

press release

## The BoD of El.En. Spa releases the 2019 draft financial statements

***Strong growth for the Group  
Consolidated revenues over 400 million of Euro  
Net result for the group of 26 million of Euro***

- Consolidated revenues up 15,8%, at 400,8 million of euro, was 346 million of euro in 2018
- EBIT at 38,2 million of euro up 27,4% on the 30 million of euro of 2018
- Consolidated Net Income at 26,0 million of euro (was 16,8 million of euro in 2018) up 54,92%
- Net Financial Position positive for 61,4 million of euro
- El.En. Spa Revenues at 67,7 million of euro up 9,0% on the 62,1 million of euro of 2018
- Dividend proposal: 0,40 Euro per share

**Florence, March 13<sup>th</sup> 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, discussed and approved today the consolidated financial report as of December 31st, 2019, together with the El.En. Spa draft financial report as of the same date to be proposed for approval at the Shareholder's meeting.

2019 was another year of strong growth and consolidation of the group's competitive positions on a global scale, testifying to the Group's ability to continue the path of rapid development for which in recent years substantial investments were made to expand the logistic structures and critical operational functions. Turnover grew by 16%, exceeding **400 million euros** and thus confirming the solid trend of the last few years. Operating profitability remained high and the brilliant results showed a **net result** for the group of over **26 million Euros**, with an **EBIT** of **38,2 million Euros** (9,5% on revenues) a strong growth compared to the approximately **30 million Euros** recorded in 2018. These results exceed by far the growth and profitability guidance released at the beginning of the year.

A notable increase in revenues was recorded in 2019 following the operational reorganizations put in place in the last two years and the strengthening of the logistics and production structures and by the accelerated innovation of products that have allowed the Group to better seize the opportunities offered by its outlet markets. 2019 was again a year of great expansion of the Group during which the extensions of the production structures for most of the operating sites were almost completed, thus expanding the production capacity to support greater future volumes. In detail, construction work was completed in Vicenza for Asa, in Jena for Asclepion, in Prato for Cutlite Penta and Ot-las and these companies are already fully operating in the new factories. In December the Lin Yi plant was inaugurated, our third Chinese production center positioned in the highly industrialized region of Shandong also benefiting from significant support from the local administration. The new Wenzhou buildings dedicated to production of laser systems, light sub-assemblies, research and development showroom areas and customer reception are nearing completion. The works of equipping the production areas at Torre Annunziata for Lasit and they are in a similar status and in Calenzano for

El.En as well, where the spaces made available by the move to Prato of the production activities of Cutlite Penta and Ot-las are being rationalized. The functions dedicated to the development of new products, and their medical certification, necessary for the products to find outlet markets all over the world, have been enhanced. Solid results in terms of new products made available for important foreign markets have already been obtained during 2019.

Also in 2019, the growth in revenue involved all sectors and all the main application segments in which the Group is active. The medical sector grew faster, but also in the industrial sector the Group was able to record a good increase in turnover in the main sheet metal laser cutting segment and excellent results in identification laser marking.

**Gabriele Clementi, President of El.En. S.p.A. said** "2019 was another very positive year with revenues, well beyond our initial guidance, hitting the 400 million euros threshold up both in the medical and industrial sectors and on all the geographic markets in which El.En is active. We are continuing to achieve flattering results and we are very satisfied in releasing them to the market, confirming our determination to pursue our growth strategies".

## **Business trend analysis**

The macroeconomic framework in which the Group operated in 2019 displayed different aspects through the year and for different geographical areas. The conditions in the United States were positive, allowing the Group to markedly increase its revenues in the area. The general conditions in Europe and Italy were much softer, though excellent results have been achieved in spite of the sluggish general economic growth thanks to the great attractiveness of the Group's innovative laser systems. The Chinese market for sheet metal laser systems, after a promising start, slowed down, affected by the so-called tariff war and by the slowdown in overall economic growth in China. Despite the Chinese economy's softening in the second half of 2019, we deemed that the specificity of the Group's offer, characterized by the productivity, flexibility and increasing cost-effectiveness of the systems offered on the market, will allow to maintain the positive trend for which the operational structures needed to provide the planned production volumes have been set up, and for which the ownership stake in our Chinese Joint Ventures have been expanded.

Following two years in which the industrial sector had clearly outpaced the medical sector in terms of growth, in 2019 the activities of the medical sector grew faster, without significantly affecting the relative weights of the sectors within the Group's turnover. Growth rates were 22,4% for the medical sector and 7% for the industrial sector, respectively.

**In the medical sector**, representing in 2019 more than 60,4% of the Group's turnover, after-sales service stood out with revenues up by approximately 36% and becoming about 19% of the medical sector sales. The urology sector was decisive for the period: considering the turnover for laser systems together with that of optical fibers accounted for in the service segment as consumables goods, this business altogether almost reached 50 million euros in 2019, up 46% compared to the corresponding period of 2018. The **aesthetic segment** was up about 22% and remained the most relevant for the Group, due to sustained growth in the application segments of hair removal and tattoo removal. The tattoo removal technology it is used in the Far East for anti-aging applications, too. Among the numerous applications of our technologies in the aesthetic field, a significant contribution to turnover is attributable to Onda Coolwaves by Deka for *body contouring*, an innovative controlled microwave system which, through the "Coolwaves", treats localized adiposity performing body remodeling, with extraordinary results on cellulite from the first session. Other systems dedicated to "body treatments" were released to the market in 2019, in particular the B-star, distributed in Italy by Esthelogue for the professional aesthetics sector. As a whole, the "body" segment became among the most relevant in 2019, second only to hair removal and of a size similar to tattoo removal.

**In the surgical sector** (+19,5%) urology led the turnover increase in the period, and together with the sales of CO<sub>2</sub> laser systems for ENT and diode laser systems for endovascular treatments neutralized the slowdown in the overall sales volume of Monna Lisa Touch systems for gynecology.

The **industrial sector** was once again growing in 2019 : the general situation was less favorable in 2019 than in the past for laser systems for industrial applications, nevertheless the sector's overall turnover exceeded 2018 by 7%. The segment that marked higher growth was Industrial Service, up by a notable 44,3%; followed by the **marking** which increased by 13,5% and by art conservation with again a double digit growth of 11,7%. The main segment remains laser cutting with turnover of around 119,7 million about 75,5% of the industrial sector, that was up 3,6% compared to 2018.

**In terms of geography**, growth was achieved in all areas where the Group is present. The most significant growth was recorded in non-European countries and showed an increase of 16,9%. The European countries and Italy both recorded double-digit growth, of approximately 15,2% and 13% respectively. Foreign markets continue to represent overall more than 81% of our sales, confirming the global dimension of the Group's business.

### **Financial performance of the group**

**Gross Margin** was 156 million Euros, an increase of 13,5% compared to 137,5 million in the previous year, with an 38,9% margin on revenues. The change in margins was from 39,7% in 2018 to 38,9% in 2019, and was due to a small margin reduction both in medical and industrial sectors and to the lower contributions for research collected in the period.

**EBITDA** reached 46,3 million of euro (with a 11,6% margin on turnover) compared to 35,6 million euros in the same period of 2018 and 30% increase.

**EBIT** was positive for approximately 38,2 million Euros, an increase of 27,4% on the 30 million euros in 2018 and with an improvement in the EBIT margin up to 9,5% in 2019 compared to 8,7% in 2018. In the fourth quarter, EBIT margin was 10%

Also thanks to the positive balance of financial income and losses, **pre-tax income** as of December 31<sup>st</sup>, 2019 was 38,6 million euro (9,6% on Revenues) with a 30,8% increase compared to the 29,5 million of 2018.

The Group closed 2019 with a positive **Net Income** of 26,0 million Euros compared to 16,8 million of last year (up 54,9%). The incidence on revenues for 2019 was approximately 6,5%, up on the previous period.

The **Net financial position** as of December 31<sup>st</sup>, 2019 was positive for 61,4 million euros. The Group's NFP decreased by approximately 1 million in the year from the end of 2018 when it was equal to 62,5 million euro, but is higher than the NFP registered on September 30<sup>th</sup>, 2019 which showed a positive balance of 50,8 million euro. Cash flow generation in 2019 was very satisfactory, considering that the Group paid dividends to third parties for a total of 8,6 million euros and booked investments in fixed assets for around 22 million euro.

## Financial performance of the parent company El.En. spa

The Company registered **Revenues** for 67,7 million euro as of December 31<sup>st</sup>, 2019, up 9,0% compared to 62,1 million euros of 2018.

**EBITDA** was positive for 3,2 million euros compared to 1,9 million euros in 2018, with an 4,8% incidence on turnover as of December 31<sup>st</sup>, 2019.

**EBIT** was 1,7 million euros as of December 31<sup>st</sup>, 2019 compared to 0,5 million of euros in 2018 with a positive change of approximately 243%.

The **pre-tax** result showed a positive balance of 5,2 million euros, compared to the 3,2 million euros registered in the previous year.

El.En. Spa closed the year with a **Net Income** of 5,8 million euros compared to 2,8 million euros of 2018 with a 107,3% increase and a 8,6% incidence on turnover .

The **Net Financial Position** at the end of December 2019 was positive for 26,7 million euros.

## Other significant events subsequent to the closing of the financial year

### **COVID-19 Emergency**

In mid-January, the perception of the spread of the epidemic with an epicenter in the city of Wuhan was clear and the containment measures adopted by the Chinese government were drastic, with home quarantine imposed on the entire province of the city of Wuhan, Hubei and other provinces. While thanks to the substantial sterilization of the number of new patients in other provinces life is returning to normal, the limitation of the movement of people and the blockade of the city of Wuhan still remain.

The effects on the Group's business have been significant and the three factories in China, in compliance with the governmental instructions, had to extend the holiday closure and block production. In Lin Yi and Wenzhou business started again at the beginning of March, at a slower pace due to the continuing difficulty of moving between the provinces, while in Wuhan, where most of our employees reside, the city is still in quarantine. As production capacity stalls start to be overcome after losing a couple of months, demand for products will take longer to return to expected levels for 2020.

In Italy too, the recent government measures have in fact blocked sales on Italian territory, while, despite very difficult conditions, where possible and allowed and with the utmost consideration of the needs and safeguarding of the health and safety of workers, production continues to satisfy the substantial volume of orders from abroad. The restrictions adopted led to the cancellation of trade fairs and congress events of reference for the Group's markets, preventing travel and undertaking normal commercial promotion activities also abroad.

## Current Outlook

The forecasts made for 2020 at the end of last year outlined a solid potential for rapid growth in both the medical and industrial sectors, thanks to the sheet metal cutting in Europe and especially in China and to the rapid expansion of sales of laser systems for medical applications in the United States, while the other application segments expected a consolidation of competitive positions and a slight growth in business volume. The brilliant start to the year confirmed this forecast.

The explosion of Covid -19 and its effects on economic activities in China first, and in Italy and in the rest of the world subsequently, made any forecast of the performance of the Group's financial results very complicated: we prefer to postpone the guidance release until the extent and duration of the effects of Covid -19 on our activities will be clearer.

## Own shares

On January 17<sup>th</sup>, 2019 the Shareholders' Meeting of El.En. Spa authorized the purchase of own shares under the conditions proposed by the Board of Directors, pursuant to, for the effects and within the limits established by the articles 2357 and 2357-ter of the Italian Civil Code. Further information and documentation is available on the website [www.elengroup.com](http://www.elengroup.com) sec. Investor Relations.

## Other resolutions

### - Covid-19

In order to contribute to the fight against Covid-19 emergency which is catalyzing much of the public health resources, the Board of Directors also resolved to increase by 500 thousand euro the funds that the group intend to use to implement the sustainability policy in the field of social responsibility. These resources consist of technologies and contributions that will be used in specific public health support activities.

### - Consolidated non-financial statement

Moreover the Board of Directors approved the 2019 consolidated non-financial statement.

### - Report on Compensation and Report on the Corporate Governance

The Board of Directors approved the annual Report on Corporate Governance and Ownership Structure and the Report on Compensation the guidelines on the general compensation policy 2020-2021.

## Dividend

The Board of Directors resolved to call the annual Shareholder meeting for April 29<sup>th</sup>, 2020 (first call) and May 14<sup>th</sup>, 2020 (second call) and resolved to propose to distribute a dividend of 0,40 euro per share, in compliance with art. 2357-ter c.c., to be paid on May 27th, 2020, to be assigned on May 25th, 2019 (coupon no. 4) with record date May 26th, 2020.

\* \* \* \* \*

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.

\* \* \* \* \*

On 3<sup>rd</sup> October 2012 the board of directors resolved, by opting-out as allowed by artt. 70, paragraph 8 and 71, paragraph 1-*bis* of the Issuers' Regulation CONSOB 11971/99, to make exceptions to make available to the public the provided informative documents in the event of significant mergers, spin-offs, share capital increase by means of the conferral of assets in kind, takeover and transfers.

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## **Financial audit**

Due to the continuing closure of our company Penta Chutian Wuhan, subject to the total quarantine imposed on the city of Wuhan since mid-January, and the prolonged closure of the Penta Laser Wenzhou only recently reopened and with a reduced presence of staff, the auditing procedures couldn't be effectively and promptly performed by the local offices of Deloitte & Touche. Furthermore, it is not possible to predict, as long as the quarantine on the city of Wuhan is not lifted, when the auditing work can be completed.

Any delay or failure to complete the audits of the financial statements of the aforementioned consolidated companies would have effects on the timing and expression of the auditors' opinion on the financial statements and consolidated financial statements of El.En. S.p.A. as of December 31st, 2019.

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Should the financial audit opinions be expressed in a timely manner, the annual financial Report, including the yearly financial Report draft, the consolidated financial Report, the management Report and the statement as required by art. 154-*bis*, comma 5, TUF, the consolidated non-financial statement, the Auditors report and the Board of Statutory Auditors Report, the Board of Directors report on the agenda of the Shareholders meeting and also the report on remuneration ex art. 123-ter TUF will be available to the public at the company's premises, on the internet site [www.elengroup.com](http://www.elengroup.com), at Borsa Italiana and in the authorized storage device [www.emarketstorage.com](http://www.emarketstorage.com) within the time deadlines required by the law. Within the term provided by law and regulation further documents and information about the shareholders' meeting shall be available on the website of the company.

## CONFERENCE CALL

*On Friday, March 16<sup>th</sup>, 2020 at 3:00 pm (CET) – 2:00 pm (GMT) - 9:00 am (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, from UK +44 1 212 818003, from 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/en/investor-relations-en/company-presentations>*

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### Attachments:

1. El.En. Group 2019 Profit and Loss account
2. El.En. Group Balance sheet as of December 31<sup>st</sup>, 2019
3. El.En. Group Net financial position as of December 31<sup>st</sup>, 2019 and 2019 cash flow statement
4. El.En. S.p.A. 2019 Profit and Loss account
5. El.En. S.p.A. Balance Sheet as of December 31<sup>st</sup>, 2019
6. El.En. S.p.A. Net financial position as of December 31<sup>st</sup>, 2019 and 2019 cash flow statement

(With reference to the attached financial statements, it should be noted that the audit has not yet been completed on December 31<sup>st</sup>, 2019).



**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 Italian with a market capitalization amounts to Euro 340 million.

Cod. ISIN: IT0005188336

Code: ELN

Listed on MTA

Mkt cap.: 340 million of euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

For further information:

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**Tab. 1 – El.En. Group Profit and Loss account on December 31<sup>st</sup> , 2019**

| <b>Income Statement</b>                       | <b>31/12/2019</b> | <b>Inc %</b>  | <b>31/12/2018</b> | <b>Inc %</b>  | <b>Var. %</b> |
|---|-------------------|---------------|-------------------|---------------|---------------|
| Revenues                                      | 400.761           | 100,0%        | 346.020           | 100,0%        | 15,82%        |
| Change in inventory of finished goods and WIP | 4.986             | 1,2%          | 11.878            | 3,4%          | -58,02%       |
| Other revenues and income                     | 3.474             | 0,9%          | 5.613             | 1,6%          | -38,11%       |
| <b>Value of production</b>                    | <b>409.221</b>    | <b>102,1%</b> | <b>363.511</b>    | <b>105,1%</b> | <b>12,57%</b> |
| Purchase of raw materials                     | 225.233           | 56,2%         | 207.387           | 59,9%         | 8,61%         |
| Change in inventory of raw material           | (7.187)           | -1,8%         | (8.170)           | -2,4%         | -12,02%       |
| Other direct services                         | 35.154            | 8,8%          | 26.816            | 7,7%          | 31,09%        |
| <b>Gross margin</b>                           | <b>156.021</b>    | <b>38,9%</b>  | <b>137.478</b>    | <b>39,7%</b>  | <b>13,49%</b> |
| Other operating services and charges          | 43.624            | 10,9%         | 42.870            | 12,4%         | 1,76%         |
| <b>Added value</b>                            | <b>112.396</b>    | <b>28,0%</b>  | <b>94.608</b>     | <b>27,3%</b>  | <b>18,80%</b> |
| Staff cost                                    | 66.085            | 16,5%         | 58.989            | 17,0%         | 12,03%        |
| <b>EBITDA</b>                                 | <b>46.312</b>     | <b>11,6%</b>  | <b>35.618</b>     | <b>10,3%</b>  | <b>30,02%</b> |
| Depreciation, amortization and other accruals | 8.114             | 2,0%          | 5.631             | 1,6%          | 44,08%        |
| <b>EBIT</b>                                   | <b>38.198</b>     | <b>9,5%</b>   | <b>29.987</b>     | <b>8,7%</b>   | <b>27,38%</b> |
| Net financial income (charges)                | 468               | 0,1%          | 869               | 0,3%          | -46,14%       |
| Share of profit of associated companies       | (23)              | 0,0%          | (1.306)           | -0,4%         | -98,26%       |
| Other non-operating income (charges)          | 0                 | 0,0%          | (6)               | 0,0%          |               |
| <b>Income (loss) before taxes</b>             | <b>38.644</b>     | <b>9,6%</b>   | <b>29.545</b>     | <b>8,5%</b>   | <b>30,79%</b> |
| Income taxes                                  | 9.868             | 2,5%          | 7.707             | 2,2%          | 28,05%        |
| <b>Income (loss) for the financial period</b> | <b>28.775</b>     | <b>7,2%</b>   | <b>21.839</b>     | <b>6,3%</b>   | <b>31,76%</b> |
| Net profit (loss) of minority interest        | 2.759             | 0,7%          | 5.045             | 1,5%          | -45,32%       |
| <b>Net income (loss)</b>                      | <b>26.017</b>     | <b>6,5%</b>   | <b>16.794</b>     | <b>4,9%</b>   | <b>54,92%</b> |

**Tab. 2 – El.En. Group balance sheet on December 31<sup>st</sup> , 2019**

| Statement of financial position                   | 31/12/2019     | 31/12/2018     | Variation     |
|---|----------------|----------------|---------------|
| Intangible assets                                 | 4.834          | 4.484          | 350           |
| Tangible assets                                   | 81.813         | 61.020         | 20.793        |
| Equity investments                                | 2.403          | 2.459          | -57           |
| Deferred tax assets                               | 6.641          | 6.334          | 307           |
| Other non-current assets                          | 15.276         | 12.582         | 2.694         |
| <b>Total non current assets</b>                   | <b>110.966</b> | <b>86.879</b>  | <b>24.087</b> |
| Inventories                                       | 97.037         | 85.892         | 11.145        |
| Accounts receivable                               | 92.026         | 80.246         | 11.780        |
| Tax receivables                                   | 12.689         | 11.436         | 1.253         |
| Other receivables                                 | 13.453         | 12.490         | 963           |
| Financial instruments                             | 2.127          | 1.951          | 176           |
| Cash and cash equivalents                         | 97.031         | 80.966         | 16.065        |
| <b>Total current assets</b>                       | <b>314.362</b> | <b>272.982</b> | <b>41.380</b> |
| <b>Total Assets</b>                               | <b>425.328</b> | <b>359.861</b> | <b>65.468</b> |
| <b>Total shareholders' equity</b>                 | <b>240.633</b> | <b>219.236</b> | <b>21.398</b> |
| Severance indemnity                               | 4.738          | 4.378          | 359           |
| Deferred tax liabilities                          | 2.032          | 1.678          | 354           |
| Reserve for risks and charges                     | 4.528          | 3.955          | 573           |
| Financial debts and liabilities                   | 21.116         | 12.493         | 8.623         |
| <b>Total non-current liabilities</b>              | <b>32.413</b>  | <b>22.504</b>  | <b>9.909</b>  |
| Financial liabilities                             | 16.706         | 8.314          | 8.392         |
| Accounts payable                                  | 78.391         | 63.891         | 14.500        |
| Income tax payables                               | 3.507          | 2.486          | 1.021         |
| Other current payables                            | 53.677         | 43.430         | 10.247        |
| <b>Total current liabilities</b>                  | <b>152.282</b> | <b>118.121</b> | <b>34.161</b> |
| <b>Total Liabilities and Shareholders' equity</b> | <b>425.328</b> | <b>359.861</b> | <b>65.468</b> |

**Tab. 3 – El.En. Group net financial position on December 31<sup>st</sup> , 2019 and cash flow statement 2019**

| <b>Net financial position</b>                                | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Var.</b>    |
|--|-------------------|-------------------|----------------|
| Cash and bank  | 97.031            | 80.966            | 16.065         |
| Financial instruments  | 2.127             | 1.951             | 176            |
| <b>Cash and cash equivalents</b>                             | <b>99.158</b>     | <b>82.917</b>     | <b>16.240</b>  |
| <b>Current financial receivables</b>                         | <b>84</b>         | <b>74</b>         | <b>9</b>       |
| Bank short term loan   | (13.445)          | (6.720)           | (6.725)        |
| Part of financial long term liabilities due within 12 months | (3.261)           | (1.318)           | (1.943)        |
| <b>Financial short term liabilities</b>                      | <b>(16.706)</b>   | <b>(8.038)</b>    | <b>(8.669)</b> |
| <b>Net current financial position</b>                        | <b>82.535</b>     | <b>74.954</b>     | <b>7.581</b>   |
| Bank long term loan  | (11.802)          | (5.401)           | (6.401)        |
| Other long term financial liabilities - non-current part     | (9.314)           | (7.092)           | (2.222)        |
| <b>Financial long term liabilities</b>                       | <b>(21.116)</b>   | <b>(12.493)</b>   | <b>(8.623)</b> |
| <b>Net financial position</b>                                | <b>61.419</b>     | <b>62.461</b>     | <b>(1.042)</b> |

| <b>Cash flow statement</b>  | <b>31/12/19</b> | <b>31/12/18</b> |
|---|-----------------|-----------------|
| Cash flow generated by operating activity                                 | 37.726          | 11.938          |
| Cash flow generated by investment activity                                | (24.417)        | (26.294)        |
| Cash flow generated by financing activity                                 | 4.795           | (2.663)         |
| Change in cumulative translation adjustment reserve and other changes     | (2.038)         | 634             |
| <b>Increase/(decrease) in cash and cash equivalents</b>                   | <b>16.065</b>   | <b>(16.385)</b> |
| <b>Cash and cash equivalents at the beginning of the financial period</b> | <b>80.966</b>   | <b>97.351</b>   |
| <b>Cash and cash equivalents at the end of the financial period</b>       | <b>97.031</b>   | <b>80.966</b>   |

**Tab. 4 – El.En. S.p.A. Profit and Loss account on December 31<sup>st</sup>, 2019**

| <b>Income Statement</b>                       | <b>31/12/2019</b> | <b>Inc %</b>  | <b>31/12/2018</b> | <b>Inc %</b>  | <b>Var. %</b>  |
|---|-------------------|---------------|-------------------|---------------|----------------|
| Revenues                                      | 67.737            | 100,0%        | 62.137            | 100,0%        | 9,01%          |
| Change in inventory of finished goods and WIP | 389               | 0,6%          | 2.594             | 4,2%          | -85,01%        |
| Other revenues and income                     | 902               | 1,3%          | 955               | 1,5%          | -5,48%         |
| <b>Value of production</b>                    | <b>69.028</b>     | <b>101,9%</b> | <b>65.686</b>     | <b>105,7%</b> | <b>5,09%</b>   |
| Purchase of raw materials                     | 32.717            | 48,3%         | 36.737            | 59,1%         | -10,94%        |
| Change in inventory of raw material           | (815)             | -1,2%         | (783)             | -1,3%         | 4,20%          |
| Other direct services                         | 10.112            | 14,9%         | 5.032             | 8,1%          | 100,94%        |
| <b>Gross margin</b>                           | <b>27.015</b>     | <b>39,9%</b>  | <b>24.699</b>     | <b>39,7%</b>  | <b>9,38%</b>   |
| Other operating services and charges          | 7.538             | 11,1%         | 7.078             | 11,4%         | 6,51%          |
| <b>Added value</b>                            | <b>19.476</b>     | <b>28,8%</b>  | <b>17.621</b>     | <b>28,4%</b>  | <b>10,53%</b>  |
| Staff cost                                    | 16.247            | 24,0%         | 15.760            | 25,4%         | 3,09%          |
| <b>EBITDA</b>                                 | <b>3.229</b>      | <b>4,8%</b>   | <b>1.862</b>      | <b>3,0%</b>   | <b>73,47%</b>  |
| Depreciation, amortization and other accruals | 1.573             | 2,3%          | 1.379             | 2,2%          | 14,07%         |
| <b>EBIT</b>                                   | <b>1.657</b>      | <b>2,4%</b>   | <b>483</b>        | <b>0,8%</b>   | <b>243,05%</b> |
| Net financial income (charges)                | 4.241             | 6,3%          | 3.567             | 5,7%          | 18,90%         |
| Other non-operating income (charges)          | (651)             | -1,0%         | (799)             | -1,3%         | -18,53%        |
| <b>Income (loss) before taxes</b>             | <b>5.247</b>      | <b>7,7%</b>   | <b>3.251</b>      | <b>5,2%</b>   | <b>61,40%</b>  |
| Income taxes                                  | (587)             | -0,9%         | 437               | 0,7%          |                |
| <b>Net income (loss)</b>                      | <b>5.833</b>      | <b>8,6%</b>   | <b>2.814</b>      | <b>4,5%</b>   | <b>107,29%</b> |

**Tab. 5 – El.En. S.p.A. Balance Sheet on December 31<sup>st</sup>, 2019**

| Statement of financial position                   | 31/12/2019     | 31/12/2018     | Variation    |
|---|----------------|----------------|--------------|
| Intangible assets                                 | 428            | 267            | 161          |
| Tangible assets                                   | 17.496         | 15.852         | 1.644        |
| Equity investments                                | 17.873         | 17.668         | 205          |
| Deferred tax assets                               | 2.290          | 2.226          | 64           |
| Other non-current assets                          | 12.452         | 12.260         | 192          |
| <b>Total non current assets</b>                   | <b>50.539</b>  | <b>48.274</b>  | <b>2.265</b> |
| Inventories                                       | 25.378         | 24.510         | 868          |
| Accounts receivable                               | 33.752         | 40.716         | -6.963       |
| Tax receivables                                   | 3.903          | 4.140          | -237         |
| Other receivables                                 | 17.368         | 7.613          | 9.754        |
| Financial instruments                             | 2.127          | 1.951          | 176          |
| Cash and cash equivalents                         | 29.450         | 26.195         | 3.255        |
| <b>Total current assets</b>                       | <b>111.977</b> | <b>105.125</b> | <b>6.853</b> |
| <b>Total Assets</b>                               | <b>162.516</b> | <b>153.398</b> | <b>9.118</b> |
| <b>Total shareholders' equity</b>                 | <b>136.619</b> | <b>134.966</b> | <b>1.653</b> |
| Severance indemnity                               | 854            | 852            | 2            |
| Deferred tax liabilities                          | 329            | 410            | -81          |
| Reserve for risks and charges                     | 1.403          | 1.224          | 179          |
| Financial debts and liabilities                   | 573            | 488            | 85           |
| <b>Total non-current liabilities</b>              | <b>3.159</b>   | <b>2.975</b>   | <b>184</b>   |
| Financial liabilities                             | 4.318          | 281            | 4.037        |
| Accounts payable                                  | 12.715         | 10.553         | 2.163        |
| Income tax payables                               | 25             | 0              | 25           |
| Other current payables                            | 5.681          | 4.624          | 1.056        |
| <b>Total current liabilities</b>                  | <b>22.738</b>  | <b>15.458</b>  | <b>7.280</b> |
| <b>Total Liabilities and Shareholders' equity</b> | <b>162.516</b> | <b>153.398</b> | <b>9.118</b> |

**Tab. 6 – El.En. S.p.A. net financial position on December 31<sup>st</sup> , 2019 and cash flow statement 2019**

| <b>Net financial position</b>                                | <b>31/12/2019</b> | <b>31/12/2018</b> | <b>Var.</b>    |
|--|-------------------|-------------------|----------------|
| Cash and bank  | 29.450            | 26.195            | 3.255          |
| Financial instruments  | 2.127             | 1.951             | 176            |
| <b>Cash and cash equivalents</b>                             | <b>31.577</b>     | <b>28.146</b>     | <b>3.431</b>   |
| <b>Current financial receivables</b>                         | <b>71</b>         | <b>63</b>         | <b>8</b>       |
| Bank short term loan   | (4.001)           | (4)               | (3.996)        |
| Part of financial long term liabilities due within 12 months | (317)             | 0                 | (317)          |
| <b>Financial short term liabilities</b>                      | <b>(4.318)</b>    | <b>(4)</b>        | <b>(4.313)</b> |
| <b>Net current financial position</b>                        | <b>27.330</b>     | <b>28.205</b>     | <b>(874)</b>   |
| Bank long term loan  | 0                 | 0                 | 0              |
| Other long term financial liabilities - non-current part     | (573)             | (488)             | (85)           |
| <b>Financial long term liabilities</b>                       | <b>(573)</b>      | <b>(488)</b>      | <b>(85)</b>    |
| <b>Net financial position</b>                                | <b>26.757</b>     | <b>27.716</b>     | <b>(959)</b>   |

| <b>Cash flow statement</b>  | <b>31/12/19</b> | <b>31/12/18</b> |
|---|-----------------|-----------------|
| Cash flow generated by operating activity                                 | 17.466          | (2.789)         |
| Cash flow generated by investment activity                                | (12.944)        | (6.952)         |
| Cash flow generated by financing activity                                 | (1.267)         | (7.438)         |
| <b>Increase/(decrease) in cash and cash equivalents</b>                   | <b>3.255</b>    | <b>(17.179)</b> |
| <b>Cash and cash equivalents at the beginning of the financial period</b> | <b>26.195</b>   | <b>43.373</b>   |
| <b>Cash and cash equivalents at the end of the financial period</b>       | <b>29.450</b>   | <b>26.195</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