

Press release

## **El.En. reports 39% revenues growth in 2004 and Net Profit for 3,6 euro millions**

**The Board of Directors approves the draft 2004 financials and proposes a 0,35 euro per share dividend**

**Firenze, March 24, 2005** – The Board of directors of El.En. S.p.A., leader in Italy and among the main global competitors in design and production of laser systems, during today's meeting approved the draft 2004 El.En. SpA and consolidated financials.

The 2004 financials show consolidated **revenues** for 94 euro millions, up 39% on the 68 millions of 2003, higher than the expected 30% growth; the revenues growth has been mainly achieved due to the good behaviour in the medical segment, which marked a 52% increase, but in the post sale services (up 27%) and industrial lasers (up 9%) as well.

**Gross Margin** is up 39% on 2003, touching 52,3 euro millions, with 53% impact on the value of production.

**EBITDA** increases markedly up to 10,5 euro millions, with a 90% increase on the 5,5 millions of 2003, and with the impact on the value of production raising from 8% to 11%.

**EBIT** shows a strong increase, up 251% to 4,9 euro millions from the 1,4 millions of 2003, and increasing its impact on the value of production from 2% to 5%.

**Profit before taxes** is 8,4 euro millions for 2004. The profit, though positively affected by the gains on sale of assets which took place in the year, largely overcomes the targets set by the management. **Net profit for the group** is 3,6 euro millions.

The consolidated **net financial position** as of December 31<sup>st</sup>, 2004 is positive for 8,7 euro millions.

The 2004 financials for the mother company **El.En. SpA** shows revenues for 28 millions of euro, a gross margin of 13,8 millions, EBITDA of 4,9 millions, EBIT of 3,5 millions and a net profit of 1,9 euro millions with respect to the 1,7 millions of 2003.

The board of Directors will propose, on the Shareholders Meeting scheduled for April, 29<sup>th</sup> (first call) and May, 13<sup>th</sup> (second call), the payment of a 0,35 euro per share dividend, up 40% with respect to the previous year, to be delivered on May, 23<sup>rd</sup> and payment on May, 26<sup>th</sup> 2005.

The El.En. group reports that during 2004 it has carried on the activities involving the implementation of the international accounting standards, through the establishment of a specific workgroup committed to identify and perform, on the procedures and on the IT, accounting and reporting systems the adjustments needed to ensure a smooth transition to



IAS/IFRS, and also to appropriately evaluate the various entries of the financials within the time schedules recommended by the surveillance bodies.

***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, 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, plastic surgery, 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 artworks.*

*EL.EN has been listed on the TechStar segment of the Nuovo Mercato. Its market floatation is approximately 21,8% and its market capitalization amounts to €116 million.*

*Cod. ISIN: IT0001481867*

*Sigla: ELN*

*Negoziata su TAH*

*Mkt capt.: 116 mln/Euro*

*Cod. Reuters: ELN.MI*

*Cod. Bloomberg: ELN IM*

For further information:

**El.En. SpA**

Enrico ROMAGNOLI

Investor Relator

Tel. 055-8826807

[finance@elen.it](mailto:finance@elen.it)

**Polytems HIR**

Rita CAMELLI

Ufficio Stampa

Tel. 02 72093955 – 335 439571

[r.camelli@polytemshir.it](mailto:r.camelli@polytemshir.it)

**Polytems HIR**

Bianca FERSINI MASTELLONI

Comunicazione Finanziaria

Tel. 06 6797849 – 06 69923324

[b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)

**Tab. 1 – EI.En. Group profit and loss account on December 31, 2004.**

<b>Profit and loss account</b>	<b>31/12/2004</b>	<b>Inc.%</b>	<b>31/12/2003</b>	<b>Inc.%</b>	<b>Var.%</b>
Net turnover from sales and services	94.519	95,0%	68.195	93,5%	38,6%
Change in stock of finished goods and WIP	3.459	3,5%	3.673	5,0%	-5,8%
Other revenues and income	1.511	1,5%	1.058	1,5%	42,8%
<b>Value of production</b>	<b>99.489</b>	<b>100,0%</b>	<b>72.927</b>	<b>100,0%</b>	<b>36,4%</b>
Costs for raw materials	39.438	39,6%	30.705	42,1%	28,4%
Change in stock of raw material	(1.321)	-1,3%	(2.315)	-3,2%	-42,9%
Other direct services	9.006	9,1%	6.857	9,4%	31,3%
<b>Gross margin</b>	<b>52.366</b>	<b>52,6%</b>	<b>37.680</b>	<b>51,7%</b>	<b>39,0%</b>
Other operating services and charges	19.619	19,7%	14.189	19,5%	38,3%
<b>Added value</b>	<b>32.747</b>	<b>32,9%</b>	<b>23.491</b>	<b>32,2%</b>	<b>39,4%</b>
For staff costs	22.219	22,3%	17.965	24,6%	23,7%
<b>EBITDA</b>	<b>10.529</b>	<b>10,6%</b>	<b>5.526</b>	<b>7,6%</b>	<b>90,5%</b>
Depreciation, amortization and other accruals	5.624	5,7%	4.128	5,7%	36,2%
<b>EBIT</b>	<b>4.904</b>	<b>4,9%</b>	<b>1.397</b>	<b>1,9%</b>	<b>251,0%</b>
Net financial income (charges)	65	0,1%	189	0,3%	-65,6%
<b>Income from continuing operations</b>	<b>4.969</b>	<b>5,0%</b>	<b>1.586</b>	<b>2,2%</b>	<b>213,3%</b>
Value adjustments (Devaluations)	78	0,1%	519	0,7%	-85,0%
Extraordinary income (Charges)	3.396	3,4%	108	0,1%	3039,3%
<b>Income before taxes</b>	<b>8.443</b>	<b>8,5%</b>	<b>2.213</b>	<b>3,0%</b>	<b>281,4%</b>
Income taxes	3.002	3,0%	1.614	2,2%	85,9%
<b>Income before interest of third parties</b>	<b>5.442</b>	<b>5,5%</b>	<b>599</b>	<b>0,8%</b>	<b>808,3%</b>
Minority interest	1.816	1,8%	45	0,1%	3923,1%
<b>Net income</b>	<b>3.625</b>	<b>3,6%</b>	<b>554</b>	<b>0,8%</b>	<b>554,4%</b>

**Tab. 2 – EI.En. Group balance sheet on December 31, 2004.**

	31/12/2004	31/12/2003
<b>Balance Sheet</b>		
Intangible assets	10.652	7.947
Tangible assets	8.584	7.299
Equity investments	1.688	1.845
Other investments	1.782	1.231
<b>Total fixed assets (A)</b>	<b>22.705</b>	<b>18.322</b>
Stocks	25.224	19.995
Trade debtors	21.965	16.041
Other debtors	4.406	3.576
Other equity investments		115
Own shares	347	354
Cash in banks and on hand	15.327	16.818
<b>Total current assets (B)</b>	<b>67.269</b>	<b>56.899</b>
Trade creditors	15.915	11.712
Other debtors	10.208	5.794
Financial liabilities due within 12 months	4.025	2.110
<b>Total current liabilities (C)</b>	<b>30.148</b>	<b>19.617</b>
<b>Net working capital (D)= B-C</b>	<b>37.122</b>	<b>37.282</b>
Employee severance indemnity	1.673	1.119
Other provisions	3.337	2.693
Net medium and long term financial debts	2.555	1.844
<b>Mid and long terms creditors (E)</b>	<b>7.565</b>	<b>5.655</b>
<b>Net invested capital (A + D - E)</b>	<b>52.262</b>	<b>49.950</b>
Shareholders' equity	46.722	44.246
Minority interest on equity	5.540	5.703
<b>Shareholders' equity</b>	<b>52.262</b>	<b>49.950</b>

**Tab. 3 – EI.En. S.p.A. profit and loss account on December 31, 2004.**

<b>Profit and loss account</b>	<b>31/12/2004</b>	<b>Inc.%</b>	<b>31/12/2003</b>	<b>Inc.%</b>	<b>Var.%</b>
Net turnover from sales and services	28.112	92,5%	24.932	92,1%	12,8%
Change in stock of finished goods and WIP	1.146	3,8%	1.023	3,8%	12,0%
Other revenues and income	1.144	3,8%	1.127	4,2%	1,5%
<b>Value of production</b>	<b>30.402</b>	<b>100,0%</b>	<b>27.083</b>	<b>100,0%</b>	<b>12,3%</b>
Costs for raw materials	14.411	47,4%	13.320	49,2%	8,2%
Change in stock of raw material	(559)	-1,8%	(931)	-3,4%	-40,0%
Other direct services	2.712	8,9%	2.425	9,0%	11,8%
<b>Gross margin</b>	<b>13.838</b>	<b>45,5%</b>	<b>12.269</b>	<b>45,3%</b>	<b>12,8%</b>
Other operating services and charges	3.895	12,8%	3.621	13,4%	7,6%
<b>Added value</b>	<b>9.943</b>	<b>32,7%</b>	<b>8.648</b>	<b>31,9%</b>	<b>15,0%</b>
For staff costs	5.080	16,7%	4.509	16,6%	12,7%
<b>EBITDA</b>	<b>4.863</b>	<b>16,0%</b>	<b>4.139</b>	<b>15,3%</b>	<b>17,5%</b>
Depreciation, amortisation and other accruals	1.386	4,6%	1.221	4,5%	13,5%
<b>EBIT</b>	<b>3.477</b>	<b>11,4%</b>	<b>2.919</b>	<b>10,8%</b>	<b>19,1%</b>
Net financial income (charges)	127	0,4%	322	1,2%	-60,6%
<b>Income from continuing operations</b>	<b>3.604</b>	<b>11,9%</b>	<b>3.241</b>	<b>12,0%</b>	<b>11,2%</b>
Value adjustments (Devaluations)	(1.181)	-3,9%	(488)	-1,8%	142,3%
Extraordinary income (Charges)	964	3,2%	16	0,1%	6091,2%
<b>Income before taxes</b>	<b>3.387</b>	<b>11,1%</b>	<b>2.769</b>	<b>10,2%</b>	<b>22,3%</b>
Income taxes	1.486	4,9%	1.036	3,8%	43,4%
<b>Net income</b>	<b>1.901</b>	<b>6,3%</b>	<b>1.733</b>	<b>6,4%</b>	<b>9,7%</b>

**Tab. 2 – EI.En. S.p.A. balance sheet on December 31, 2004.**

	31/12/2004	31/12/2003
<b>Balance Sheet</b>		
Intangible assets	82	559
Tangible assets	5.127	4.491
Equity investments	21.807	16.031
Other investments	2.638	2.933
<b>Total fixed assets (A)</b>	<b>29.653</b>	<b>24.014</b>
Stocks	10.882	9.404
Trade debtors	13.031	13.174
Other debtors	792	1.467
Other equity investments	994	115
Own shares	256	256
Cash in banks and on hand	6.306	8.597
<b>Total current assets (B)</b>	<b>32.260</b>	<b>33.013</b>
Trade creditors	6.083	6.438
Other debtors	2.937	1.725
Financial liabilities due within 12 months	2.374	348
<b>Total current liabilities (C)</b>	<b>11.394</b>	<b>8.512</b>
<b>Net working capital (D)= B-C</b>	<b>20.867</b>	<b>24.501</b>
Employee severance indemnity	847	697
Other provisions	1.896	1.042
Net medium and long term financial debts	1.463	1.728
<b>Mid and long terms creditors (E)</b>	<b>4.206</b>	<b>3.467</b>
<b>Net invested capital (A + D - E)</b>	<b>46.314</b>	<b>45.048</b>
Shareholders' equity	46.314	45.048
<b>Shareholders' equity</b>	<b>46.314</b>	<b>45.048</b>