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financial report as of March 31, 2022

Testo del comunicato

Vedi allegato.

3.1 REGEM

Press release

The El.En. Spa BoD released the Quarterly financial report as of March 31, 2022

Excellent financial results in the first quarter Confirming Guidance for the full year

- **Consolidated Revenues: 144,4 million of euro vs 116,4 million of euro in 1Q, 2021 (+24%)**
- **EBITDA: 20,1 million of euro vs. 15,6 million of euro in 2021, (+29%); EBITDA Margin 13,9% vs. 13,4%**
- **EBIT: 17,1 million of euro vs. 12,9 million of euro in 1Q 2021, (+32%); EBIT Margin 11,8% vs. 11,1%**
- **Net Financial Position: cash positive for 85,8 million of euro vs 115,7 milioni as of December 31st, 2021**

Florence, May 13 2022 – The Board of Directors of El.En. SpA, leader in the laser market, listed on the Euronext STAR Milan ("STAR") market of the Italian Stock Exchange, released today the financial report as of March 31, 2022.

In the first three months of 2022 the El.En. Group registered a consolidated revenues for 144,4 million of euro, with an increase of approximately 24% compared to the 116,4 million of euro as of March 31, 2021 and a 17,1 million of euro EBIT, an approximately 32% increase on the 12,9 million of euro as of March 31, 2021, with an 11.8% Ebit margin. This is a record result for the first quarter, seasonally the weakest of the year, with a very high level of operating profitability allowed by the great growth in sales volumes.

Gabriele Clementi, President of EL.EN. S.p.A. said: *"The brilliant first quarter 2022 results were generated by sustained and solid demand in most of the Group's end markets, continuing to fuel an order book that remained at record levels. The Group benefited from strong demand: the markets maintained an excellent trend and sales benefited from the very attractive features of our offer, the result of the intense technical innovation of the products and of our commercial positioning."*

The very favorable trend phase continued in the first quarter of 2022, with sales and profitability results once again strongly increasing, largely in line with the forecast indications released by the Group at the beginning of the year. The excellent results were achieved in a general situation that is still complex, including adverse conditions as well, such as the increase in the prices of components and materials, and the great difficulty in timely receiving supplies. The impediments to the rapid expansion of purchases of certain components are today the strongest obstacle to the further and more rapid development of production volumes, which the market demand would instead allow. The Russian-Ukrainian war conflict, which affected the Group by eliminating sales on the Russian and Ukrainian markets, also indirectly influenced inflation with the increase in energy costs. The return of the lockdowns in China and the worsening of the pandemic problems have made the activity more complex and threaten to become a physical and psychological obstacle to the general revival of the Chinese economy.

The **medical sector** recorded growth close to 30%, with positive contribution of all segments. In the sector there was a real boom in revenues for Quanta System and El.En., accompanied by brilliant profits. Also Asclepion performed well, but was more penalized by the lack of components, which also affected Esthelogue, which missed part of the supplies from Germany for hair removal

systems. Japan was in a negative phase, both due to the protracted pandemic limitations and the weakening of the sales cycle of small home use appliances that characterized the last two years. Asa's performance was excellent, once again growing and generating substantial income. Interesting in terms of percentage growth was the strong recovery of surgical systems, which struggled to exit from the slowdown in sales of the pandemic, and also of the sale of optical fibers for urological surgery. Growth in aesthetics, the main segment, was also very solid, with a positive trend in all application segments with particularly satisfactory results in the hair removal sector and on the North American market.

In the **industrial sector**, the trend was very satisfactory even though the cutting business was affected by the problems of Covid in China, where the results were good compared to the beginning of 2021 "post covid" which had been very positive, but with a sales volume lower than expectations. In Italy, Cutlite Penta recorded a further positive leap in turnover and reorganized production logistics to further increase production volumes. It pursued a very aggressive commercial strategy, with a reduction in margins also due to supplies with commercial and technical needs that called to lower margin on sales. The prospects for Cutlite Penta are positive for the rest of the year, as well as for the rest of the industrial sector, with Lasit and Ot-las in the marking sector gradually improving their performance.

During the quarter, the activities undertaken in the area of sustainability by the Group, which are also included in the performance targets for Management compensation, continued. The Group's multi-year Sustainability Plan provides, in addition to the monitoring of existing projects and the achievement of objectives, additional areas and projects for improvement; objectives that the Group pursues by implementing initiatives and also adopting operational tools to improve the monitoring and actions envisaged by the plan for the various aspects of ESG issues, from diversity policies to supply chain requirements, to circular economy processes.

As it concerns new investments in fixed assets, the Group continues to focus on the internal development of its activities, setting up the operational structures needed to continue to seize the opportunities the markets are offering. The investments opportunities within the articulated structures of the Group are numerous and continue to be more promising than external diversification through acquisition policies.

In 1Q of 2022 revenues showed a significant increase, exceeding 24%, more marked in the medical sector. The **Medical** sector recorded a growth of about 30% compared to the same period of 2021 with a turnover of 87,2 million of euro compared to 67,2 million of euro in 1Q 2021. The **Industrial** sector recorded a 16,4% turnover increase up to 57,2 million of euro vs. the 49,1 million of euro in the first quarter of 2021.

Within the **medical and aesthetic systems** sector, which accounts for approximately 80% of turnover of the medical sector, demand was very strong in all segments. Despite having marked the lowest growth rate in the sector, the aesthetic segment trend was very satisfactory by virtue of the mix of sold products. In fact, during the quarter sales of small home use systems distributed in Japan decreased significantly, while we achieved a massive increase in sales volumes of high-power alexandrite lasers for hair removal, of which the Group is assuming a world leadership. The growth rates recorded in the other segments, surgery, therapy and service, reflected excellent volumes of sales in absolute value and an extraordinary growth compared to the first quarter of 2021. As for the service revenue, the jump in turnover was mostly driven by optical fibers for surgical use in urology, whose production had suffered a sharp slowdown at the beginning of 2021 due to some technical production problems which were then overcome in the following months.

In the **industrial applications sector**, the growth in revenues exceeded 16% confirming the positive trend of the last few years, recording increases between 8% and 21% in almost all segments with the exception of marking. Growth in the Cutting sector was higher, increasing by approximately 21%, with a turnover of 47.4 million euros compared to 39.3 million euros in the same period of 2021, with results in China that were barely satisfactory, influenced by the recent

wave of lockdowns. Marking underwent a 13,3% decline compared to the first quarter of 2021, recording sales of approximately 4,4 million of euro compared to 5,1 million in the first quarter of 2021, a decline that we hope to recover in the rest of the year. The laser sources recorded an increase of approximately 8% compared to the same period of 2021 with revenues of 1,2 million of euro.

We continue to devote great attention to the sector of conservation of the artistic heritage, with results that go far beyond mere economic results. The sector represents one of the most significant commitments of the Group in activities with social impact, placing our skills and technologies at the disposal of the conservation of the international artistic heritage.

In recent months, our lasers have been carrying out, among others, conservation work on the external vestments of the Sainte-Chapelle, a Gothic masterpiece of the 13th century located on the Ile de la Cité in Paris.



At a geographical level, growth was led by Europe where sales of 33,2 million euros were recorded compared to 23,6 million euros in the same period of 2021 with a 40,3% increase and a weight on total revenues of approximately 23%. In Italy, the sales result was 27,5 million of euro compared to 22,8 million of euro in the first quarter of 2021 with 19% weight on total sales and an increase of approximately 21%. While in the Rest of the World growth was 19.7% with 83,7 million of euro in revenues compared to 69,9 million of euro in 1Q 2021 and a weight on total of approximately 58%.

Gross margin for the first quarter was 55 million of euro, up approximately 26% compared to 43,6 million of euro as of March 31, 2021. The increase was greater than that of turnover thanks to sales margins slightly recovering from 37,5% to 38,1%, as effect of improved margins especially in the industrial sector.

EBITDA was positive for 20,1 million of euro, an increase of approximately 29% compared to the 15,6 million of euro as of March 31, 2021. EBITDA Margin in the first quarter of 2022 was equal to 13,9 % exceeding EBITDA Margin of 1Q 2021 that was equal to 13,4%.

EBIT for the quarter showed a positive balance of 17,1 million of euro, up by 32% compared to the 12,9 million of euros of March 31, 2021. EBIT margin of 11,8% was up from 11,1% the previous year marking a record result for a first quarter.

Income before taxes marked a positive balance of approximately 17,5 million of euro and recorded a significant increase of 24,4% compared to the 14,1 million of euro as of March 31, 2021.

The Group's **net financial position** on March 31st, 2022 was positive for approximately 85,8 million of euro compared to approximately 115,7 million of euro at 31 December 2021 with a decrease of approximately 30 million. The expansion of the net working capital, aimed at ensuring the stability of production processes, absorbed approximately 36 million of euro, out of which over 22 million of euro due to increase in inventories and about 13 million for the decrease in trade payables. Furthermore, it should be noted that investments in fixed assets exceeded 4 million. The solid financial position allows the Group to define its growth strategies with great freedom.

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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.

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The Board of Directors received from the Board of Statutory Auditors the self-assessment of the existence of the independence requirements of its members provided for in Article 148, TUF and the Corporate Governance Code already declared by them when accepting the application.

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War in Ukraine

The Russian-Ukrainian war conflict is causing great uncertainty and criticality in international relations between all the parties directly and indirectly involved in the conflict. The state of war on the territory of Ukraine and the severe commercial sanctions imposed on Russia seem to preclude commercial relations in these areas. El.En. historically had fruitful commercial relations with Ukraine and Russia, in particular in the sector of medical aesthetic applications. The revenues from for these areas wasn't reaching 2% of the consolidated turnover. As a group, we expect to be able to overcome the decline of in sales in these areas, with the improved performance in the rest of the world.

Current outlook

The first quarter results were in line with the annual Guidance. With reference to revenues, the quarterly results were well above the expected minimum growth of 10%. The Company, aware of the Group's potential, in the current macro-economic context involving difficulties and uncertainties that war, inflation, Chinese lockdowns and crisis of the supply chains are casting on the Group's activities, confirms for 2022 the indication of a revenues growth of well over 10% and an improvement in the income from operations.

As required by Consob, the Quarterly yearly report as of march 31st, 2022 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 / 2022*") from May 13, 2022 and on authorized storage website www.emarketstorage.com.



CONFERENCE CALL

On May 16th, 2022 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.

Join: <https://polytemshir-it.zoom.us/j/82839835555?pwd=WGhjZjZnTkVIS2RmeGowdWgzbnJHQT09>

Meeting ID: 828 3983 5555
Passcode: 899215

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+390200667245,,82839835555#,,,,*899215# Italia

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Find your local number:

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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>

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This press release may contain forecast elements on future events and results of the EL.EN. group which are based on current expectations, estimates and projections regarding the sector in which the Group operates and on the current opinions of management. By their nature, these elements have a risk and uncertainty component as they depend on the occurrence of future events. It should be noted that the actual results could differ even significantly from those announced as an effect of a multiplicity of factors beyond the control of the Group including: global economic conditions, impact of competition, political and regulatory developments in Italy and abroad.

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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 EURONEXT STAR MILAN (MTA) of Borsa Italiana. Its market capitalization amounts to Euro 1 billion of euro.

Cod. ISIN: IT0005453250

Code: ELN

Listed on Euronext STAR Milan ("STAR")

Mkt cap.: 1 billion of euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended March 31st, 2022 (unaudited)

Income Statement	31/03/2022	Inc %	31/03/2021	Inc %	Var. %
Revenues	144.384	100,0%	116.367	100,0%	24,08%
Change in inventory of finished goods and WIP	6.770	4,7%	6.133	5,3%	10,37%
Other revenues and income	1.035	0,7%	709	0,6%	46,09%
Value of production	152.189	105,4%	123.209	105,9%	23,52%
Purchase of raw materials	99.559	69,0%	75.891	65,2%	31,19%
Change in inventory of raw material	(14.877)	-10,3%	(6.001)	-5,2%	147,89%
Other direct services	12.493	8,7%	9.677	8,3%	29,10%
Gross margin	55.013	38,1%	43.642	37,5%	26,06%
Other operating services and charges	11.841	8,2%	8.818	7,6%	34,29%
Added value	43.172	29,9%	34.824	29,9%	23,97%
Staff cost	23.097	16,0%	19.263	16,6%	19,90%
EBITDA	20.075	13,9%	15.561	13,4%	29,01%
Depreciation, amortization and other accruals	2.996	2,1%	2.627	2,3%	14,07%
EBIT	17.079	11,8%	12.935	11,1%	32,04%
Net financial income (charges)	473	0,3%	1.228	1,1%	-61,48%
Share of profit of associated companies	(7)	0,0%	(64)	-0,1%	-88,50%
Income (loss) before taxes	17.545	12,2%	14.099	12,1%	24,44%

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.0481-40

Numero di Pagine: 10