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Oggetto : The BOD of El.En. Spa released the 2022  
consolidated six months financial report

*Testo del comunicato*

Vedi allegato.

3.1  
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REGEM

Press release

## The BOD of El.En. Spa released the 2022 consolidated six months financial report

***New historical record for the Group reporting excellent financial results  
Double digit revenue (up 19,4%) and EBIT (up 34,1%) growth  
2022 guidance improved***

- **Consolidated Revenue: 326,9 million of euro vs. 273,9 million of euro at 1H 2021 (+19,4%)**
- **EBITDA: 47,2 million of euro vs. 39,1 million of euro in 1H 2021 (+20,7%)**
- **EBIT: 41,4 million of euro vs. 30,8 million of euro in 1H 2021 (+34,1%)**
- **Net Income of the group positive for 28,4 million of euro vs. 22,4 million of euro in 1H 2021 (up 26,6%)**
- **Net financial position: positive for 43,9 million of euro vs. 115,8 million of euro as of December 31, 2021**

**Florence, September 12, 2022** – The Board of Directors of El.En. S.p.A., leader in the laser market, listed on the STAR segment of the Italian Stock Exchange, approved today the half-year report as of 30 June 2022, which highlights flattering results.

We continued to experience a very favorable trend phase, with sales and profitability results strongly increasing once again, largely in line with the forecasts released by the group at the beginning of the year. Demand remained strong, solid in most of the Group's markets, continuing to maintain a backlog which, despite the increases in production rates held by the Group's industrial plants, remains at very high levels. The solid demand for products was not affected by the complex general economic conditions - in Europe, USA and China - thanks to the positioning of the Group, recognized among the reference leaders in the markets in which it operates, and to the variety and quality of the offer which is meeting the needs of customers in sectors in which demand continues to be sustained, such as the medical aesthetic treatments, or the sheet metal cutting in the manufacturing sector.

The first half of 2022 showed **consolidated revenues** turnover of 326,9 million of euro vs. 273,9 million euros in 1H 2021 with a 19,4% increase. **EBITDA** was equal to 47,2 million of euro, up 20,7% with an EBITDA margin equal to 14,4% compared to the 39,1 million euros of the same period of 2021.

**EBIT** was 41,4 million of euro, marking a significant 34,1% increase compared to the 30,9 million of euro of the same period of 2021, reaching with 12,7% on revenues an excellent level of profitability.

**Net income** for the Group amounted to 28,4 million of euro with a 26,6% increase compared to 22,5 million in 1H 2021.

**Gabriele Clementi, President of El.En. S.p.A.** said: *"We are very pleased with the results we achieved, also considering the extraordinary circumstances with which we had to perform our activities. The greatest difficulties have arisen from the supply of components which became increasingly unstable and unreliable. To stabilize the availability of materials for production, the companies of the group have resorted to massive purchases of components and raw materials. Thanks to this determination we have been able to continue expanding production volumes. This is a temporary investment aimed at creating a competitive advantage maintaining the timeliness of deliveries to our customers"*.

The market demand for the Group's products was strong in all application segments and in all significant geographic markets. The medical sector recorded a close to 25% sales increase. The most significant growth in absolute terms was in the main aesthetic segment, due above all to hair removal systems. Growth rate was faster in surgery and physiotherapy, reflecting that the slowdown suffered in the past in these segments was mainly due to the effects of Covid. The sales performance of after-sales services and goods was excellent, with an outstanding flow of revenues from consumable optical fibers used in urological surgery. The activities of the medical sector showed mainly brilliant trends, both from the in sales and profitability, with marked improvements compared to the period under comparison. Insufficient availability of components slowed down production and growth of Asclepion and consequently Esthelogue's. The negative phase of the Japanese branches remains, especially due to the weakening of the sales cycle of small home use appliances that characterized the last two years.

In our largest application segment of the industrial sector, laser cutting, the overall positive results highlighted on the one hand the great success of sheet metal cutting systems performed with high and very high power laser sources on the Italian and European markets in which Cutlite Penta's extraordinary growth rate exceed 50%; on the other hand, the state of unease in the Chinese market - severely hampered by the repetition of very strict lockdown periods that have blocked many cities on several occasions - is slowing down all economic activities. The Chinese factories of the group did not suffer closures but slowdowns in the sale, production and delivery of products, achieving results that are barely satisfactory, well below their potential.

The procurement of several different types of materials continues to be very difficult. The lead times of certain electronic, plastic and metal component are now much more extended than in the past and this created considerable difficulties in the production processes. The effects of this problem had and continue to have a significant impact on the costs of raw materials and on the increase in inventories and on the achievable production rates. In the first half of the year, the group made use of its available cash to significantly expand the working capital, performing purchases of raw materials well in advance of production schedules and paying suppliers sometimes in advance aiming to guarantee the group priority in deliveries and give stability to the production processes hindered by the unavailability of components.

In the first half of 2022 the **medical sector** growth was strong in all application segments. **Aesthetics** - which represents the most important sector with a 60,7% share of total turnover - showed a revenues for approximately 111 million of euro compared to 94,1 million in the same period of 2021. The share of Aesthetics decreases slightly in the six months due to the very rapid growth in the other segments, recovering after suffering more during the most acute phases of the pandemic. The 30,0 million of euro in revenues in **surgery** were a very significant achievement (vs. 21 million of euro in 1H2021). In the field of Medical Aesthetics applications, the excellent sales trend of high-power alexandrite laser systems for hair removal continued, and the group is assuming a world leadership in this application segment.

Sales in the **after-sales service** were close to 20% of the sector's turnover, with sales at approximately 33,3 million of euro (vs. 24,7 million in the same period of 2021), a strong increase thanks above all to the sale of optical fibers for surgical applications in urology, whose production

had suffered a sharp slowdown at the beginning of 2021 due to technical production problems overcome in the following months.

In the **industrial applications sector**, on a six months basis the increase in revenues was approximately 13,2%, with total sales at 144,0 million of euro vs. 127,2 million euros in 1H 2021, driven by the **sheet metal cutting** segment which recorded a robust rise in demand with a turnover of approximately 122,1 million euros vs. 106,2 million euros in the first half of 2021, a 14,9% increase, and a share equal to approximately 84,7% of the sector's turnover.

The sales performance recorded in Italy was brilliant with Cutlite Penta achieving an excellent +52% growth on the six months.

The **marking** segment remained essentially stable with a turnover of 10,8 million of euro compared to 10,9 million euros in 1H2021 and presents further good development prospects; while the **sources** sector showed growth of 8,2% with 2,0 million if euros in revenues compared to 1,9 million euros at 30 June 2021.

Turnover increased in the **restoration** sector as well, an activity which gives great prestige to the group that contributes with its laser technologies to the restoration of absolute masterpieces. The sector of conservation of artistic heritage (restoration) represents for EL.EN. one of the most significant commitments in activities with a social impact and our skills and technologies are made available for the conservation of artistic heritage, where we play a role and value that go beyond mere financial results.

In recent months El.En. is collaborating with its lasers in the conservative restoration work at the Christ Church Gate of Canterbury Cathedral, a Gothic masterpiece, seat of the most important ecclesiastical office of the Anglican Church.





**Geographically**, in the first six months of 2022, revenue growth was rather significant in the various areas of the world. In **Italy** we marked the widest increase sales up approximately 31,1% to a turnover of approximately 65,9 million of euro and share of total revenues of approximately 20,2% compared to 50,3 million of euro in 1H 2021. An accentuated growth was also recorded in **Europe** (approximately up 28,4%) with a turnover of approximately 69,2 million of euro compared to approximately 53,9 million euro in the first six months of 2021.

In the **Rest of the World**, the first half of 2022 showed a turnover of approximately 191,9 million of euro compared to 169,7 million euros in the same period of 2021, with a 13,0% increase and a 58,7% share on total sales.

During the year we continued the activities undertaken in relation to the sustainability of the Group which are also among the performance indexes for executive directors and management compensation. The multi-year Sustainability Plan of the Group includes, besides the monitoring of the current projects and the achievement of some of the objectives, new areas and projects for improvement; the Group is pursuing these objectives by creating initiatives and equipping itself with operative instruments that are intended to improve the monitoring and the actions outlined in the Plan for the various aspects of the ESG issues, the policies on diversity in the ESG requirements related to the supply chain and circularity processes.

#### ***In detail:***

**Gross margin** of 1H 2022 amounted to approximately 121,9 million of euro, up approximately 22,0% compared to the 99,9 million of euro as of 30 June 2021. The increase was greater than that of turnover due to a slight margin recover from 36.5% to 37.3%, the effect of improving sales margins especially in the industrial sector as well as the positive contribution of the strengthening of the Euro-USD exchange rate in the medical sector.

**EBITDA** was 47,2 million of euro, up by 20,7% compared to the 39,1 million of euro of 1H 2021, thanks to the increase in turnover and the better absorption of expense form operations. The incidence on turnover remains substantially unchanged (14.4% in 2022 - 14.3% in 2021).

**EBIT** marked a positive balance of approximately 41,4 million of euro, up 34,1% compared to the 30,9 million of euro of 30 June 2021, with 12,7% margin on sales, marking a record level in 1H 2022, significantly higher than the 11,3% level achieved in the same period of 2021.

**Pre-tax income** showed a positive balance of 41,6 million of euro (31,8 million euros in 1H 2021) with a 30,8% increase.

**Net income** of the Group amounted to 28,4 million of euro, up 26,6% on the 22,5 million of euro of 1H 2021.

The **net financial position** of the Group remained positive for 43,9 million of euro as of 30 June 2022 and recorded a decrease of approximately 72 million in the period, compared to 115,8 million as of 31 December 2021. The change in net working capital determined an absorption of approximately 46 million destined for rapid growth to prevent and alleviate the impact on the business of the supply chain crisis. The change in other current payables and receivables, amounting to 14 million of euro, reflected the decrease in advances received from customers (especially in China where order acquisition, as well as sales volumes, were relatively weak), and increase in advances paid to suppliers, necessary to ensure timely supplies. As for approximately 7 million, it derived from the temporary trend in tax payables and receivables, with payments made for direct and indirect taxes that constituted credits in excess of the debit items created by the taxable income for the period.

Investments in new buildings and plants and their set up together with improvements to the "historic" plants of the group absorbed approximately 6,2 million in the six months, of which 2,4 for

the second Quanta System plant in Samarate and 1,7 million for the Chinese activities in the laser cutting sector. Other investments in equipment, vehicles and plants reached 2,6 million in the half year. Furthermore, of the 11,9 million investments recorded, 3 million are in fact an investment of liquidity, recorded in financial fixed assets to reflect its multi-year nature.

In the reported period dividends for 17,2 million of euro were also paid, of which 16 million by El.En. S.p.a. equal to 20 euro cents per share.

Income from current operations of the six months, although excellent, were unable to cover the cash absorption the net financial position registered a decline, although remaining very strong.

The first half of 2022 clearly highlighted the group's strategic propensity to support and facilitate rapid growth by investing also in working capital, an investment that is partly temporary and necessary to overcome the obstacles posed by the widespread unreliability of component supplies.

\* \* \* \* \*

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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**Event "Extreme light from physics to art"**

On the 6<sup>th</sup> of September El.En. hosted a great event in the splendid setting of Palazzo Vecchio in Florence, in the presence of the 2018 Nobel Prize in Physics Gérard Mourou and of other world stars of physics, scientist who contributed with their studies to the realization of pioneering research conducted in the field of laser physics, paving the way for a multitude of scientific and medical applications. In celebrating its 40<sup>th</sup> anniversary together with these scientists, El.En. wanted to emphasize the importance of collaboration between the academic world and business and the benefits that resulted for the company but above all for the applications made possible in fields ranging from medicine to art to the manufacturing industry.

**Possible developments of the "Laser Cutting" business unit**

Penta Laser Wenzhou, recently renamed Penta Laser Zhejiang (respectively city and region of the company headquarters), is today the parent company of the Chinese and Italian companies engaged in the business of metal laser cutting. The transformation into a joint stock company obtained in February 2022 to complete the reorganization process of the business unit structure, is a necessary condition in the path towards a possible IPO of the business unit, which, once this further step is completed, is now one of the strategic options that can be implemented in the pursue our ambitious growth objectives in the sector. Under this profile, the conditions of the Chinese markets in recent months, with the frequent lockdowns that slowed down all economic activities, have not been favorable.

**War in Ukraine**

The Russian-Ukrainian war conflict caused 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 and its allies seem to preclude commercial relations in these areas. In 2021 El.En. group revenues from the areas did not



reach 2% of consolidated revenues. The group is overcoming the decline in sales in these areas with the best performance in the rest of the world.

### Subsequent events

On September 1<sup>st</sup>, 2022 El.En. S.p.a. sold its 98.27% stake in the subsidiary Cutlite do Brasil LTDA to Cutlite Penta S.r.l., a transfer that formalizes the full involvement of the Brazilian subsidiary's activities in the business of sheet metal laser cutting.

### Current Outlook

The financial results for the first half were broadly in line with the annual guidance disclosed in May for the entire year 2022. We currently see the possibility of continuing the year with excellent results, consolidated revenues expected over 660 million of euro with EBIT growth as well, even if compared to the first half we expect profitability to be penalized by inflation and energy bills. Finally, the forecasts made are based on the confidence that the current favorable conditions of our markets will not be altered by more incisive and widespread undesirable effects deriving from the looming criticalities of inflation, energy crisis and war in Ukraine.

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As required by Consob, the Quarterly yearly report as of June 30<sup>th</sup>, 2022 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 / 2022*") from September 12, 2022 and on authorized storage website [www.emarketstorage.com](http://www.emarketstorage.com).

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**CONFERENCE CALL**

On September 13, 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.

<https://polytemshir-it.zoom.us/j/88590276441?pwd=RVJBYWQ1UmdzWkRUcFFKNEpNDFFdz09>

Meeting ID: 885 9027 6441

Passcode: 322421

From your mobile:

+390200667245,,88590276441#,,,,\*322421# Italia

+3902124128823,,88590276441#,,,,\*322421# Italia

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

Cod. ISIN: IT0005453250

Sigla: ELN

Listed on Euronext STAR Milan ("STAR")

Mkt cap.: 1.1B di euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – El.En. Group Profit and Loss account as of June 30<sup>th</sup> , 2022**

Income Statement	30/06/2022	Inc %	30/06/2021	Inc %	Var. %
Revenues	326.975	100,0%	273.911	100,0%	19,37%
Change in inventory of finished goods and WIP	9.734	3,0%	12.745	4,7%	-23,63%
Other revenues and income	2.981	0,9%	2.162	0,8%	37,88%
<b>Value of production</b>	<b>339.690</b>	<b>103,9%</b>	<b>288.819</b>	<b>105,4%</b>	<b>17,61%</b>
Purchase of raw materials	218.320	66,8%	184.890	67,5%	18,08%
Change in inventory of raw material	(29.450)	-9,0%	(16.934)	-6,2%	73,90%
Other direct services	28.964	8,9%	20.948	7,6%	38,27%
<b>Gross margin</b>	<b>121.855</b>	<b>37,3%</b>	<b>99.915</b>	<b>36,5%</b>	<b>21,96%</b>
Other operating services and charges	27.646	8,5%	20.763	7,6%	33,15%
<b>Added value</b>	<b>94.209</b>	<b>28,8%</b>	<b>79.153</b>	<b>28,9%</b>	<b>19,02%</b>
Staff cost	46.982	14,4%	40.015	14,6%	17,41%
<b>EBITDA</b>	<b>47.227</b>	<b>14,4%</b>	<b>39.138</b>	<b>14,3%</b>	<b>20,67%</b>
Depreciation, amortization and other accruals	5.836	1,8%	8.280	3,0%	-29,52%
<b>EBIT</b>	<b>41.391</b>	<b>12,7%</b>	<b>30.857</b>	<b>11,3%</b>	<b>34,14%</b>
Net financial income (charges)	255	0,1%	1.088	0,4%	-76,58%
Share of profit of associated companies	7	0,0%	(111)	0,0%	
<b>Income (loss) before taxes</b>	<b>41.653</b>	<b>12,7%</b>	<b>31.835</b>	<b>11,6%</b>	<b>30,84%</b>
Income taxes	11.011	3,4%	6.928	2,5%	58,95%
<b>Income (loss) for the financial period</b>	<b>30.641</b>	<b>9,4%</b>	<b>24.907</b>	<b>9,1%</b>	<b>23,02%</b>
Net profit (loss) of minority interest	2.219	0,7%	2.457	0,9%	-9,66%
<b>Net income (loss)</b>	<b>28.422</b>	<b>8,7%</b>	<b>22.451</b>	<b>8,2%</b>	<b>26,60%</b>

**Tab. 2 – El.En. Group balance sheet as of June 30<sup>th</sup> , 2022**

Statement of financial position	30/06/2022	31/12/2021	Variation
Intangible assets	4.835	4.914	-79
Tangible assets	106.871	100.822	6.049
Equity investments	2.069	1.949	119
Deferred tax assets	11.128	10.364	764
Other non-current assets	21.331	18.599	2.732
<b>Total non current assets</b>	<b>146.233</b>	<b>136.648</b>	<b>9.586</b>
Inventories	196.331	155.939	40.391
Accounts receivable	160.374	146.774	13.601
Tax receivables	18.912	15.725	3.187
Other receivables	21.416	13.155	8.261
Financial instruments	953	1.091	-137
Cash and cash equivalents	119.980	181.363	-61.383
<b>Total current assets</b>	<b>517.966</b>	<b>514.047</b>	<b>3.919</b>
<b>Total Assets</b>	<b>664.199</b>	<b>650.695</b>	<b>13.505</b>
Share capital	2.594	2.594	0
Additional paid in capital	46.858	46.841	17
Treasury stock	-282	0	-282
Other reserves	96.484	88.077	8.407
Retained earnings / (accumulated deficit)	107.935	86.425	21.510
Net income / (loss)	28.422	45.436	-17.014
<b>Group shareholders' equity</b>	<b>282.011</b>	<b>269.372</b>	<b>12.638</b>
Minority interest	20.932	18.329	2.603
<b>Total shareholders' equity</b>	<b>302.942</b>	<b>287.701</b>	<b>15.241</b>
Severance indemnity	4.291	5.101	-810
Deferred tax liabilities	2.554	2.506	48
Reserve for risks and charges	10.385	10.470	-85
Financial debts and liabilities	37.100	36.982	117
Other non current liabilities	6.950	6.184	766
<b>Total non current liabilities</b>	<b>61.279</b>	<b>61.242</b>	<b>37</b>
Financial liabilities	32.963	23.522	9.441
Accounts payable	166.087	158.072	8.015
Income tax payables	6.524	9.906	-3.382
Other current payables	94.405	110.252	-15.846
<b>Total current liabilities</b>	<b>299.978</b>	<b>301.751</b>	<b>-1.773</b>
<b>Total Liabilities and Shareholders' equity</b>	<b>664.199</b>	<b>650.695</b>	<b>13.505</b>

**Tab. 3 – EI.En. Group cash flow statement as of June 30<sup>th</sup> , 2022**

<b>Cash flow statement</b>	<b>30/06/22</b>	<b>30/06/21</b>
Cash flow generated by operating activity	(43.410)	30.027
Cash flow generated by investment activity	(10.005)	(7.856)
Cash flow generated by financing activity	(8.732)	(9.295)
Change in cumulative translation adjustment reserve on cash and cash equivalents	764	604
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(61.383)</b>	<b>13.480</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>181.363</b>	<b>123.744</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>119.980</b>	<b>137.224</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 – other long term payables

Fine Comunicato n.0481-58

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