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Oggetto : The Bod of El.En. releases the financial  
report as of September 30th 2020

*Testo del comunicato*

Vedi allegato.

## The Bod of El.En. releases the financial report as of September 30<sup>th</sup> 2020

### Excellent revenues recovery

**Revenues: 268.2 million of euro**

**EBITDA: 25.8 million of euro, 9.6% on revenues**

**EBIT: 18.1 million of euro, 6.8% on revenues**

**Income before taxes: 16.9 million of euro**

#### Main consolidated figures as of September 30 2020

- Consolidated revenues: 268.2 million of euro vs. 282.9 million of euro in 2019 (down 5.2%)
- EBITDA: 25.8 million of euro (down 21%) vs. 32.6 million in 2019
- EBIT: 18.1 million of euro (down 31.4%) vs. 26.4 million of euro in 2019
- Income before taxes: 16.9 million of euro (down 38.9%) vs. 27.6 million of euro of 2019
- Net Financial Position: positive and increasing to 49.8 million of euro vs. 27.9 million of euro as of June 30<sup>th</sup> 2020 and 61.4 million as of December 31<sup>st</sup>, 2019
- **Main consolidated figures of the third quarter**
  - Consolidated revenues: 105.6 million of euro vs. 94.5 million of euro in Q3, 2019, (up 11.8%)
  - EBITDA: 11.3 million of euro (10.7% margin) vs. 12 million of euro in Q3 2019, (down 6%)
  - EBIT: 8.8 million (8.4% margin) vs. 9.7 million of euro in Q3 2019, (down 9.1%)
  - Income before taxes: 7.9 million of euro (7.5% on sales), was 10.7 million of euro in Q3 2019, (down 26%)

**Firenze, November 13<sup>th</sup>, 2020** – The Board of Directors of El.En. SpA, leader in the laser market and listed on the STAR segment of the Italian Stock Exchange, released today the nine months financial report as of 30 September 2020 which showed **consolidated revenues** for 268.2 million of euro, a decrease of approximately 5.2% compared to 282.9 million euro in the same period of 2019, exclusively due to the effects of the Covid 19 pandemic, and an operating result of 18.1 million of euro, down by 31.4% compared to the 26.4 million euro in the same period of 2019.

In the third quarter of 2020 the Group registered excellent results in absolute terms, outstanding in relation to the period in which they were obtained: quarterly revenues were 105.6 million, an increase of 11.8% compared to the corresponding quarter of 2019 and EBIT for the quarter was 8.8 million of euro, equal to 8.4% of revenues.

**Gabriele Clementi**, President of El.En. Spa remarked: "*We are pleased with the results achieved in the 3rd quarter especially in consideration of the still difficult situation for the world economy and after the first half when we were heavily penalized by the lockdown. We can confirm a gradual,*

*albeit slow, recovery in volumes of demand and results, very satisfactory indeed in consideration of the circumstances, which could however suffer further pauses linked to the very recently imposed lockdowns. The economic and financial results once again highlighted the solidity and vitality of the group, and the ability of our organization to react amid such a critical and adverse period. We can't hide our satisfaction, and thank the colleagues of all the companies in the group for their commitment at this particular moment in carrying out their tasks with renewed determination and great effectiveness, timely completing all the scheduled commitments and addressing several new ones".*

For what concerns sales volume, the recovery in the industrial sector has been very robust, especially in the sheet metal laser cutting segment. The Chinese companies Penta Laser of Wenzhou, Wuhan and Lin Yi and Cutlite Penta of Prato operate in this segment. Their result in terms of quarterly sales marked an excellent 38% growth compared to the third quarter of 2019. Demand in this segment remains strong, driven by product innovation with improved system performance that allows for increased adoption in certain applications until now dominated by other technologies. The Group's companies gained market share thanks to the excellent cost-performance ratio of the offered systems, even if the strong post-lockdown demand in China displayed considerable market competition, with the effect of a sales margins reduction. In China, the conditions for daily and work activities almost completely returned to normal, from several weeks. There have been no further lockdown, internal travel has no limitations, masks are no longer worn even; only a strict quarantine imposed on incomers, aimed to preserve the level of infections that had been substantially zeroed for a few months.

In Japan, another relevant country for the Group, the negative impact of Covid was and continues to be modest, lockdowns have taken on very limited local and temporal connotations. Business in the medical and beauty sector benefited from this reduced impact, and taking advantage of the effectiveness of our direct distribution network, recorded a double-digit turnover growth in 2020.

In the medical sector at the end of the quarter operations recovered to excellent operating volumes in line with expectations and pre-Covid growth plans, marking a 1.4% quarterly growth.

Still affected by the bad performance of the first half of the year hit by the downturn due to the spread of the pandemic, albeit decreasing, the decline in revenues over the nine months persists in all sectors and in almost all the main application segments in which the Group is active, marking an overall 5,2% decrease in turnover.

The medical sector underwent an overall decline of 6.4% while the industrial sector recorded a contraction of 3.3% thanks to the marked recovery in the quarter compared to the first six months of the year in which the sales volume decrease had been equal to 13.8% .

The medical sector registered revenues for of approximately 160 million of euro in the nine months, compared to 171 million of euro in the same period of 2019. Sales in the nine months recorded a decline of approximately 6.4%, slightly more accentuated in systems sales compared to after-sales services and consumables sales which benefited from the positive trend in revenues for optical fibers for urological surgery.

In the circumstances, the Medical Aesthetics segment registered an excellent sales performance, with revenues remaining stable compared to 2019. This was achieved by the success in the launch of several highly innovative new systems for hair removal, body and skin treatments, and by the ability of the Japanese branch to capitalize on the effectiveness of its distribution by strengthening the installed base with functional upgrades and conveying interesting volumes of locally produced equipment through the same channels.

The industrial sector reported, in the first 9 months of 2020, revenues of 108.4 million euros compared to 112.2 million euros in 2019 with a 3.3% decrease compared to 2019. The delay accumulated due to the impact of Covid in China and Italy was almost completely recovered with an extraordinary 28.8% growth in the third quarter compared to the third quarter of 2019. The best



result emerges in the laser cutting sector which recorded a turnover of 87.4 million of euro compared to 85.4 million in the first 9 months of 2019.

The decline in the group's turnover generally affected all the geographical areas in which the Group is active. In the nine months of 2020, the weakest performance was recorded in the European countries, which recorded an 11.0% decrease compared to the first 9 months of 2019. While Italy and the Rest of the World showed a decrease of 3% and 4% respectively compared to the first 9 months of 2019.

**Gross margin** for the nine months was 94.4 million of euro, down by approximately 15% compared to the 111.1 million of euros as of 30 September 2019, due to the decrease in turnover and the reduction in margins on sales in the two application sectors.

**EBITDA** for the first nine months was positive for 25.8 million of euro, down on the 32.6 million of euro as of September 30, 2019.

**EBIT** at the end of the 9 months of 2020 showed a positive balance of approximately 18.1 million of euro compared to the 26.4 million of euro of 30 September 2019, with a 31.4% decrease and a 6.8% EBIT margin compared to 9.3% of the previous year. In the third quarter, EBIT margin was 8.4%.

The 9-months **pre-tax income** was positive for 16.9 million of euro, down 38.9% compared to 27.6 million of euro at 30 September 2019, with a 6.3% impact on sales.

Cash generation was excellent in the quarter. The **net financial position** of the Group at 30 September 2020 was positive for 49.8 million of euro. In the nine months, the net financial position decreased by approximately 11.6 million of euro from to the 61.4 million euro balance as of December 31 2019, while it increased by approximately 21.9 million from the 27.9 million balance as of 30 June 2020.

## Subsequent events

Starting in November, lockdowns were imposed, among others, in Italy, Germany, France and Great Britain, with a direct impact on the activities of beauty centers and to some extent on medical centers, and indirect impact on all economic activities as an effect of mobility restrictions.

## Business outlook

The trend in the third quarter confirmed our forecast of a progressive improvement for the second half of the year and showed a rapid acceleration in turnover and order acquisition. The nine-month results and the trend in October would exceed the guidance provided at the release of the six months results, which envisaged to contain within 10% the decrease in 2020 consolidated turnover compared to 2019 and to improve EBIT margin in the second half. In light of the very recent explosion of infections and the subsequent restrictive measures enforced in Italy and Europe that already caused a new slowdown in sales in certain segments and markets, the prospects for the latter part of the year are now much more uncertain. Trusting that any further restrictions will not alter the overall demand conditions, the current guidance is confirmed.

\* \* \* \* \*



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 Quarterly report as of September 30<sup>th</sup>, 2020 will be available for the public at our premises in Calenzano, at Borsa Italiana S.p.A., on our website [www.elengroup.com](http://www.elengroup.com) ("*Investor Relations / Documenti Finanziari / Relazioni e Bilanci / 2020*") from November 13<sup>th</sup>, 2020 and on authorized storage website [www.emarketstorage.com](http://www.emarketstorage.com).

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## CONFERENCE CALL

This Monday, November 16<sup>th</sup> 2020, at 15.00 CET (14:00 GMT) (9:00 AM EST), El.En. S.p.A. will hold a videoconference call discussing the group's financial results. The following link can be used to participate

<https://us02web.zoom.us/j/89962044227?pwd=dHFjSEVrdzJlYU1HUFI3ZE1NLzlrQT09>

Meeting ID: 89962044227

Password: 673559

OR you can dial one of the following phone numbers:

+39 02124128823 Italy (toll)

+39 0694806488 Italy (toll)

+39 0200667245 Italy (toll)

+1 3017158592 US (toll)

+1 3126266799 US (toll)

+1 3462487799 US (toll)

+1 6699006833 US (toll)

+1 9292056099 US (toll)

+1 2532158782 US (toll)

Prior to the videoconference a presentation will be available for downloading on the Investor Relations page of El.En.'s 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 437 million.

Cod. ISIN: IT0005188336

Code: ELN

Listed on MTA

Mkt cap.: 437 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](mailto:finance@elen.it)

Tel. +39 055 8826807

**Polytems HIR**

Financial Communication, IR and Press Office

Bianca FERSINI MASTELLONI - [b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)

Paolo SANTAGOSTINO - [p.santagostino@polytemshir.it](mailto:p.santagostino@polytemshir.it)

Silvia MARONGIU - [s.marongiu@polytemshir.it](mailto:s.marongiu@polytemshir.it)

Tel. +39 06-69923324

**Tab. 1 – Three months ended September 30<sup>th</sup>, 2020 (unaudited)**

<b>Income statement - quarterly</b>	<b>30/09/2020</b>	<b>Inc %</b>	<b>30/09/2019</b>	<b>Inc %</b>	<b>Var. %</b>
Revenues	105.646	100,0%	94.498	100,0%	11,80%
Change in inventory of finished goods and WIP	8.649	8,2%	3.876	4,1%	123,16%
Other revenues and income	1.506	1,4%	1.089	1,2%	38,30%
<b>Value of production</b>	<b>115.802</b>	<b>109,6%</b>	<b>99.463</b>	<b>105,3%</b>	<b>16,43%</b>
Purchase of raw materials	70.379	66,6%	60.230	63,7%	16,85%
Change in inventory of raw material	1.929	1,8%	(5.898)	-6,2%	
Other direct services	8.963	8,5%	8.370	8,9%	7,09%
<b>Gross margin</b>	<b>34.530</b>	<b>32,7%</b>	<b>36.761</b>	<b>38,9%</b>	<b>-6,07%</b>
Other operating services and charges	7.920	7,5%	9.516	10,1%	-16,77%
<b>Added value</b>	<b>26.610</b>	<b>25,2%</b>	<b>27.244</b>	<b>28,8%</b>	<b>-2,33%</b>
Staff cost	15.325	14,5%	15.231	16,1%	0,61%
<b>EBITDA</b>	<b>11.285</b>	<b>10,7%</b>	<b>12.013</b>	<b>12,7%</b>	<b>-6,06%</b>
Depreciation, amortization and other accruals	2.438	2,3%	2.280	2,4%	6,92%
<b>EBIT</b>	<b>8.847</b>	<b>8,4%</b>	<b>9.733</b>	<b>10,3%</b>	<b>-9,10%</b>
Net financial income (charges)	(761)	-0,7%	899	1,0%	
Share of profit of associated companies	(153)	-0,1%	95	0,1%	
Other non-operating income (charges)	0	0,0%	0	0,0%	
<b>Income (loss) before taxes</b>	<b>7.932</b>	<b>7,5%</b>	<b>10.727</b>	<b>11,4%</b>	<b>-26,05%</b>

**Tab. 2 – Nine months ended September 30<sup>th</sup>, 2020 (unaudited)**

<b>Income Statement</b>	<b>30/09/2020</b>	<b>Inc %</b>	<b>30/09/2019</b>	<b>Inc %</b>	<b>Var. %</b>
Revenues	268.168	100,0%	282.948	100,0%	-5,22%
Change in inventory of finished goods and WIP	20.066	7,5%	8.861	3,1%	126,45%
Other revenues and income	3.477	1,3%	2.208	0,8%	57,44%
<b>Value of production</b>	<b>291.710</b>	<b>108,8%</b>	<b>294.017</b>	<b>103,9%</b>	<b>-0,78%</b>
Purchase of raw materials	177.703	66,3%	168.828	59,7%	5,26%
Change in inventory of raw material	(2.650)	-1,0%	(10.620)	-3,8%	-75,05%
Other direct services	22.250	8,3%	24.664	8,7%	-9,79%
<b>Gross margin</b>	<b>94.407</b>	<b>35,2%</b>	<b>111.145</b>	<b>39,3%</b>	<b>-15,06%</b>
Other operating services and charges	23.978	8,9%	31.032	11,0%	-22,73%
<b>Added value</b>	<b>70.429</b>	<b>26,3%</b>	<b>80.113</b>	<b>28,3%</b>	<b>-12,09%</b>
Staff cost	44.659	16,7%	47.497	16,8%	-5,97%
<b>EBITDA</b>	<b>25.770</b>	<b>9,6%</b>	<b>32.616</b>	<b>11,5%</b>	<b>-20,99%</b>
Depreciation, amortization and other accruals	7.635	2,8%	6.171	2,2%	23,72%
<b>EBIT</b>	<b>18.135</b>	<b>6,8%</b>	<b>26.445</b>	<b>9,3%</b>	<b>-31,42%</b>
Net financial income (charges)	(981)	-0,4%	1.166	0,4%	
Share of profit of associated companies	(279)	-0,1%	9	0,0%	
Other non-operating income (charges)	0	0,0%	0	0,0%	
<b>Income (loss) before taxes</b>	<b>16.875</b>	<b>6,3%</b>	<b>27.621</b>	<b>9,8%</b>	<b>-38,91%</b>



**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.0481-88

Numero di Pagine: 10