



SPAFID CONNECT

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Oggetto : The BoD of El.En. Spa releases the 2017

Testo del comunicato

Vedi allegato.

The BoD of El.En. Spa releases the 2017 draft financial statements

***Group marked brilliant financial results
Consolidated revenue over 300 million of euro
Net consolidated income at 16 million of euro
Further 10% growth forecast for 2018***

- Consolidated revenue up 21,3% at 306,5 million of euro, was 252,6 million of euro in 2016
- Record EBIT of 30,4 million of euro (up 10,3%), was 27,6 million of euro in 2016
- Net consolidated income at 15,6 million of euro (vs. 40,4 million of euro in 2016 including onetime gain of 23 million of euro)
- Net Financial Position positive for 84,5 million of euro
- Revenue of the parent company at 54,1 million of euro, was 57,3 million of euro in 2016
- 0,40 Euro per share dividend confirmed
- 2018: 10% revenue growth target

Florence, March 15th 2018 – 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, 2017, the consolidated non-financial statement 2017, together with the El.En. Spa draft financial report as of the same date to be proposed for approval at the Shareholder's meeting.

In year 2017 revenue of the El.En. group marked a 21% growth, exceeding the 300 million of Euro threshold, confirming the progression of the last few years. The brilliant financial results showed a **consolidated revenue of 306,5** million euros and a **net consolidate income of 15,6** million of euro. After an excellent 2016 financial year, the group continued in 2017 to improve its operating results, with an **EBIT that reached 30,4 million of euro** (with an incidence close to 10% on sales), an a 10,35% increase, thus exceeding the historical record of 27,6 million of euro achieved in 2016.

The El.En. group continues to confirm and improve the positive trend of the last few years based to the increasing level of competitiveness achieved on the European and international markets and to the innovative peculiarities of the wide range of products in its portfolio, acquiring market shares and creating new application niches thanks to innovation.

The growth in the industrial sector over the last two years, and particularly in 2017, has been extraordinary. It is to be framed within the technological transformation of the laser cutting systems market that has led to its rapid expansion. The El.En. Group, with its capacity and flexibility, has been able to benefit from this transformation that has seen fiber laser sources replace and rapidly make obsolete the legacy high-power CO₂ laser sources, causing rapid obsolescence of the systems already installed in the field.

Gabriele Clementi, President of El.En. S.p.A., said "Also in 2017 the El.En. Group achieved flattering results, with growth exceeding the guidance issued at the beginning of the year, which merit the Group's commitment and represent the outcome of choices and investments made over

the years. We express great satisfaction in communicating these results and confirm our determination to continue the group's growth process."

Analysis of the business trend

The macroeconomic environment in which the Group operated was overall favorable and the improvement in general economic conditions had beneficial effects on the Group's markets, reinforcing an already positive trend due to factors intrinsic to the markets themselves, independent from the economic cycles, too.

The confidence in the sustainability of this positive economic phase, together with a renewed appeal in investing well supported at this stage by the financial system, has favored the purchase of new products. On the other hand, the trend in foreign exchange rates was negative, unfavorable for the strengthening of the euro against the dollar, and its negative effects were reflected in the result of financial management, affected by losses on our positions in US dollars.

Overall, the demand for Group products remained high and growth was experienced in both sectors in which the Group operates - with a clear predominance of the **Industrial sector**, which recorded a **52,5% growth**, while the **Medical sector**, which continues to represent the largest business volume for the Group, equal to 57% of the total, **marked a 5% growth** in 2017.

The industrial sector in Italy has achieved significant volumes. The performance of Cutlite Penta and Lasit was excellent, as they were able to benefit of the opportunities offered by the internal market. The favorable market conditions and a product offering centered on customer needs have been, in Italy and abroad, at the base of their excellent performance. Furthermore, the Italian market benefited from the tax incentives promoted by the 2017 fiscal law providing increased depreciations, especially for assets falling within the scope of the so-called Industry 4.0 incentives. Such incentives will continue in 2018.

In the medical sector, the Group was able to absorb the drop in revenues suffered on the US market for the Mona Lisa Touch, achieving excellent results in all other application segments, and also by the same Monna Lisa Touch outside the United States. During the year the growth trend was consolidated, progressively improving performance. At the end of the year, the turnover for medical systems (excluding revenue for service) grew by more than 10%, pushed by laser systems for hair removal, tattoo removal and urology.

The intensification of product development activities in 2017, to which in particular the parent company El.En. dedicated significant resources, will allow in 2018 the launch on the market of several innovative systems for medical and aesthetic applications. First of all the new ONDA system that Deka will launch at the next congress of AMWC in Montecarlo. A body contouring system that uses microwave technology, thanks to which the group counts to play an important role in this rapidly expanding segment of aesthetics.

Prof. Leonardo Masotti, president of the group's scientific committee and of DEKA MELA, pioneer in laser and microwave applications in medicine, said : *"result of years of studies, we have created 'ONDA', an innovative device that allows the doctor to reduce the imperfections of the body by exploiting the proprietary "cool waves" mode for accurately controlled local hyperthermia. The innovative principle of the instrument is based on the creation by microwave of spatially oriented electromagnetic fields for a selective action on adipose tissue that reduces their volume by ablation of some of the adipocytes."*

Growth was significant in all **geographical areas** where the Group is present, but the **Italian market** showed the most significant increase in both the medical and industrial sectors, with an overall **growth of around 28%. Growth on European markets exceeded 20%** while in **Extra-**

European countries it reached **almost 20%**. Foreign markets continued to account for over 80% of the group's turnover overall, confirming the Group's as a global player.

Crucial contribution to sales growth in Italy was offered by the new organization of our direct sale network in the medical sector, with the Renaissance brand combining Deka and Quanta in the most important Italian sales network in the sector, which could count on a high level range of products able to meet the most diverse customer needs. Even the industrial sector in Italy returned to significant volumes, registering the best year after the downturn. In the industrial sector, business volume increased strongly, especially in the Chinese market, where our joint ventures recorded a record 73% growth.

Analysis of the financial performance of the group

Gross margin was 127,3 million of euro, up 15,1% on the 110,5 million of 2016 , with a 41,5% margin on sales.

EBITDA was 36,1 million of euro (equal to 11,8% on sales), marking a 11,54% growth on the 32,4 million of euro of the previous year.

EBIT was positive for per 30,4 million of euro up 10,35% on the 27,6 million of euro of 2016 and with a 9,9% margin on sales.

Pretax income as of December 31st, 2017 was 27,2 million of euro, down 48,4% on the 52,7 million of 2016, when it was also accounting for 23 million of Euro the onetime gain on the sale of the last batch of Cynosure shares held by El.En. Spa and sold 45 million of US dollars.

The group closed 2017 financial year with a **net income** of a 15,6 million of euro, it was 40,4 million on 2016 (down 61,3%).

The **Net financial position** as of December 31st, 2017 was positive for 84,5 million of euro, up roughly 2 million of euro on balance of January 1st . Within the year dividend were paid to third parties for over 9 million of euro while capital expenditure in fixed assets exceeded 5 million of euro.

Financial performance of the parent company El.En. spa

The Company registered in 2017 **revenue** for 54,1 million of euro, slightly down from the 57,3 million of euro of 2016.

EBIT was negative for 980 thousands of Euro, it had been positive for 4 million in 2016, due to the revenue decrease, product mix with lower sales margins and to the increased level of expenditure for a restructuring action aiming to revamp certain companies activities. Significant resources were allocated to the acceleration of the launch of new products on the market, and to the achievement of sales *clearances* for certain international markets; the benefits are expected to be visible in 2018. Also **pretax income** showed a negative balance of 656 thousands of euro, with respect to the roughly 44 million of 2016. The year closed with a **Net income** of 41 thousand of euro down from the 41,5 million of euro of 2016.



Current Outlook

The 2017 financial results are the best ever achieved by the group for revenue and income from operations. Overcoming the newly set records constitutes challenging goal.

Under the assumption of the confirmation of the positive market trends registered in 2017, the Group's aims to achieve consolidated growth of around 10% in 2018, maintaining EBIT at 10% on sales.

Other resolutions

CALENDAR CHANGES

The Board resolved to change the corporate events calendar published on November 14th, 2017 anticipating the date of first call of the Shareholders' Meeting to April 27, 2018.

The shareholders' meeting is called to appoint the new board of directors as the current one's term is expiring.

INDEPENDENCE

The Board of Directors also assessed, on the basis of the information received from the interested parties, the persistence of the independence requirement for the directors declaring to be independent. It also received the positive result of the annual self-assessment by the board of statutory auditors regarding the persistence of the independence requirements of the statutory board members.

REPORT ON COMPENSATION

Finally, the Board of Directors approved the annual report on Corporate Governance and Ownership Structures, and the Report on compensation containing the guidelines on the general compensation policy 2018-2019.

Dividend

The Board of Directors has resolved to call the annual Shareholder meeting for April 27th, 2018 (first call) and May 15th, 2017 (second call) and it resolved to propose to distribute a dividend of 0,40 euro per share, confirming the amount paid in 2017 even in the absence of the onetime gain enjoyed in 2016, in compliance with art. 2357-ter c.c., to be paid on May 30th 2018, to be assigned on May 28th , 2018 (coupon no. 2 on the Stock Market on May 28th 2018) with record date May 29th, 2018.

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 3rd 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, at Borsa Italiana and in the authorized storage device 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.

CONFERENCE CALL

On Friday, March 16th, 2018 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, from UK +44 121 2818003, from USA +1 718 7058794, USA (green line) +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/en/investor-relations-en/company-presentations>

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 on December 31st, 2017).



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 570 million.

Cod. ISIN: IT0005188336

Sigla: ELN

Listed on MTA

Mkt cap.: 570 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 31st , 2017

Income Statement	31/12/2017	Inc %	31/12/2016	Inc %	Var. %
Revenues	306.461	100,0%	252.646	100,0%	21,30%
Change in inventory of finished goods and WIP	5.452	1,8%	3.401	1,3%	60,29%
Other revenues and income	4.264	1,4%	3.224	1,3%	32,27%
Value of production	316.178	103,2%	259.272	102,6%	21,95%
Purchase of raw materials	166.694	54,4%	129.636	51,3%	28,59%
Change in inventory of raw material	(419)	-0,1%	(1.587)	-0,6%	-73,60%
Other direct services	22.618	7,4%	20.689	8,2%	9,32%
Gross margin	127.284	41,5%	110.533	43,8%	15,15%
Other operating services and charges	37.068	12,1%	32.030	12,7%	15,73%
Added value	90.216	29,4%	78.503	31,1%	14,92%
Staff cost	54.091	17,7%	46.116	18,3%	17,29%
EBITDA	36.125	11,8%	32.388	12,8%	11,54%
Depreciation, amortization and other accruals	5.676	1,9%	4.794	1,9%	18,40%
EBIT	30.449	9,9%	27.594	10,9%	10,35%
Net financial income (charges)	(3.365)	-1,1%	1.933	0,8%	
Share of profit of associated companies	(430)	-0,1%	186	0,1%	
Other non-operating income (charges)	564	0,2%	23.009	9,1%	-97,55%
Income (loss) before taxes	27.217	8,9%	52.721	20,9%	-48,37%
Income taxes	6.807	2,2%	9.728	3,9%	-30,03%
Income (loss) for the financial period	20.410	6,7%	42.993	17,0%	-52,53%
Net profit (loss) of minority interest	4.776	1,6%	2.586	1,0%	84,71%
Net income (loss)	15.634	5,1%	40.408	16,0%	-61,31%

Tab. 2 – El.En. Group balance sheet on December 31st , 2017

Statement of financial position	31/12/2017	31/12/2016	Variation
Intangible assets	4.259	3.896	363
Tangible assets	39.178	39.616	-439
Equity investments	3.587	3.818	-230
Deferred tax assets	6.269	6.526	-257
Other non-current assets	12.371	10.881	1.490
Total non-current assets	65.664	64.737	927
Inventories	66.567	62.138	4.429
Accounts receivable	80.445	62.446	17.999
Tax receivables	8.942	5.213	3.729
Other receivables	13.939	8.564	5.375
Financial instruments	2.036	0	2.036
Cash and cash equivalents	97.351	97.589	-238
Total current assets	269.281	235.950	33.331
Total Assets	334.945	300.687	34.258
Total shareholders' equity	204.296	192.699	11.597
Severance indemnity	4.217	3.861	356
Deferred tax liabilities	1.483	1.607	-124
Reserve for risks and charges	3.797	3.514	282
Financial debts and liabilities	5.875	4.342	1.533
Total non-current liabilities	15.371	13.324	2.047
Financial liabilities	9.161	10.613	-1.451
Accounts payable	63.257	44.694	18.563
Income tax payables	1.654	4.285	-2.631
Other current payables	41.205	35.072	6.133
Total current liabilities	115.278	94.664	20.614
Total Liabilities and Shareholders' equity	334.945	300.687	34.258

Tab. 3 – El.En. Group net financial position on December 31st , 2017

Net financial position	31/12/2017	31/12/2016	Var.
Cash and cash equivalents	99.388	97.589	1.799
Current financial receivables	155	150	5
Financial short term liabilities	-9.161	-10.613	1.452
Net current financial position	90.381	87.127	3.254
Financial long term liabilities	-5.875	-4.342	-1.533
Net financial position	84.506	82.784	1.722

Tab. 4 – El.En. S.p.A. Profit and Loss account on December 31st, 2017

Income Statement	31/12/2017	Inc %	31/12/2016	Inc %	Var. %
Revenues	54.061	100,0%	57.291	100,0%	-5,64%
Change in inventory of finished goods and WIP	539	1,0%	(451)	-0,8%	
Other revenues and income	814	1,5%	1.511	2,6%	-46,09%
Value of production	55.415	102,5%	58.351	101,9%	-5,03%
Purchase of raw materials	27.438	50,8%	27.251	47,6%	0,69%
Change in inventory of raw material	1.179	2,2%	2.193	3,8%	-46,21%
Other direct services	4.070	7,5%	4.239	7,4%	-4,00%
Gross margin	22.727	42,0%	24.669	43,1%	-7,87%
Other operating services and charges	6.925	12,8%	6.175	10,8%	12,15%
Added value	15.802	29,2%	18.494	32,3%	-14,55%
Staff cost	15.519	28,7%	13.121	22,9%	18,28%
EBITDA	283	0,5%	5.373	9,4%	-94,73%
Depreciation, amortization and other accruals	1.263	2,3%	1.358	2,4%	-6,97%
EBIT	(980)	-1,8%	4.015	7,0%	
Net financial income (charges)	(140)	-0,3%	3.899	6,8%	
Other non-operating income (charges)	464	0,9%	36.079	63,0%	-98,71%
Income (loss) before taxes	(656)	-1,2%	43.993	76,8%	
Income taxes	(698)	-1,3%	2.482	4,3%	
Income (loss) for the financial period	41	0,1%	41.511	72,5%	-99,90%

Tab. 5 – El.En. S.p.A. Balance Sheet on December 31st, 2017

Statement of financial position	31/12/2017	31/12/2016	Variation
Intangible assets	223	217	6
Tangible assets	13.239	12.679	561
Equity investments	17.179	16.535	643
Deferred tax assets	2.532	2.737	-205
Other non-current assets	12.059	10.849	1.209
Total non-current assets	45.232	43.017	2.215
Inventories	21.415	22.178	-762
Accounts receivable	36.552	33.592	2.960
Tax receivables	4.010	2.489	1.520
Other receivables	6.500	6.380	119
Financial instruments	2.036	0	2.036
Cash and cash equivalents	43.373	57.213	-13.840
Total current assets	113.886	121.852	-7.966
Total Assets	159.118	164.869	-5.751
Total shareholders' equity	138.988	145.817	-6.829
Severance indemnity	889	945	-57
Deferred tax liabilities	476	685	-209
Reserve for risks and charges	578	489	89
Financial debts and liabilities	488	488	0
Total noncurrent liabilities	2.431	2.607	-176
Financial liabilities	0	0	-0
Accounts payable	13.377	11.750	1.627
Income tax payables	0	649	-649
Other current payables	4.322	4.046	277
Total current liabilities	17.699	16.445	1.254
Total Liabilities and Shareholders' equity	159.118	164.869	-5.751

Tab. 6 – El.En. S.p.A. net financial position on December 31st, 2017

Net financial position	31/12/2017	31/12/2016	Var.
Cash and cash equivalents	45.410	57.213	-11.803
Current financial receivables	130	63	67
Financial short term liabilities	0	0	0
Net current financial position	45.540	57.277	-11.737
Financial long term liabilities	-488	-488	0
Net financial position	45.052	56.788	-11.736

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

Fine Comunicato n.0481-6

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