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Informazione Regolamentata n. 0481-76-2022	Data/Ora Ricezione 14 Novembre 2022 17:34:56	Euronext Star Milan
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Societa' : El.En.
Identificativo : 169436
Informazione
Regolamentata
Nome utilizzatore : ELENN01 - Romagnoli
Tipologia : REGEM; 3.1
Data/Ora Ricezione : 14 Novembre 2022 17:34:56
Data/Ora Inizio : 14 Novembre 2022 17:34:57
Diffusione presunta
Oggetto : El.En.'s BOD releases the Financial Report
as of September 30th, 2022

Testo del comunicato

Vedi allegato.

3.1 REGEM

Press release

El.En.'s BOD releases the Financial Report as of September 30th, 2022

Continuing excellent financial results

Robust Revenues growth: +19.5% at 484,3 million of euro

EBITDA: 67,6 million of euro, 14% on Revenues

EBIT: 57,9 million of euro, 12% on Revenues

Pre-tax income: 57,9 million of euro

2022 Guidance confirmed

Financial highlights for the nine months ending September 30, 2022

- Consolidated Revenues: 484,3 million of euro vs. 405,3 million of euro in 2021 (+19,5%)
- EBITDA: 67,6 million of euro (+ 21,4%) vs. 55,7 million in 2021
- EBIT: 57,9 million of euro (+29,9%) vs. 44,6 million of euro in 2021
- Pre-tax income: 57,9 million of euro (+27,1%) vs. 45.6 million of euro in 2021
- Net Financial position: positive for 32,0 million of euro vs. 43,9 million as of June 30, 2022

Financial highlights for the third quarter of 2022,

- Consolidated Revenues: 157,4 million of euro vs. 131,4 million of euro of Q3, 2021, (+19,8%)
- EBITDA: 20,3 million of euro (12,9% on Revenues) vs. 16,5 million of euro in Q3 2021, (+23,1%)
- EBIT: 16,5 million (10,5% on revenues) vs. 13,7 million of euro in Q3 2021, (+20,5%)
- Pre-tax income: 16,3 million of euro (10,3% on Revenues) 13,7 million of euro in Q3 2021, (+18,5%)

Firenze, 14th November 2022 – The Board of Directors of El.En. S.p.A., leader on the laser market, listed on the Euronext STAR Milan ("STAR") of Borsa Italiana, released today the nine months financial report as of September 30, 2022, which showed **consolidated Revenues** at 484,3 **million of euro** with a 19,5% increase compared to the 405,3 million of euro of the same period of 2021, and an **EBIT** of 57,9 **million of euro**, up 29,9% on the 44,6 million of euro of the same period of 2021.

In the third quarter of 2022 the group registered brilliant financial results. **Quarterly Revenues** were equal to 157,4 **million of euro**, up 19,8% on 131,4 million of euro of the corresponding quarter of 2022, while **EBIT** was 16,5 **million of euro** in the **quarter**, with a 10,5% margin on sales, up 20,5% on the 13,7 million of euro of the same quarter of 2021.

Gabriele Clementi, President of El.En. Spa said: "*The continuous growth of the Group's revenues in the first nine months is very pleasing for us, and it confirms our ability to face the challenges we encounter on a daily basis on our markets and the Group's ability to continue with constancy and determination towards important medium-long term objectives. Financial results were extraordinary, in line with the forecasts provided for the year 2022, and at the same time expression and implementation of the Group's ambition to grow and to play an increasingly important role, also an effect of the investments made in recent years for supporting the expected growth. We will continue*

to further invest in the future development of the Group. For the next few months, we are confident that we will be able to achieve the objectives set by continuing the positive trend of the year that is about to end ".

During the third quarter of 2022, the group's activities maintained a high pace, with production volumes and turnover growing sharply compared to the corresponding period of 2021. The quarterly turnover showed a 19,8% increase while the growth rate over the nine months stood at 19,5%. The robust growth in turnover allowed to maintain a high level of profitability, despite the objective difficulties imposed by inflation and expensive energy, among others. EBIT for the 9 months was 57,9 million of euro, equal to 12% of revenues, EBIT margin for the quarter was 10,5%, lower than the annual average mainly due to the lack of contribution of the activities on the Chinese territory.

Demand remained solid in the medical sector, in all application segments, and in the industrial sector. The orders in the backlog remained consistent despite the increase in turnover and production capacity. The only area that showed weakness in the period was China, in the laser cutting sector, suffering the slowdown of the Chinese economy hampered by the persistence of anti-covid restrictions, isolation and by the looming crisis in the real estate sector.

The Group's production capacity adapted to the demand rapid growth trend. The large investments in infrastructures made in recent years made it possible to reach the record levels of production and turnover achieved. Investments are still underway in the various operating offices, for Quanta System in Samarate, in Calenzano for El.En., in Torre Annunziata for Lasit and also in Wuhan for laser cutting. Difficulties on supply chains and material shortages continued to slow down the Group's production processes, in particular the production lines of Asclepion's Mediostar systems.

Inflation led to a generalized increase in the purchase costs of all the components required for the manufacture of the Group's products. To avoid margins erosion, starting from the second half of 2022 some Group companies have applied increases on sales prices. This is in addition to the strategy of the group which has historically defended margins by applying "premium prices" to new products continuously placed on the market thanks to systematic innovation.

With reference to energy costs, the Group is bearing strong cost increases, especially in Italy, with a rise its general expenses which is in this phase absorbed by the extraordinary increase in turnover. Energy does not constitute a significant portion of the cost of our products, since the companies of the Group are not energy-intensive.

The general conditions of the economy during the quarter remained positive. Demand was solid, allowing double-digit growth results in all application segments and in all geographic areas with the exception of China. In the medical sector, in particular in aesthetics, demand proved solid, keeping the order book around an all-time high. The same happened in the industrial sector of laser cutting in the Italian and European market.

The firm commitment to continuously improve the competitive positioning of the Group continued during the period and the attention to the needs of the markets led to research, development and engineering activities on several new products that will form the backbone of the further future developments of the Group.

The growth achieved was significant in all market segments in which the Group operates and "double-digit" results were registered both in the medical sector which grew by 22,7% and in the industrial applications sector which showed a 15,7% increase.

As it pertains to **medical** sector, which closed with a turnover of 270,5 million of euro vs. 220,5 million of euro in the same period of 2021 (up 22,7%), growth remained strong in all application segments with an average of over 22%.

Aesthetics, the most important segment, closed the period with revenues at 167,0 million euros vs. 140,5 million of euro at 30 September 2021, up almost 20% with a 61% share on the medical sector, a share that decreased slightly due to the even faster growth recorded in the other segments, recovering after having suffered most during the acute phases of the pandemic.

The fastest growth was recorded in surgery (+35,2%) with a result of 43,8 million of euro compared to 32,4 million in the same period last year, also exceeding the record levels marked in 2019, a goal achieved also in therapy, where turnover grew by 20,7% to 11,6 million of euro compared to 9,6 in the same period of 2021. In the aesthetics, sales performance was excellent in all main application segments, hair removal, removal of tattoos and pigmented lesions, body treatments and skin rejuvenation. In the high-power alexandrite laser systems for hair removal, the group is assuming a world leadership.

Revenues in **after-sales** services were up by 25,9% and are close to 20% of the medical sector turnover, with a sharp increase thanks above all to the sale of optical fibers for urology surgical applications.

In the first 9 months of 2022, the **industrial applications** sector recorded growth of more than 15%, a very positive result considering the negative conditions of the Chinese market which is the main market for the Group in the sector. Revenues were approximately 213,8 million of euro compared to 184,8 million in 2021. Turnover was driven by the laser cutting segment which recorded Revenues for 180,5 million of euro compared to 156 million in the first 9 months of 2021, with a 15,7% increase. Laser cutting highlighted a very brilliant trend in sales in Italy and in Europe, while in China the results were lower than forecasts due to the limitations deriving from the new wave of lockdowns imposed on the Chinese territory and the subsequent uncertain economic trend. The Group's products continue to be well positioned for further expected growth. In Italy, Cutlite Penta recorded a very positive trend in sales with an extraordinary 62% growth in revenues achieved in the first nine months of 2022.

The **marking** segment accelerated in the quarter and posted a 15,5% growth in revenues; while the **sources** sector remained stable.

The **Conservation** of the artistic heritage represents one of the most significant commitments of the Group in activities with a social impact, in which our skills and technologies are made available for the conservation of works of art. These are often masterpieces of worldwide relevance and notoriety and El.En., which flourished in a city with an extraordinary artistic heritage, lists this mission among its most essential, in relation to the needs of its territory as well.

During the period we report our contribution to the restoration of the facade of Palazzo Leoni-Calchi, better known as Casa degli Omenoni, a very original pearl of the Milanese center conceived in the 16th century by the decorator and sculptor Leone Leoni, full of "capricious inventions" as Vasari described it in his "Lives".



At a **geographical** level, the fastest growth was recorded in Italy with an increase of more than 35% and Revenues at 96,4 million euros compared to 71,4 million of euro in the same period of 2021, followed by Europe which showed a 27,3% increase in revenues up to 103,6 million of euros from 81,4 million of 3Q 2021. The rest of the world grew by 12,6% and showed revenues for 284,3 million euros up from 252,5 million at 30 September 2021.

Gross margin for the nine months amounted to 179,5 million of euro, an increase of approximately 19,5% compared to the 150,2 million of September 30, 2021. Gross margin on revenues remained in line with the 9 months 2021, marking a slight decrease in the third quarter compared to the first half.

EBITDA for the first nine months was positive for 67,6 million of euro, up by 21,4% compared to the 55,7 million euros of 30 September 2021 thanks to the increase in turnover and the better absorption of operations expenses. EBITDA margin improved marginally (13,7% in 2021, 13,9% in 2022).

EBIT at the end of the first 9 months of 2022 showed a positive balance of 57,9 million of euro compared to 44,6 million of euro at 30 September 2021, with EBIT margin increasing from 11% of the previous year to 12% of the period under review. As regards the third quarter, EBIT margin was 10.5%.

The 9-months **pre-tax income** was positive for 57,9 million of euro, compared to 45,6 million euros at 30 September 2021, with an 12 % impact on turnover, compared to 11.2% in the same period of 2021, and a 27,1% increase.

The net financial position of the Group at 30 September 2022 was positive for approximately 32,0 million of euro. In the first nine months, the NFP decreased by approximately 84 million of euro from 115,8 million euros as of 31 December 2021, and in the third quarter by 11,9 million from 43,9 million of euro as of 30 June 2022.

The 74 million increase in net working capital resulted from the need to supply materials in order to support the rapidly growing scheduled production volumes, with planning carried out well in advance to prevent or at least alleviate the impact on the business of the supply chains strains. Investments in the quarter, especially in new buildings and related equipment and improvements to the Group's "historic" plants, amounted to approximately 6,3 million, a significant commitment but the least significant in the period than the investment in working capital to support the production and sales activities.

During the year, dividends of 17,2 million of euro were paid, of which 16 million by El.En. Spa equal to 20 euro cents per share.

The cash profitability for the period, although very good, was not able to meet all the uses of cash and avoid the decline in the net financial position, which however remained positive and still strong.

This phase clearly highlights the Group's strategic propensity to support and facilitate rapid growth by allocating its available cash to working capital as well, an investment that is partly temporary and necessary at this stage to overcome the obstacles posed by the widespread unreliability of component supplies, amid a significant increase in production and sales volumes.

Possible developments of the “Laser cutting” business unit

In October, Penta Laser Zhejiang, head of the Chinese and Italian companies engaged in the metal laser cutting business, concluded a capital increase reserved to two Chinese private equity funds, the details of which were provided in the press release dated October 18th, 2022. The operation is to be framed within the ambitious growth objectives in the industrial laser cutting sector. The opening of the shareholders base to local financial entities of high standing is one of the preparatory operations for a possible IPO of the Industrial Business Unit on a regulated Chinese market.

Current outlook

The current status of demand, orders book and production capacity allow us to look forward to a positive end of the year, in line with the excellent results achieved so far in 2022. The Company confirms the Guidance already issued, with expected annual consolidated revenues higher than 660 million of euro and an EBIT margin in line with the result of the first 9 months of the year.

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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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As required by Consob, the Quarterly yearly report as of September 30th, 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 November 14th, 2022 and on authorized storage website www.emarketstorage.com.

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CONFERENCE CALL

On September 15, 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/88665844860?pwd=blluc2xhYmROVkrRwMUNxL3RrYU1HQT09>

ID meeting: 886 6584 4860

Passcode: 807411

From Mobile:

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Dial based on your position

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+1 309 205 3325 United States

+1 312 626 6799 United States (Chicago)

+1 346 248 7799 United States (Houston)

+1 360 209 5623 United States

+1 386 347 5053 United States

+1 507 473 4847 United States

+1 564 217 2000 United States

+1 646 931 3860 United States

+1 669 444 9171 United States

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+1 719 359 4580 United States

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Find your number: <https://polytemshir-it.zoom.us/u/kjJwCO0C0>

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Prior to the call a presentation will be available for download on the Investor Relation page of the El.En. group: <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. These elements have by their nature a component of risk and uncertainty since they depend on the occurrence of future events. It should be noted that the actual results could differ even significantly from those announced in relation to 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*

Cod. ISIN: IT0005453250

Sigla: ELN

Listed on Euronext STAR Milan ("STAR")

Mkt cap.: 1B di euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ending September 30, 2022 (unaudited)

Income statement - quarterly	30/09/2022	Inc %	30/09/2021	Inc %	Var. %
Revenues	157.374	100,0%	131.388	100,0%	19,78%
Change in inventory of finished goods and WIP	9.303	5,9%	9.888	7,5%	-5,92%
Other revenues and income	1.585	1,0%	1.683	1,3%	-5,82%
Value of production	168.261	106,9%	142.959	108,8%	17,70%
Purchase of raw materials	103.061	65,5%	86.398	65,8%	19,29%
Change in inventory of raw material	(6.038)	-3,8%	(3.716)	-2,8%	62,49%
Other direct services	13.597	8,6%	9.989	7,6%	36,12%
Gross margin	57.641	36,6%	50.287	38,3%	14,62%
Other operating services and charges	13.864	8,8%	13.221	10,1%	4,87%
Added value	43.776	27,8%	37.066	28,2%	18,10%
Staff cost	23.439	14,9%	20.541	15,6%	14,11%
EBITDA	20.337	12,9%	16.525	12,6%	23,07%
Depreciation, amortization and other accruals	3.804	2,4%	2.805	2,1%	35,60%
EBIT	16.533	10,5%	13.720	10,4%	20,50%
Net financial income (charges)	(261)	-0,2%	68	0,1%	
Share of profit of associated companies	(4)	0,0%	(60)	0,0%	-92,70%
Income (loss) before taxes	16.267	10,3%	13.727	10,4%	18,50%

Tab. 2 – Nine months ending September 30, 2022 (unaudited)

Income Statement	30/09/2022	Inc %	30/09/2021	Inc %	Var. %
Revenues	484.348	100,0%	405.300	100,0%	19,50%
Change in inventory of finished goods and WIP	19.036	3,9%	22.633	5,6%	-15,89%
Other revenues and income	4.566	0,9%	3.845	0,9%	18,75%
Value of production	507.951	104,9%	431.778	106,5%	17,64%
Purchase of raw materials	321.381	66,4%	271.289	66,9%	18,46%
Change in inventory of raw material	(35.487)	-7,3%	(20.650)	-5,1%	71,85%
Other direct services	42.561	8,8%	30.937	7,6%	37,57%
Gross margin	179.496	37,1%	150.203	37,1%	19,50%
Other operating services and charges	41.511	8,6%	33.984	8,4%	22,15%
Added value	137.985	28,5%	116.219	28,7%	18,73%
Staff cost	70.421	14,5%	60.556	14,9%	16,29%
EBITDA	67.564	13,9%	55.663	13,7%	21,38%
Depreciation, amortization and other accruals	9.640	2,0%	11.086	2,7%	-13,04%
EBIT	57.924	12,0%	44.577	11,0%	29,94%
Net financial income (charges)	(7)	0,0%	1.156	0,3%	
Share of profit of associated companies	3	0,0%	(171)	0,0%	
Income (loss) before taxes	57.920	12,0%	45.562	11,2%	27,12%

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.0481-76

Numero di Pagine: 12