

Press release

## **El.En. : The BoD releases the Quarterly financials For 2007 consolidated revenue forecast at 185 millions of euro and EBIT forecast at 19 millions of euro**

For the **quarter** revenues at 47,3 millions of euro (+ 27%), EBITDA at 7 millions of euro(+18%), EBIT at 5,6 millions (+47%) and pre tax income at 5,9 millions of euro (-76%).

For the **year** revenues are 154 millions of euro(+30%), EBITDA 10,4 millions of euro (-30%), EBIT 5,4 millions (-46%) and pre tax income at 7 millions of euro(-77%)

**Net financial position** as of December 2006 is positive for 55 millions of euro.

**Florence, February 14, 2007** – The Board of Directors of El.En. SpA, leader in the laser market and listed on the STAR Segment of the Italian Stock Market, released today the fourth quarter financials of 2006, drafted according to the international accounting standards. (IAS/IFRS).

**Consolidated revenues for the quarter**, up 27% (47,3 millions of euro), beat by far the released guidance, also due to the brilliant performance of Cynosure Inc. with registered record revenues and operating income for the quarter.

**Consolidated revenues for the year 2006** reached 154 millions of euro, up more than 30% on the previous year, and beating the previously released forecast by 10%.

The revenue growth of the fourth quarter, quite high in all the territories relevant for the group, is in a large part generated by the medical segment, which shows a growth rate of 35% on an annual basis.

Also in the other businesses the performance has been excellent: the industrial segment marks a 18% growth and the revenues for technical service, sale of spare parts and side services are up 22%.

**Gross margin** for the quarter is 25,4 millions of euro, up 24% on the 20,5 millions of euro of the fourth quarter of 2005. For the year Gross Margin is up 27% reaching 82 millions of euro.

**EBITDA** for the quarter is up 18% from 6 millions to 7.2 millions of euro. EBITDA for the year is 10.4 millions of euro with respect to the 14.8 millions of euro of 2005, with the impact on revenues down from 12.6% to 6.8%.

**EBIT** for the quarter is 5.6 millions of euro, 11.8% of revenues. The year closes with an EBIT of 5.4 millions of euro down from the 10 millions of 2005.

The income of the financial year 2006 is strongly hurt by the agreement signed on November 7th, 2006 by Cynosure Inc. with the competitor Palomar Technologies Inc. for the cross licensing of patents. The agreement involved the booking in Cynosure's financials of a non recurrent charge of 10 millions of US dollars. By removing the effect of such agreement, EBIT for the year would have been 13.3 millions of euro with a 8.7% impact on revenues, up 34.4% on December 31<sup>st</sup>, 2005.



**Pre tax income** for the quarter is 5.9 millions of euro, down from the 24 millions of euro of the fourth quarter of 2006, while for the year it's 7 millions of euro, as opposed to the 30 millions of euro for the previous year. Pre tax income of the fourth quarter of 2005 had been enhanced by the gain of 20 millions of euro booked within Cynosure's IPO on the NASDAQ during December 2005, both for the sale of shares and value adjustment of the shares still held by El.En. SpA.

As of December 31st, 2006 the **net financial position** positive for 55 millions of euro.

The El.En. Group, taking into account the contingent favorable market situation, and the strengthening of its own structure, estimates 185 millions of euro as the forecasted consolidated revenues for 2007 (+20% on 2006), and a 19 millions of euro forecast for the EBIT (10% on revenues).

*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 (MTAX) of Borsa Italiana. Its market floatation is approximately 23% and its market capitalization amounts to €130 million.*

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 130 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – Three months ended December 31, 2006 (unaudited)**

<b>Profit and loss account - 3 months</b>	<b>31/12/06</b>	<b>Inc. %</b>	<b>31/12/05</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	47.372	100,0%	37.345	100,0%	26,8%
Change in inventory of finished goods and WIP	(143)	-0,3%	898	2,4%	
Other revenues and income	490	1,0%	654	1,8%	-25,0%
<b>Value of production</b>	<b>47.718</b>	<b>100,7%</b>	<b>38.897</b>	<b>104,2%</b>	<b>22,7%</b>
Purchase of raw materials	15.226	32,1%	14.785	39,6%	3,0%
Change in inventory of raw material	1.601	3,4%	100	0,3%	1504,2%
Other direct services	5.403	11,4%	3.476	9,3%	55,5%
<b>Gross margin</b>	<b>25.489</b>	<b>53,8%</b>	<b>20.537</b>	<b>55,0%</b>	<b>24,1%</b>
Other operating services and charges	9.092	19,2%	6.742	18,1%	34,9%
<b>Added value</b>	<b>16.396</b>	<b>34,6%</b>	<b>13.795</b>	<b>36,9%</b>	<b>18,9%</b>
For staff costs	9.183	19,4%	7.681	20,6%	19,6%
<b>EBITDA</b>	<b>7.213</b>	<b>15,2%</b>	<b>6.114</b>	<b>16,4%</b>	<b>18,0%</b>
Depreciation, amortization and other accruals	1.618	3,4%	2.322	6,2%	-30,3%
<b>EBIT</b>	<b>5.595</b>	<b>11,8%</b>	<b>3.792</b>	<b>10,2%</b>	<b>47,5%</b>
Net financial income (charges)	452	1,0%	754	2,0%	-40,0%
Share of profit of associated companies	(14)	-0,0%	4	0,0%	
Other Income (expense) net	(107)	-0,2%	19.829	53,1%	
<b>Income before taxes</b>	<b>5.926</b>	<b>12,5%</b>	<b>24.379</b>	<b>65,3%</b>	<b>-75,7%</b>

**Tab. 2 – Twelve months ended December 31, 2006 (unaudited)**

<b>Profit and loss account</b>	<b>31/12/06</b>	<b>Inc. %</b>	<b>31/12/05</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	154.383	100,0%	118.343	100,0%	30,5%
Change in inventory of finished goods and WIP	6.520	4,2%	4.003	3,4%	62,9%
Other revenues and income	1.840	1,2%	1.978	1,7%	-7,0%
<b>Value of production</b>	<b>162.744</b>	<b>105,4%</b>	<b>124.324</b>	<b>105,1%</b>	<b>30,9%</b>
Purchase of raw materials	64.949	42,1%	50.220	42,4%	29,3%
Change in inventory of raw material	(1.103)	-0,7%	(1.722)	-1,5%	-35,9%
Other direct services	16.508	10,7%	10.929	9,2%	51,0%
<b>Gross margin</b>	<b>82.390</b>	<b>53,4%</b>	<b>64.897</b>	<b>54,8%</b>	<b>27,0%</b>
Other operating services and charges	38.817	25,1%	23.420	19,8%	65,7%
<b>Added value</b>	<b>43.573</b>	<b>28,2%</b>	<b>41.477</b>	<b>35,0%</b>	<b>5,1%</b>
For staff costs	33.089	21,4%	26.589	22,5%	24,4%
<b>EBITDA</b>	<b>10.484</b>	<b>6,8%</b>	<b>14.888</b>	<b>12,6%</b>	<b>-29,6%</b>
Depreciation, amortization and other accruals	5.077	3,3%	4.938	4,2%	2,8%
<b>EBIT</b>	<b>5.407</b>	<b>3,5%</b>	<b>9.950</b>	<b>8,4%</b>	<b>-45,7%</b>
Net financial income (charges)	2.143	1,4%	923	0,8%	132,3%
Share of profit of associated companies	(31)	-0,0%	4	0,0%	
Other net income (expense)	(377)	-0,2%	19.643	16,6%	
<b>Income before taxes</b>	<b>7.143</b>	<b>4,6%</b>	<b>30.520</b>	<b>25,8%</b>	<b>-76,6%</b>