



# SPAFID CONNECT

Informazione Regolamentata n. 0481-8-2017	Data/Ora Ricezione 15 Marzo 2017 14:49:28	MTA - Star
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Societa' : El.En.  
Identificativo : 86240  
Informazione  
Regolamentata  
Nome utilizzatore : ELENN01 - Romagnoli  
Tipologia : IRAG 06; AVVI 16; IRAG 01  
Data/Ora Ricezione : 15 Marzo 2017 14:49:28  
Data/Ora Inizio : 15 Marzo 2017 15:04:29  
Diffusione presunta  
Oggetto : The BoD of El.En. Spa releases the 2016

*Testo del comunicato*

Vedi allegato.



IRAG01  
IRAG06  
AVVI16

Press release

## The BoD of El.En. Spa releases the 2016 draft financial statements

***Consolidated turnover of 253 million euro  
and Group net profit over 40 million euro beat the 2016 guidance***

- **Consolidated Revenue was 252,6 million of euro, up 16,1% vs. the 217,7 million of FY 2015**
- **Record EBIT at 27,6 million of Euro, up 28,4% vs 21,5 million of FY 2015**
- **Net consolidated income over 40 million of Euro (was 14,4 million of Euro in 2015)**
- **Net Financial Position: positive for 82,8 million of Euro**
- **Revenue of the parent company was 57,2 million of euro vs. 62,2 million of euro of FY 2015**
- **Proposed dividend of 0,40 euro per share**
- **2017 Targets: Revenue growth > 5% and matching of 2016' EBIT**

**Florence, March 15th 2017** – 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, discussed and approved today the consolidated financial report as of December 31st , 2016 together with the El.En. Spa draft financial report as of the same date, to be proposed for approval at the Shareholder's meeting.

With a **Net income for the group of 40,4 million of Euro** and **consolidated Revenues at 252,6 million of Euro**, the El.En. group achieved record results in 2016. After an excellent year like 2015, the group accomplished the hard task of improving its results, markedly at the EBIT level, reaching 27,6 million ( 10,9% on Revenues), up 28,4% on the historical high of 21,5 million of Euro registered in 2015.

The group confirmed and enhanced the positive trend of the past years thanks to the excellent level of competitiveness reached on the European and international markets and to the innovative features of the wide range of products offered, always able to display unique characteristics. As for non-operating items, the sale of the last block of Cynosure shares held by El.En. (Cynosure was acquired in 2002 and listed on NASDAQ in 2005 and then sold through several of transactions between 2007 and 2016) contributes to the result with a gain of about 23 million Euro.

**Gabriele Clementi, President of El.En. S.p.A. said** *"We marked the best results of our history, we can't hide our deep satisfaction in presenting them to the market and to our shareholders. They are stemming from choices and investments made in the past, also in direst times, too, and they progressively consolidated in a very positive trend, also encountering deep appreciation on the financial markets. The price of the El.En. stock recently touched it maximum exceeding 28 Euro per share, acknowledging the soundness of our business and financial strategies.*

### **Analysis of the business**

The macroeconomic environment in which the Group operated was favorable, in particular for the exchange rate between the Euro and US Dollar remaining quite stable around \$ 1.1 per euro, a level that prevents the main competitors of El.En. - which typically bear their costs in dollars - to benefit from the competitive advantage that favored them until 2014 because of the weak dollar.

On Italian territory, the Group has been able to seize the opportunities that the slight recovery offered, thanks to tax incentives for investment provided for by the law of stability for 2016 and especially a gradual thawing of the credit granted also in the manufacturing sector.

We hereby recall that the Cynosure operation, which brought extraordinary financial benefits with the 2016 gain being the last of a long series, was equally successful from an operational point of view. Cynosure represents one of the most important clients of the Group, partner in several successes in the distribution of laser systems in North America, where we created new application segments for lasers in medicine.

Total demand for the Group's products remained firm and excellent growth results were achieved in both **Medical and Industrial sectors** - both in fact recording "double-digit" growth: in the **industrial** sector growth was **22.7%** while in the **Medical** it was **12.9%** year on year. In the medical sector we underline the excellent performance in all of our product lines, Deka, Quanta, Asclepion ASA and Esthelogue have all contributed to the overall success of the group. The same can be said for our companies in the industrial sector, Cutlite Penta, Lasit and the two Chinese Wenzhou Penta Laser and Penta Chutian all able to grow in large measure in 2016.

For what concerns **geographical sales mix**, taking advantage of the slight recovery on our domestic markets, the group registered in **Italy** the strongest growth, **around 22%**: the direct distribution networks that operate on our territory, both in industrial and in the medical sector, based on product offer well-tailored on customer needs and on targeted investments to expand our market presence.

Growth in the **European markets** exceeded **11%** on the **non-European markets 15%**. Foreign markets together represent more than 81% of the group's turnover, highlighting the global dimension of the Group.

### **Analysis of the financial performance of the group**

**Gross margin** was 110,5 million Euro, up 14,8% on the previous year, with a 43,8% margin on Sales.

**EBITDA** marked 32,4 million of euro (equal to 12,8% on Sales), up 26,19% on the 25,7 million of euro of 2015.

**EBIT** was 27,6 million of euro up 28,35% on the 21,5 million of euro of 2015 and with a margin on Sales equal to 10,9%.

**Pretax income** as of December 31st, 2016 was 52,7 million of euro (up 128,1%) including the 23 million gain on the sale of Cynosure shares performed in the year for a total amount of 45 million of US dollars.

The group closed the year with **net income** for 40,4 million of euro up from the 14,4 million of the previous year (+181,2%).

The **Net financial position** as of December 31st, 2016 was positive for 82,8 million up roughly 53 million of euro on the closing of FY 2105, mainly due to the sale of Cynosure shares. During the second quarter of 2016 dividends were paid by El.En. S.p.A. for 5,8 million of euro and by the controlled companies Deka Mela S.r.l., Lasit S.p.A., e ASA S.r.l. for a total of 0,6 million of euro.



## Financial performance of the parent company El.En. spa

The Company registered **Net revenue** for 57,3 million of euro slightly lower than the 62,2 million of euro as of December 31<sup>st</sup>,2015.

**EBIT** was 4,0 million of euro (7,8 million of euro in 2015), while **pre-tax income** was equal to 44,0 million of euro, up on the 9,0 million of euro of 2015. The year closed with a **Net income** of 41,5 million of euro compared to 6,3 million of 2015.

## Current Outlook

The 2016 results were the best ever achieved by the Group in terms of turnover, operating profit and net income.

As at the beginning of last year, the aspiration to overcome the newly set records represented a challenging task, also due to a few unique events occurred in 2016: first of all the gain on the sale of Cynosure shares, but also some exceptional or extraordinary performance from an operational point of view.

We expect that that favorable market trends may again allow for 2017 a sales growth exceeding 5%. Some internal reorganization, a less favorable mix of products sold, some extraordinary costs make it difficult to achieve the 2016 EBIT, which is the maximum target for the year.

## Other resolutions

The Board of Directors also discussed, based on the information received by the involved Directors, the persistence of the independence requisites for the Directors that declared themselves independent. The Board of Directors received the documents submitted by the Board of Statutory Auditors about the result of the annual verification of the compliance with the criteria of independence for Statutory Auditors.

Moreover the Board of Directors approved the annual Governance Report and Shareholding and the Report on Remuneration including the guidelines of the remuneration policy 2017-2018.

## Dividends

The Board of Directors has resolved to call the annual Shareholder meeting for April 27th, 2017 (first call) and May 15th, 2017 (second call) and it resolved to propose to distribute a **dividend** of 0,40 euro per share, in accordance with art. 2357-ter c.c., to be paid on May 31<sup>st</sup> 2017, to be assigned on May 29<sup>th</sup> , 2017 (coupon no. 15) with record date May 30<sup>th</sup> 2017.

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.

On 3<sup>rd</sup> October 2012 the board of directors resolved, by opting-out as allowed by artt. 70, paragraph 8 and 71, paragraph 1-*bis* of the Issuers' Regulation Consob 11971/99, to make exceptions to make available to the public the provided informative documents in the event of significant mergers, spin-offs, share capital increase by means of the conferral of assets in kind, takeover and transfers.

The annual financial Report, including the yearly financial Report draft, the consolidated financial Report, the management Report and the statement as required by art. 154-bis, comma 5, TUF, the Auditors report and the Board of Statutory Auditors Report, the Board of Directors report on the agenda of the Shareholders meeting and also the report on remuneration ex art. 123-*ter* TUF will be available to the public at the company's premises, on the internet site [www.elengroup.com](http://www.elengroup.com), at Borsa Italiana and in the authorized storage device [www.emarketstorage.com](http://www.emarketstorage.com) within the time deadlines required by the law. Within the term provided by law and regulation further documents and information about the shareholders' meeting shall be available on the website of the company.

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## CONFERENCE CALL

Friday March 17, 2017 at 16.00 CET (3:00pm GMT, 10.00am EST) a conference call will be held with the financial community during which the Group's economic and financial results of 2016 will be discussed. It will be possible to connect to the call by dialing the following numbers: from Italy +39 02 8058811, from UK +44 1 212818003, from USA +1 718 7058794.

The presentation slides can be downloaded before the conference call from the Investor Relations page on EL.EN. web site: <http://www.elengroup.com/en/investor-relations-en/company-presentations>

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### Attachments:

1. El.En. Group Profit and Loss account
2. El.En. Group Balance sheet
3. El.En. Group Net financial position
4. El.En. S.p.A. Profit and Loss account
5. El.En. S.p.A. Balance Sheet
6. El.En. S.p.A. Net financial position

(With reference to the attached financial statements, it should be noted that the audit has not yet been completed).

**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 530 million.

Cod. ISIN: IT0005188336  
Sigla: ELN  
Listed on MTA  
Mkt cap.: 530 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 December 31<sup>st</sup> , 2016**

<b>Income Statement</b>	<b>31/12/2016</b>	<b>Inc %</b>	<b>31/12/2015</b>	<b>Inc %</b>	<b>Var. %</b>
Revenues	252.646	100,0%	217.670	100,0%	16,07%
Change in inventory of finished goods and WIP	3.401	1,3%	1.569	0,7%	116,74%
Other revenues and income	3.224	1,3%	2.326	1,1%	38,59%
<b>Production value</b>	<b>259.272</b>	<b>102,6%</b>	<b>221.566</b>	<b>101,8%</b>	<b>17,02%</b>
Purchase of raw materials	129.636	51,3%	114.201	52,5%	13,52%
Change in inventory of raw material	(1.587)	-0,6%	(6.177)	-2,8%	-74,31%
Other direct services	20.689	8,2%	17.224	7,9%	20,12%
<b>Gross margin</b>	<b>110.533</b>	<b>43,8%</b>	<b>96.318</b>	<b>44,2%</b>	<b>14,76%</b>
Other operating services and charges	32.030	12,7%	28.515	13,1%	12,33%
<b>Added value</b>	<b>78.503</b>	<b>31,1%</b>	<b>67.803</b>	<b>31,1%</b>	<b>15,78%</b>
Personnel costs	46.116	18,3%	42.136	19,4%	9,44%
<b>EBITDA</b>	<b>32.388</b>	<b>12,8%</b>	<b>25.666</b>	<b>11,8%</b>	<b>26,19%</b>
Depreciation, amortization and other accruals	4.794	1,9%	4.167	1,9%	15,03%
<b>EBIT</b>	<b>27.594</b>	<b>10,9%</b>	<b>21.499</b>	<b>9,9%</b>	<b>28,35%</b>
Net financial income (charges)	1.933	0,8%	1.346	0,6%	43,65%
Share of profit of associated companies	186	0,1%	278	0,1%	-33,18%
Other net income (charges)	23.009	9,1%	(10)	0,0%	
<b>Income (loss) before taxes</b>	<b>52.721</b>	<b>20,9%</b>	<b>23.113</b>	<b>10,6%</b>	<b>128,10%</b>
Income taxes	9.728	3,9%	7.064	3,2%	37,72%
<b>Income (loss) for the financial period</b>	<b>42.993</b>	<b>17,0%</b>	<b>16.049</b>	<b>7,4%</b>	<b>167,88%</b>
Minority interest	2.586	1,0%	1.678	0,8%	54,06%
<b>Net income (loss)</b>	<b>40.408</b>	<b>16,0%</b>	<b>14.371</b>	<b>6,6%</b>	<b>181,18%</b>

**Tab. 2 – El.En. Group balance sheet on December 31<sup>st</sup> , 2016**

Statement of financial position	31/12/2016	31/12/2015	Variation
Intangible assets	3.896	3.858	38
Tangible assets	39.616	32.621	6.995
Equity investments	3.818	44.556	-40.739
Deferred tax asset	6.526	6.085	441
Other non current assets	10.881	10.646	235
<b>Non current assets</b>	<b>64.737</b>	<b>97.766</b>	<b>-33.029</b>
Inventories	62.138	58.061	4.077
Account receivables	62.446	61.327	1.119
Tax receivables	5.213	7.826	-2.613
Other receivables	8.564	7.262	1.302
Financial instruments	0	1.965	-1.965
Cash and cash equivalents	97.589	46.990	50.600
<b>Current assets</b>	<b>235.950</b>	<b>183.431</b>	<b>52.519</b>
<b>Total Assets</b>	<b>300.687</b>	<b>281.197</b>	<b>19.491</b>
<b>Total shareholders' equity</b>	<b>192.699</b>	<b>179.539</b>	<b>13.160</b>
Severance indemnity	3.861	3.376	485
Deferred tax liabilities	1.607	1.638	-31
Provision for risks and charges	3.514	2.890	625
Financial debts and liabilities	4.342	4.998	-656
<b>Non Current Liabilities</b>	<b>13.324</b>	<b>12.902</b>	<b>422</b>
Financial debts	10.613	14.363	-3.750
Account payables	44.694	42.065	2.629
Income tax payables	4.285	3.842	443
Other current payables	35.072	28.487	6.586
<b>Current liabilities</b>	<b>94.664</b>	<b>88.756</b>	<b>5.908</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>300.687</b>	<b>281.197</b>	<b>19.491</b>

**Tab. 3 – El.En. Group net financial position on December 31<sup>st</sup> , 2016**

Net financial position	31/12/2016	31/12/2015	Var.
Cash and cash equivalents	97.589	48.954	48.635
Current financial receivables	150	222	-72
Financial short term liabilities	-10.613	-14.363	3.750
<b>Net current financial position</b>	<b>87.127</b>	<b>34.813</b>	<b>52.314</b>
<b>Financial long term liabilities</b>	<b>-4.342</b>	<b>-4.998</b>	<b>656</b>
<b>Net financial position</b>	<b>82.784</b>	<b>29.815</b>	<b>52.969</b>



**Tab. 4 – El.En. S.p.A. Profit and Loss account on December 31<sup>st</sup>, 2016**

<b>Income Statement</b>	<b>31/12/2016</b>	<b>Inc %</b>	<b>31/12/2015</b>	<b>Inc %</b>	<b>Var. %</b>
Revenues	57.291	100,0%	62.182	100,0%	-7,86%
Change in inventory of finished goods and WIP	(451)	-0,8%	1.279	2,1%	
Other revenues and income	1.511	2,6%	688	1,1%	119,47%
<b>Production value</b>	<b>58.351</b>	<b>101,9%</b>	<b>64.149</b>	<b>103,2%</b>	<b>-9,04%</b>
Purchase of raw materials	27.251	47,6%	35.274	56,7%	-22,74%
Change in inventory of raw material	2.193	3,8%	(3.721)	-6,0%	
Other direct services	4.239	7,4%	4.908	7,9%	-13,63%
<b>Gross margin</b>	<b>24.669</b>	<b>43,1%</b>	<b>27.688</b>	<b>44,5%</b>	<b>-10,90%</b>
Other operating services and charges	6.175	10,8%	6.223	10,0%	-0,78%
<b>Added value</b>	<b>18.494</b>	<b>32,3%</b>	<b>21.465</b>	<b>34,5%</b>	<b>-13,84%</b>
Personnel costs	13.121	22,9%	12.216	19,6%	7,41%
<b>EBITDA</b>	<b>5.373</b>	<b>9,4%</b>	<b>9.249</b>	<b>14,9%</b>	<b>-41,90%</b>
Depreciation, amortization and other accruals	1.358	2,4%	1.406	2,3%	-3,44%
<b>EBIT</b>	<b>4.015</b>	<b>7,0%</b>	<b>7.842</b>	<b>12,6%</b>	<b>-48,80%</b>
Net financial income (charges)	3.899	6,8%	1.868	3,0%	108,73%
Other net income (charges)	36.079	63,0%	(697)	-1,1%	
<b>Income (loss) before taxes</b>	<b>43.993</b>	<b>76,8%</b>	<b>9.013</b>	<b>14,5%</b>	<b>388,10%</b>
Income taxes	2.482	4,3%	2.706	4,4%	-8,28%
<b>Income (loss) for the financial period</b>	<b>41.511</b>	<b>72,5%</b>	<b>6.307</b>	<b>10,1%</b>	<b>558,14%</b>

**Tab. 5 – El.En. S.p.A. Balance Sheet on December 31<sup>st</sup> , 2016**

Statement of financial position	31/12/2016	31/12/2015	Variation
Intangible assets	217	199	17
Tangible assets	12.679	13.011	-332
Equity investments	16.535	57.851	-41.316
Deferred tax asset	2.737	2.361	375
Other non current assets	10.849	10.646	203
<b>Non current assets</b>	<b>43.017</b>	<b>84.069</b>	<b>-41.052</b>
Inventories	22.178	25.008	-2.830
Account receivables	33.592	34.939	-1.348
Tax receivables	2.489	4.617	-2.128
Other receivables	6.380	5.331	1.049
Financial instruments	0	1.965	-1.965
Cash and cash equivalents	57.213	12.583	44.630
<b>Current assets</b>	<b>121.852</b>	<b>84.443</b>	<b>37.409</b>
<b>Total Assets</b>	<b>164.869</b>	<b>168.512</b>	<b>-3.643</b>
<b>Total shareholders' equity</b>	<b>145.817</b>	<b>146.986</b>	<b>-1.169</b>
Severance indemnity	945	895	50
Deferred tax liabilities	685	1.156	-471
Provision for risks and charges	489	492	-3
Financial debts and liabilities	488	0	488
<b>Non Current Liabilities</b>	<b>2.607</b>	<b>2.543</b>	<b>64</b>
Financial debts	0	1.510	-1.510
Account payables	11.750	12.159	-409
Income tax payables	649	1.320	-672
Other current payables	4.046	3.994	51
<b>Current liabilities</b>	<b>16.445</b>	<b>18.984</b>	<b>-2.539</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>164.869</b>	<b>168.512</b>	<b>-3.643</b>

**Tab. 6 – El.En. S.p.A. net financial position on December 31<sup>st</sup> , 2016**

Net financial position	31/12/2016	31/12/2015	Var.
Cash and cash equivalents	57.213	14.548	42.665
Current financial receivables	63	124	-61
Financial short term liabilities	0	-1.510	1.510
<b>Net current financial position</b>	<b>57.277</b>	<b>13.162</b>	<b>44.115</b>
<b>Financial long term liabilities</b>	<b>-488</b>	<b>0</b>	<b>-488</b>
<b>Net financial position</b>	<b>56.788</b>	<b>13.162</b>	<b>43.626</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.

Fine Comunicato n.0481-8

Numero di Pagine: 12