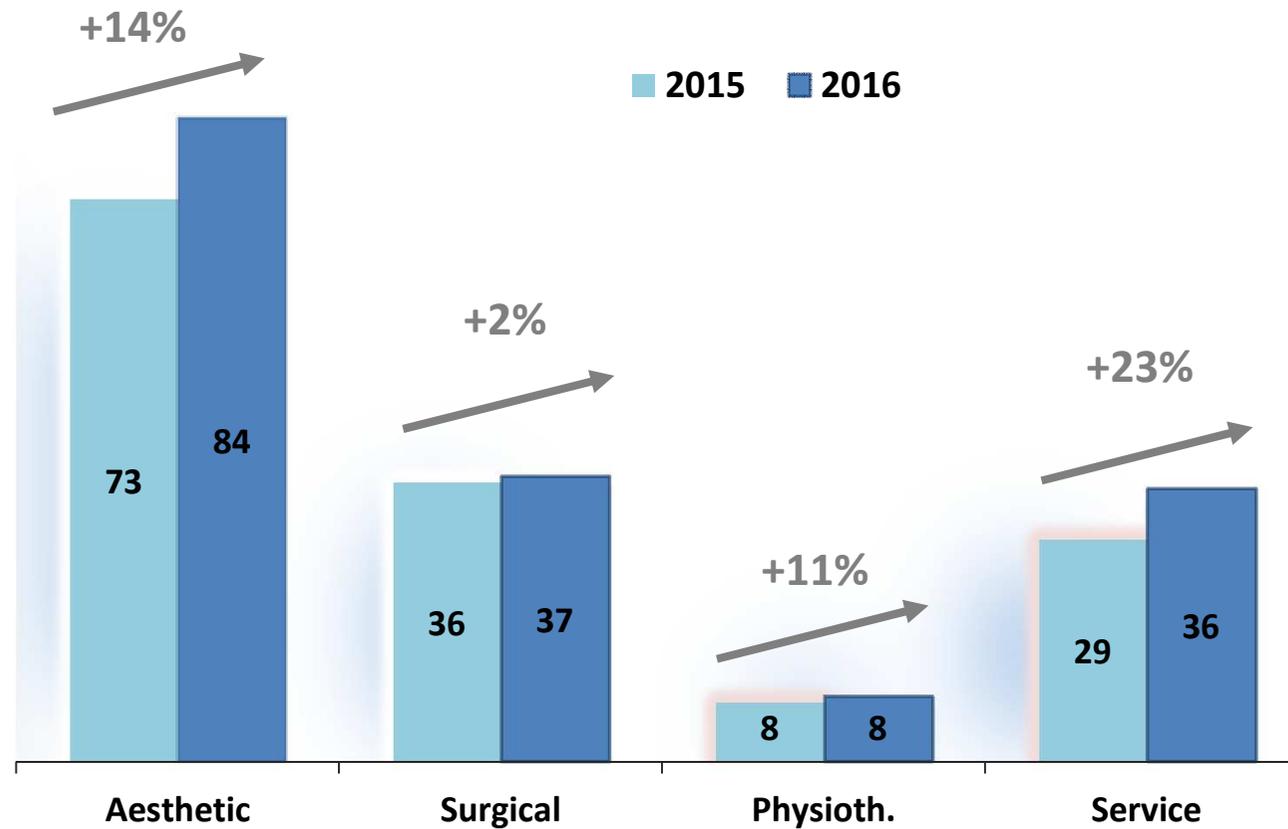


By Area

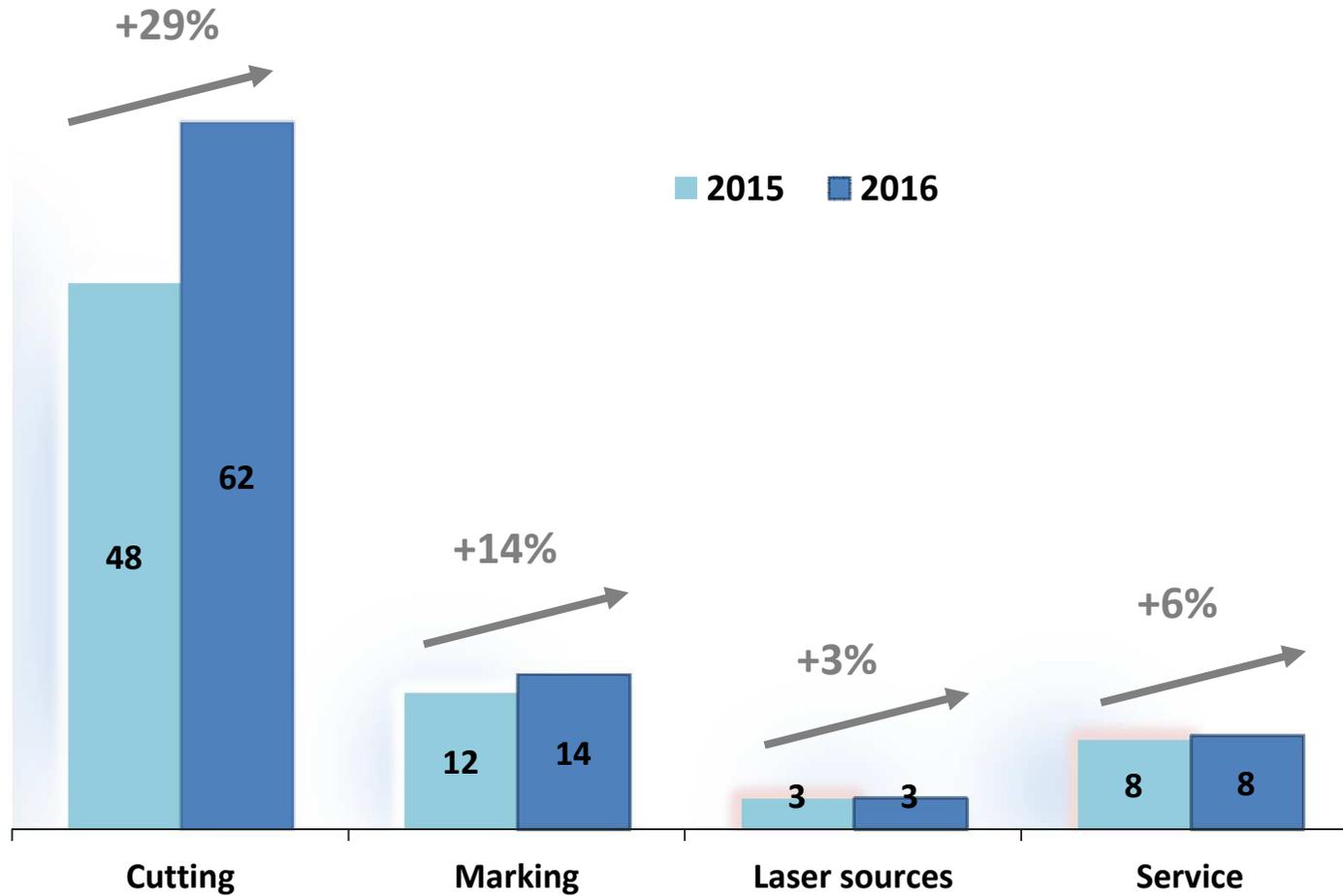


*in Euro million*

# MEDICAL LASERS BUSINESS REVENUE

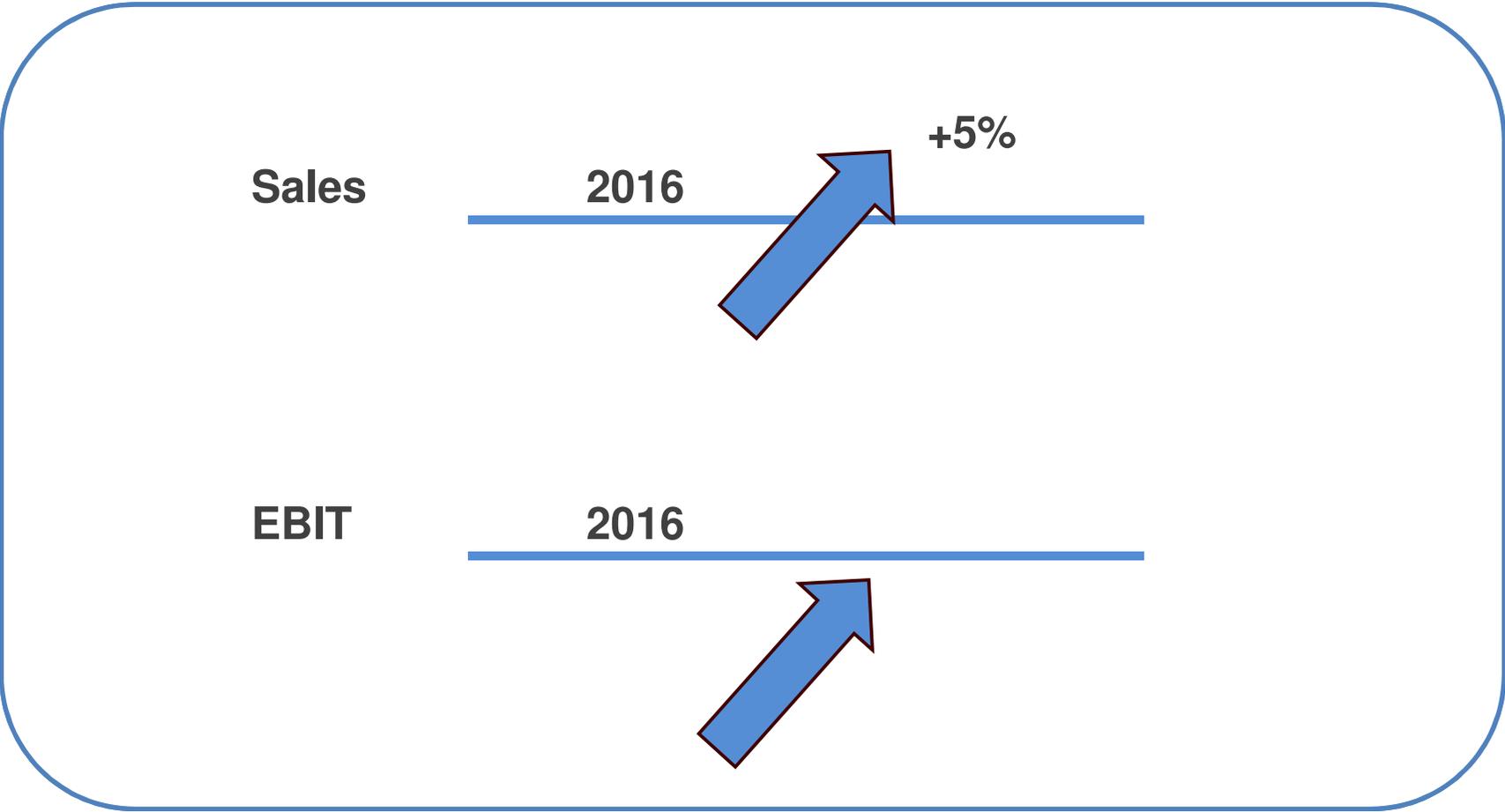


# INDUSTRIAL LASERS BUSINESS REVENUE



# 4- 2017 Guidance

# 2017 GUIDANCE

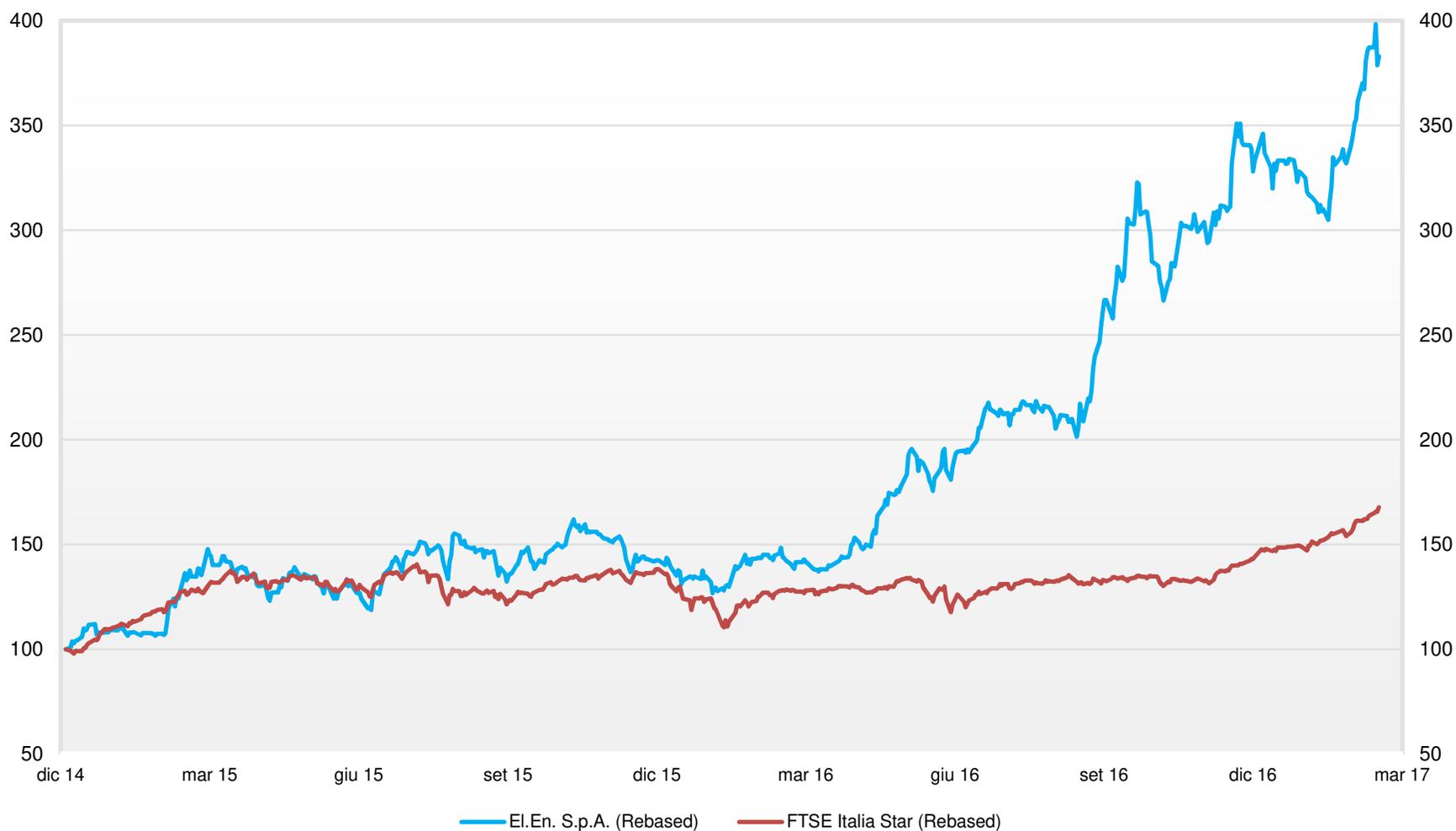


# 5- Appendix

# INVESTMENT OPPORTUNITY

- Taking advantage of Positive Market Dynamics
  - ✓ Increasing exposure to the growing medical and aesthetic segments
  - ✓ Established presence in emerging markets
- Leading technology platforms - Cutting-edge content and technology driven by culture of innovation
- Stable shareholder base and solid cash position to fund growth

# EL.EN. STOCK PERFORMANCE



# EL.EN. MULTIPLES

**Stockholder's Equity per share** **9**

**Price / Book Value Adj.** **2,8**

**EV / EBIT (85% EBIT)** **17,8**

**EV / Sales (85% Sales)** **1,9**

**El.En. Market Cap.** **510,4 @ € 26,45**

**Net financial position** **82,8 @ 31/12/2016**

**Financial investments m/l term** **10,9 @ 31/12/2016**

**Enterprise Value** **416,8**

# EL.EN. COMPARABLES

Dec. 31st, 2016

	Price	Revenue	Var.% Revenue	EBIT	EBIT %	MK.Cap.	EV	EV/Sales	EV/EBIT	P/E	P/Book Value
<b>Medical/Aesthetic</b>											
Syneron	\$10,40	\$298.102	7%	\$3.228	1%	\$357.560	\$271.139	0,9	84,0	1997,5	1,7
Zeltiq	\$55,64	\$354.201	39%	\$13.224	4%	\$2.240.000	\$2.181.621	6,2	165,0	3227,7	16,3
Cutera	\$20,85	\$118.056	25%	\$2.397	2%	\$295.480	\$241.406	2,0	100,7	114,7	4,8
Biolase	\$1,20	\$51.810	7%	\$(14.962)	-29%	\$86.020	\$76.845	1,5	n.a.	n.a.	3,9
Cynosure	\$65,97	\$433.532	28%	\$27.340	6%	\$1.610.000	\$1.391.790	3,2	50,9	113,4	3,5
<b>Industrial</b>											
IPG Photonics Co.	\$120,29	\$1.006.173	12%	\$364.313	36%	\$6.440.000	\$5.612.554	5,6	15,4	24,7	4,1
Prima Industrie	€ 21,60	€ 393.886	8%	€ 18.528	5%	€ 226.440	\$310.655	0,8	16,8	22,3	1,6
El.En. (1)	€ 26,45	€ 252.646	16%	€ 27.594	11%	€ 510.418	\$416.753	1,9	17,8	12,6	2,8
										<u>28,5 (*)</u>	

(1) EV and multiplies as for previous slide

(\*) w/o one time income

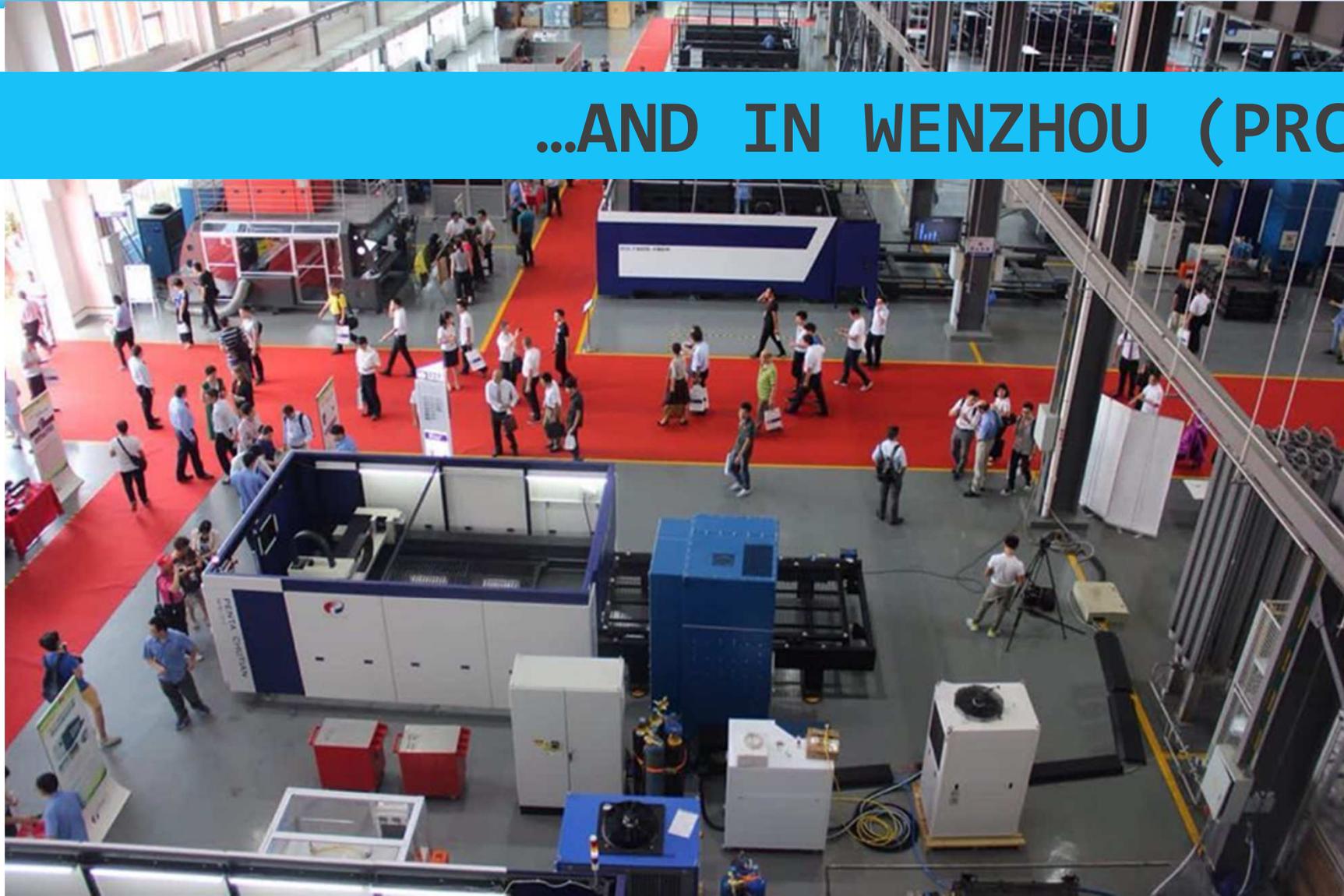
# STRONG M&A ACTIVITY IN OUR SPACE

- ✓ **Cohrent (COHR) acquired Rofin-Sinar (RSTI) in 2016**  
(equity value \$942m)
- ✓ **Hologic acquired Cynosure (CYNO) , closing pending**  
(equity value \$1.65 bn)
- ✓ **Allergan bought Zeltiq (ZLTQ), closing pending**  
(equity value \$2.48bn)

# NEW FACTORY IN SAMARATE



...AND IN WENZHOU (PRC)



# ...LASER CHINA IN SHANGHAI (PRC)



# CONTACTS

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