SPAFID
CONNECT

Informazione Regolamentata n. 0481-70-2020	Data/Ora Ricezione 10 Settembre 2020 16:34:24	MTA - Star

Societa'	:	El.En.
Identificativo Informazione Regolamentata	:	136793
Nome utilizzatore	:	ELENN01 - Romagnoli
Tipologia	:	REGEM; 3.1; 1.2; 2.2
Data/Ora Ricezione	:	10 Settembre 2020 16:34:24
Data/Ora Inizio Diffusione presunta	:	10 Settembre 2020 16:34:26
Oggetto	:	The Bod of El.En. releases the consolidated 2020 six months financial report

Testo del comunicato

Vedi allegato.

E-MARKET
SDIR
CERTIFIED

ELECTRONIC ENGINEERING

3.1
2.2.
1.2
REGEM

Press release

The Bod of El.En. releases the consolidated 2020 six months financial report

Consolidated revenues: 162,5 million of euro
Net income : 6,4 million of euro
Net financial position: +28 million di euro
Updated 2020 Guidance

- **Consolidated revenues: 162,5 million of euro vs. 188,5 million of euro in H1 2019 (-13,8%)**
- **EBITDA: 14,5 million of euro vs. 20,6 million of euro in H1 2019 (-29,7%)**
- **EBIT: 9,3 million of euro vs. 16,7 million of euro in the same period of 2019 (-44,4%)**
- **Net Financial Position: positive for 27,9 million of euro vs. 61,4 million of euro as of 31st of December 2019**
- **Net Income for the Group positive for 6,4 million of euro vs. 10,2 million of euro in H1 2019 (-37,4%)**

Firenze, September 10th , 2020 – 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.

In the most challenging situation ever faced, the six month results testify the solidity of the Group has in its technical, financial and operational structures. We proved over the years the ability to brilliantly grow, the ability to resist with determination to adverse conditions without sacrificing the potential for future growth surfaced in recent months. The results show a decrease compared to those recorded in the first half of 2019 and to our growth plans, for reasons entirely attributable to the effects of Covid 19.

The pandemic, with the escalation of preventive and restrictive measures, first in China and Italy, then in all Western countries, which were also forced to adopt measures of the same standard as the Chinese ones, significantly impacted the activities of the Group. To keep the production structures running, all safety and prevention measures to protect the health of workers were promptly adopted, also limiting where possible the physical presence of workers in the companies by allowing them to work remotely.

Gabriele Clementi, President of El.En. S.p.A. said: *"Covid-19 with the interruption of business activities first in China and then in the rest of the world determined a socio-economic scenario of significant contraction from which we have not yet completely emerged. To date, the gradual recovery of the volumes of demand and financial results can be confirmed, also to a satisfactory extent given the circumstances. The recovery has not yet brought us back to the levels of last year, still uncertain and unstable due to the limitations still in place and the unpredictability of contagion developments in the various countries and its effects on the economy. Despite this difficult scenario, the results obtained by the Group once again confirm the solidity of our business model. Our market leadership and immediate ability to react allowed us to absorb the hit of a lockdown period that lasted months, managing to mitigate the negative effects as much as possible thanks to product diversification and geographical presence. We remain focused on our strategy of focusing on the key success factors on our markets, ensuring the safety of our employees and taking all the necessary actions to seize the expected recovery in the most effective way".*

The first half of 2020 closed with **consolidated revenues** for 162,5 million euros vs. 188.5 million euros in HY 2019 with a -13,8% change; **EBITDA** was 14,5 million euros recording a variation of -29,7% and an impact on sales equal to approximately 8.9%, compared to the 20.6 million euros of the same period of 2019 which showed a 10,9%.

EBIT was 9,3 million euros, down compared to 16,7 million euros in the same period of 2019 with a -44,4% change. **Net Income for the Group** amounted to 6,4 euro million with a 37,4% decrease compared to the 10,2 million of euro in H1 2019.

During the lockdowns and even today, in order to actively maintain our relationships with customers, the marketing and sales functions used, with great creativity and excellent results, virtual media on the web, even creating events for the launch of new products. In the same period, the research and development activity was intense and very effective, both the technical one, aimed at preparing new innovative systems to be launched on the market, and the documentary and clinical one for obtaining the certifications required for the sale of medical systems all over the world. The conditions were thus created to best reap the benefits of the expected market demand recovery. In these two vital areas, as in the other corporate functions, the quality and determination of the human resources of the group emerged, allowing to achieve significant results even in conditions of objective difficulty and with a limitation of the available time due for recourse to payroll protection programs ("cassa ingterazione").

In the last months of the semester and the following months, we experienced a progressive improvement in the general conditions of demand on the markets on which the Group operates. Production was restarted, in some cases with good production rates, even higher than short-term expectations. Commercial promotion activities continues to be hampered by the inability to travel to many countries and by the almost total elimination of trade fair and congress activities. Although gradually recovering, the overall volume of demand remained weak, particularly in the medical sector where the main markets of the Group were strongly affected by the spread of the pandemic.

The medical sector in the first quarter was only marginally hurt by the effects of the pandemic, due to the lockdowns hitting Italy and China, only. The spread of the pandemic then led to measures to limit activities and circulation throughout the world and in particular in areas most relevant to the Group's activities, such as the United States of America, Russia, the Middle Eastern countries, Brazil and other European countries. The difficult market conditions in the second quarter therefore resulted in an approximately 10.5% decline in sales in the **medical and aesthetic systems sector** on a half-year basis compared to the corresponding period of 2019, slowing down compared to the growth of 7.4% registered in the first quarter of 2020.
The lower impact recorded in the **aesthetic and service segments** (decreasing by 7,7% and 6,7% respectively) stems from the positive trend in Japan, one of the most important markets in which the Group operates with its own branches since almost twenty years, a country that compared to others was only marginally affected by the pandemic and which, even in the most critical periods, did not adopt a full lockdown or imposed the closure of all beauty centers. Therefore, thanks also to some uniqueness of our offer of services and products for the Japanese market in the period, the first half of 2020 of the Japanese companies was particularly positive.
The **surgery segment**, where demand derives from the treatment of diseases independent of economic cycles, also suffered the impact of the downturn due to the sudden focus of all hospital activities on Covid patients and facilities, showed revenues for 19,9 million euro compared to the 23,3 million euro of the same period of 2019 with a -14.4% change. Only the easing of Covid tension in hospitals will allow a return to normal market dynamics.
The **therapy segment** recorded a turnover of 3,3 million euros compared to 5,4 million euros in the same period last year.
In the **industrial applications sector**, on a six-months basis the decline in turnover was approximately 18,5%, a strong recovery compared to the overall 43% decline recorded in the first quarter, benefiting in particular from the recovery in turnover in China in the **sheet metal cutting** segment. After the lockdown interruptions, the segment closed the half year with a turnover of 49

million euros compared to the 58,5 million euros of the same period of 2019, with a -16,3% change. In this segment, the Italian business of Cutlite Penta benefited from a high level of demand, with the Covid effect limited to the sheer period of forced closure following the Prime Ministerial Decree of 20 March 2020. Cutlite Penta then managed to record an increase in turnover for the six months. The sheet metal laser cutting sector is experiencing a rapid growth phase and, also due to the operational structures and variety of products, Cutlite Penta and our Chinese companies are well set to seize the growth opportunities offered by this specific market.

The marking sector underwent a trend similar to sheet metal cutting but in which the decline was wider in the second quarter, also showed a decrease in turnover in H1 2020 with a 17,7% change with sales of about 7,6 million euros compared to 9,2 million euros of 2019. Similarly to the other industrial segments, the laser sources segment was also penalized, but the period of forced slowdown in activity was put to good use with the completion of some products and the improvement of their performance and with the completion of the production area dedicated in Calenzano to the development and manufacture of mid power CO_2 laser sources.
The segment of **conservation of artistic heritage** recorded an upward trend in the half year. Among the masterpieces returned to better use thanks to our lasers in recent months we mention the statue of San Marco in Orsanmichele in Florence, an early work by Donatello.

At a **geographical level**, in the first six months of 2020 the decline in turnover was rather uniform in the various areas of the world. In the **Rest of the World**, the first half of 2020 showed a turnover of 104,9 million euros compared to 119,6 million euros in the same period of 2019, with a 12.2% since the loss of turnover on the Chinese market was partially balanced by the excellent performance of the Japanese and American markets.
The most pronounced decline was recorded in **Europe**, down by 18% to 30,1 million euros in sales compared to 36,8 million euros in the first six months of 2019. In **Italy**, the freezing of activities in the medical and professional beauty sectors medical weighed heavily and recorded a contraction of 14,5% with a turnover of 27,4 million euros compared to 32,1 million euros in H1 2019.

In detail:

Gross Margin in H1 2020 was 59,877 thousand euros, showing a decrease of 19,5% compared to the 74,385 thousand euros of June 30, 2019, primarily due to the decrease in turnover. Gross margin on sales ratio decreased from 39,5% at 30 June 2019 to 36,8% at 30 June 2020. The decrease was due to a decrease of margins that the crisis has induced on both the medical and industrial sectors, more incisive in the industrial sector where the return to high volumes of production and sales was also accompanied by greater competitive pressure.

EBITDA was 14,5 million euros, down by 29,7% compared to 20,6 million euros in H1 2019, was affected by the lower turnover but also benefited from substantial cost reductions, both in commercial expenses given the blocking of international travel and trade fair and congress activities, as well as in personnel expenses where payroll protection programs (cassa integrazione) were used in Italy, France and Germany.

EBIT marked a positive balance of 9,3 million euros, down from the 16,7 million euros of June 30, 2019, with a 5,7% EBIT margin in H1 2020 compared to 8,9% in the same period of 2019.

Pre-tax profit showed a positive balance of 8,9 million of euro (16,9 million in 1H 2019). The tax burden for the period showed a total charge of 2,1 million and a tax rate of approximately 24%.

The Group's **net profit** amounted to 6,4 million euros, down by 37,4% compared to 10,2 million euros in H1 2019.

The **net financial position** of the Group remains positive and in the period decreased by approximately 33,5 million of euro, settling at approximately 27,9 million compared to 61,4 million at 31 December 2019 and slightly recovering on the 27,5 million of euro at March 31, 2020. The

cash absorption in the period was due to various factors. About 20 million were employed in the purchase of an important minority stake in Penta Laser Wenzhou, which became the parent company of the Group's activities in China in the industrial sector. The increase in net working capital involved an absorption of liquidity of approximately 20 million, mainly due to the increase in the value of inventories, in the presence of a large order book for which the needed purchases had been prepared timely manufacture according to the schedules that were disrupted by the pandemic. The investments in fixed assets amounted to approximately 4 million, down compared to the first half of 2019. The investments in the expansion of the production facilities were in fact lower than in previous years since most of the new structures have been completed or nearing completion.
In recent years, Chinese activities in the industrial sector underwent an extensive investment plan aimed at expanding production capacity and product development, for which demand is expected to grow. The group has great confidence in the medium-term prospects of this business unit, in the belief that the difficulties caused by the pandemic will be overcome, although not necessarily in a very short time.

Subsequent events

On September 4th 2020 Cutlite Penta Srl entered into a preliminary contract for the purchase of a building adjacent to the company's premises located in Prato. The approximately 3.600 square meters plant will be purchased in 2021 for an amount of 4,6 million of euro. The larger area is essential to support the rapid growth recorded in the period, despite Covid.

Current outlook

The spread of the Covid-19 pandemic and the persistence of its effects on daily life and economy still remain very uncertain. After the period of acute crisis marked by the lockdowns, the gradual return to normality throughout the world brought a recovery in demand, in some cases with the consistency of a strong rebound. However, the overall situation of the markets on which the Group is active remains weak: it will not be possible to fill the gap with the 2019 results. We expect sales volumes and operating results to improve in the second half compared to the first half, but still at lower levels than those recorded in 2019. In the presence of current market conditions, trusting that there will be no further repercussions and new restrictions, we aim for the full 2020 year to contain within 10% the decrease in turnover compared to 2019, improving in the second half compared to the first the EBIT margin on sales.

****

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 30th , 2020 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 / 2020*") from September 10th , 2020 and on authorized storage website www.emarketstorage.com.

****

CONFERENCE CALL

On September 11, 2020 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 432 million.

Cod. ISIN: IT0005188336
Code: ELN
Listed on MTA
Mkt cap.: 432 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 , 2020

Income Statement	30/06/2020	Inc %	30/06/2019	Inc %	Var. %
Revenues	162.521	100,0%	188.450	100,0%	-13,76%
Change in inventory of finished goods and WIP	11.417	7,0%	4.985	2,6%	129,01%
Other revenues and income	1.971	1,2%	1.119	0,6%	76,07%
Value of production	**175.909**	**108,2%**	**194.555**	**103,2%**	**-9,58%**
Purchase of raw materials	107.324	66,0%	108.597	57,6%	-1,17%
Change in inventory of raw material	(4.579)	-2,8%	(4.722)	-2,5%	-3,03%
Other direct services	13.287	8,2%	16.295	8,6%	-18,46%
Gross margin	**59.877**	**36,8%**	**74.385**	**39,5%**	**-19,50%**
Other operating services and charges	16.058	9,9%	21.515	11,4%	-25,37%
Added value	**43.820**	**27,0%**	**52.869**	**28,1%**	**-17,12%**
Staff cost	29.334	18,0%	32.266	17,1%	-9,09%
EBITDA	**14.485**	**8,9%**	**20.604**	**10,9%**	**-29,70%**
Depreciation, amortization and other accruals	5.197	3,2%	3.891	2,1%	33,57%
EBIT	**9.288**	**5,7%**	**16.713**	**8,9%**	**-44,42%**
Net financial income (charges)	(219)	-0,1%	267	0,1%	
Share of profit of associated companies	(126)	-0,1%	(86)	0,0%	47,44%
Other non-operating income (charges)	0	0,0%	0	0,0%	
Income (loss) before taxes	**8.943**	**5,5%**	**16.894**	**9,0%**	**-47,07%**
Income taxes	2.139	1,3%	4.675	2,5%	-54,25%
Income (loss) for the financial period	**6.804**	**4,2%**	**12.219**	**6,5%**	**-44,32%**
Net profit (loss) of minority interest	403	0,2%	1.996	1,1%	-79,82%
Net income (loss)	**6.401**	**3,9%**	**10.223**	**5,4%**	**-37,39%**

Tab. 2 – El.En. Group balance sheet as of June 30th , 2020

Statement of financial position	30/06/2020	31/12/2019	Variation
Intangible assets	4.728	4.834	-106
Tangible assets	82.682	81.813	870
Equity investments	2.279	2.403	-124
Deferred tax assets	7.545	6.641	904
Other non-current assets	15.359	15.276	83
Total non current assets	**112.593**	**110.966**	**1.627**
Inventories	112.346	97.037	15.309
Accounts receivable	85.401	92.026	-6.625
Tax receivables	13.516	12.689	828
Other receivables	13.421	13.453	-32
Financial instruments	0	2.127	-2.127
Cash and cash equivalents	83.466	97.031	-13.565
Total current assets	**308.151**	**314.362**	**-6.211**
Total Assets	**420.744**	**425.328**	**-4.585**
Share capital	2.548	2.538	10
Additional paid in capital	42.366	41.431	935
Other reserves	93.759	88.105	5.653
Retained earnings / (accumulated deficit)	65.805	64.337	1.469
Net income / (loss)	6.401	26.017	-19.616
Group shareholders' equity	**210.878**	**222.427**	**-11.549**
Minority interest	12.330	18.206	-5.877
Total shareholders' equity	**223.208**	**240.633**	**-17.426**
Severance indemnity	4.723	4.738	-14
Deferred tax liabilities	1.985	2.032	-47
Reserve for risks and charges	4.704	4.528	176
Financial debts and liabilities	31.157	21.116	10.041
Other non current liabilities	5.000	0	5.000
Total non current liabilities	**47.569**	**32.413**	**15.156**
Financial liabilities	24.395	16.706	7.689
Accounts payable	68.812	78.391	-9.579
Income tax payables	2.314	3.507	-1.193
Other current payables	54.447	53.677	769
Total current liabilities	**149.967**	**152.282**	**-2.315**
Total Liabilities and Shareholders' equity	**420.744**	**425.328**	**-4.585**

Tab. 3 – El.En. Group cash flow statement as of June 30th , 2020

Cash flow statement	30/06/20	30/06/19
Operating activity		
Income (loss) for the financial period	**6.804**	**12.219**
Depreciations	3.861	3.172
Share of profit of associated companies	126	86
Stock Options	124	356
Severance indemnity	(52)	(20)
Reserve for risks and charges	176	433
Bad debt reserve	955	(432)
Deferred tax assets	(895)	(139)
Deferred tax liabilities	(47)	57
Inventories	(15.309)	(9.646)
Accounts receivable	5.669	(9.925)
Tax receivables	(828)	(568)
Other receivables	(39)	(414)
Accounts payable	(9.579)	13.756
Income tax payables	(1.193)	1.250
Other debts	5.769	5.597
Cash flow generated by operating activity	**(4.457)**	**15.782**
Investment activity		
Tangible assets	(3.908)	(11.014)
Intangible assets	(205)	(246)
Equity investments, securities and other financial assets	2.041	(181)
Financial receivables	70	(229)
Cash flow generated by investment activity	**(2.001)**	**(11.670)**
Financing activity		
Non current financial liabilities	9.526	4.710
Current financial liabilities	7.692	1.497
Capital increases	945	
Dividends paid	(114)	(8.692)
Acquisition of minority shares	(25.130)	
Cash flow generated by financing activity	**(7.081)**	**(2.485)**
Change in cumulative translation adjustment reserve and other no monetary changes	**(26)**	**337**
Increase/(decrease) in cash and cash equivalents	**(13.565)**	**1.965**
Cash and cash equivalents at the beginning of the financial period	**97.031**	**80.966**
Cash and cash equivalents at the end of the financial period	**83.466**	**82.931**

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.0481-70	Numero di Pagine: 11