

Press release

El.En. : The board releases the 2006 draft financials; Shareholder's meeting approve a 0,30 Euro per share dividend proposal

*The El.En. Group closed the 2006 financial year with 154 millions of euro in **Revenues** (up 30%). The one time expense for patent cross licensing reduces EBITDA to 10,6 millions of euro (down 28%), **EBIT** to 5,4 millions of euro (down 45%) and **net profit** to 1,6 millions (up 93%).*

*The **net financial position** as of December 31st, 2006 is positive for 55 millions of euro.*

*The guidance released for **2007** forecasts consolidated revenues for 185 millions of euro and consolidated EBIT of 19 millions of euro.*

Firenze, March 30, 2007 – The Board of Directors of El.En. SpA, leader on the laser market and listed on the STAR segment of the Italian Stock Exchange, discussed today the draft 2006 financials both for El.En. SpA and consolidated.

Consolidated revenues for 2006 were 154 millions of euro up more than 30% on the previous year.

The revenue growth has been high in all the geographic areas and market segments. The industrial segment marks an 18% growth, service 22% and medical 35%.

The business trend of the controlled company **Cynosure** has been very interesting, and the company is one of the most important players in the market for light based aesthetic applications, though it negatively influenced the consolidated income due to the cross license agreement signed with Palomar. The agreement determined a one time cost for 10 millions of US dollars. During the previous year the consolidated income had been boosted by the 20 millions of Euro gain involved in Cynosure's IPO on the NASDAQ of December 2005.

Gross Margin for the year is 82 millions of euro, up 27% on the 65 millions of euro of 2005.

EBITDA is 10,6 millions of euro, was 14,8 millions of euro in 2005, with a decrease in the impact on revenues from 12,6% to 6,9%. Without the mentioned one time expense pro patent cross licensing, EBITDA would have been equal to 18,6 millions of euro, with a 12,1% increase in the impact on revenues and a 25,2% increase on 2005.

2006 closed with a 5,4 millions of euro **EBIT**, whit respect to the 10 millions of euro of the 2005. Without the Palomar agreement effect, EBIT would have been 13,4 millions of euro, with an the impact on revenues equal to 8,7% and unchanged from 2005.

Pre tax income is 7 millions of euro, was 30 millions of euro for the previous year. Removing from the 2006 financials the effect of the Palomar transaction and from the 2005 financial the effect of the Cynosure IPO, pre tax income would have increased to 15 millions of euro in 2006 from the 10,7 millions of euro of 2005.

Net income for 2006 is equal to 1,6 millions of euro, whereas it had been 25 millions of euro in 2005.

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

The 2006 financials for the mother company **El.En. SpA** shows revenues of 38 millions of euro, Gross Margin of 17 millions of euro, EBITDA of 5 millions of euro, EBIT of 4,5 millions of euro and net income of 0,6 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). The forecast has been drafted with reference to a 1.30 Euro/USD exchange rate.

The Board of directors will propose for approval to the Shareholders meeting scheduled for April 30th 2007 (first call) and May 15th 2007, the payment of a 0,3 Euro per share **dividend**, to be delivered on May 28th 2007 and paid on May 31st v2007.



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 40% and its market capitalization amounts to €165 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 165 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – El.En. Group profit and loss account on December 31, 2006.

Profit and loss account	31/12/06	Inc.%	31/12/05	Inc.%	Var.%
Revenues	154.372	100,0%	118.343	100,0%	30,4%
Change in inventory of finished goods and WIP	6.547	4,2%	4.003	3,4%	63,6%
Other revenues and income	1.837	1,2%	1.978	1,7%	-7,1%
Value of production	162.757	105,4%	124.324	105,1%	30,9%
Purchase of raw materials	64.959	42,1%	50.220	42,4%	29,3%
Change in inventory of raw material	(1.121)	-0,7%	(1.722)	-1,5%	-34,9%
Other direct services	16.571	10,7%	10.929	9,2%	51,6%
Gross margin	82.348	53,3%	64.897	54,8%	26,9%
Other operating services and charges	38.600	25,0%	23.420	19,8%	64,8%
Added value	43.748	28,3%	41.477	35,0%	5,5%
For staff costs	33.072	21,4%	26.589	22,5%	24,4%
EBITDA	10.676	6,9%	14.888	12,6%	-28,3%
Depreciation, amortization and other accruals	5.214	3,4%	4.938	4,2%	5,6%
EBIT	5.461	3,5%	9.950	8,4%	-45,1%
Net financial income (charges)	2.126	1,4%	923	0,8%	130,4%
Share of profit of associated companies	(31)	-0,0%	4	0,0%	
Other net income (expense)	(375)	-0,2%	19.643	16,6%	
Income before taxes	7.182	4,7%	30.520	25,8%	-76,5%
Income taxes	4.541	2,9%	4.407	3,7%	3,0%
Income for the financial period	2.641	1,7%	26.113	22,1%	-89,9%
Minority interest	1.003	0,6%	1.409	1,2%	-28,8%
Net income	1.638	1,1%	24.704	20,9%	-93,4%

Tab. 2 – El.En. Group balance sheet on December 31, 2006

	31/12/2006	31/12/2005	Var.
Balance Sheet			
Intangible assets	7.192	7.354	-162
Tangible assets	13.696	11.322	2.375
Equity investments	505	774	-269
Deferred tax assets	4.140	3.466	674
Other non current assets	239	193	45
Total non current assets	25.773	23.109	2.664
Inventories	38.573	32.797	5.776
Accounts receivables	36.711	30.587	6.124
Tax receivables	6.566	2.963	3.602
Other receivables	3.848	1.876	1.971
Financial instruments	34.011	467	33.544
Cash and cash equivalents	24.361	77.071	-52.711
Total current assets	144.069	145.763	-1.694
TOTAL ASSETS	169.841	168.872	970
Parent stockholders' equity	72.052	73.738	-1.686
Minority interests in consolidated subsidiaries	47.680	50.385	-2.704
Total equity	119.732	124.123	-4.391
Severance indemnity	2.582	2.173	409
Deferred tax liabilities	617	723	-106
Other accruals	4.189	4.046	143
Financial liabilities	1.930	1.961	-31
Non current liabilities	9.318	8.904	415
Financial liabilities	1.301	2.192	-891
Accounts payables	23.606	20.251	3.355
Tax payables	3.088	3.680	-593
Other payables	12.796	9.722	3.075
Current liabilities	40.791	35.845	4.946
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	169.841	168.872	970

Tab. 3 – El.En. S.p.A. profit and loss account on December 31, 2006

Profit and loss account	31/12/06	Inc.%	31/12/05	Inc.%	Var.%
Revenues	38.505	100,0%	33.898	100,0%	13,6%
Change in inventory of finished goods and WIP	2.585	6,7%	475	1,4%	444,0%
Other revenues and income	1.253	3,3%	1.554	4,6%	-19,3%
Value of production	42.343	110,0%	35.927	106,0%	17,9%
Purchase of raw materials	21.358	55,5%	16.815	49,6%	27,0%
Change in inventory of raw material	(777)	-2,0%	(668)	-2,0%	16,3%
Other direct services	4.245	11,0%	3.103	9,2%	36,8%
Gross margin	17.518	45,5%	16.677	49,2%	5,0%
Other operating services and charges	5.101	13,2%	4.610	13,6%	10,6%
Added value	12.417	32,2%	12.067	35,6%	2,9%
For staff costs	7.059	18,3%	6.042	17,8%	16,8%
EBITDA	5.358	13,9%	6.025	17,8%	-11,1%
Depreciation, amortization and other accruals	857	2,2%	1.172	3,5%	-26,9%
EBIT	4.501	11,7%	4.852	14,3%	-7,2%
Net financial income (charges)	(224)	-0,6%	1.269	3,7%	
Share of profit of associated companies	0	0,0%	0	0,0%	
Other net income (expense)	(1.547)	-4,0%	4.659	13,7%	
Income before taxes	2.730	7,1%	10.780	31,8%	-74,7%
Income taxes	2.106	5,5%	2.592	7,6%	-18,7%
Income for the financial period	624	1,6%	8.189	24,2%	-92,4%

Tab. 4 – El.En. S.p.A. balance sheet on December 31, 2006

	31/12/2006	31/12/2005	Var.
Balance Sheet			
Intangible assets	26	43	-17
Tangible assets	6.399	4.835	1.564
Equity investments	20.100	18.962	1.138
Deferred tax assets	793	801	-8
Other non current assets	3	3	
Total non current assets	27.321	24.644	2.677
Inventories	15.192	12.021	3.171
Accounts receivables	15.581	14.555	1.026
Tax receivables	2.327	723	1.604
Other receivables	4.490	4.163	327
Cash and cash equivalents	4.435	15.111	-10.677
Total current assets	42.025	46.574	-4.549
TOTAL ASSETS	69.346	71.218	-1.872
Total equity	52.745	53.965	-1.221
Severance indemnity	1.227	1.026	201
Deferred tax liabilities	509	526	-17
Other accruals	3.558	2.811	748
Financial liabilities	429	577	-148
Non current liabilities	5.724	4.940	784
Financial liabilities	148	1.012	-865
Accounts payables	8.372	7.979	394
Tax payables	396	1.421	-1.026
Other payables	1.962	1.900	61
Current liabilities	10.877	12.313	-1.435
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	69.346	71.218	-1.872