

Press release

## The Board of Directors of El.En. Spa releases the draft 2009 financial statements

- **Consolidated revenues 149,1 millions of euro and a net loss of 5,3 millions of euro**
- **Net Financial position was +68,9 millions of euro**
- **2010 guidance forecasts return to profitability**

**Florence, March 31st, 2010** The Board of Directors of El.En. SpA, leader on the laser market, listed on the Star segment of the Italian Stock Exchange, examined and released today the 2009 consolidated and El.En. Spa financial statements to be approved by the Shareholder's Meeting. The consolidated financials show a 5,3 millions of euro net loss for the Group, affected by the international economic downturn which had a deep impact on the business since from the first months of the year.

**Consolidated Revenues** for the group were 149,1 millions of euro, down 32,7% on 2008 on a yearly basis and down 27,3% for the consolidated financials excluding Cynosure.

The decrease in demand has rapidly reduced the size of our markets and affected the financial results. During the year 2009 the Group faced the economic downturn also cutting cost and trimming the dimensions of the operating structures to a level that allowed income generation from the fourth quarter of 2009.

On the other side the group maintained a high level of R&D expenditure, following its competitive strategy of product innovation, and it also accelerated investments in distribution on strategically relevant markets, like the DEKA distribution in North America or the aesthetic business in Italy.

**Gross Margin** was 79,3 millions of euro, down 37,2% on the previous year and with a 53,2% impact on sales.

**EBITDA** was negative for 4,0 millions of euro, as opposed to the 28,8 income as of December 31st, 2008.

**EBIT** was negative for 12,6 millions of euro, it had been a 20,6 millions income in 2008.

**Pre tax loss** as of December 31st, was 12,3 millions of euro, we had registered a 22,1 millions of euro pre tax income in 2008.

The Groups closed the year 2009 with a **net loss** of 5,3 millions of euro, whereas it had closed 2008 with a 8,3 millions of euro net income.

**The net financial position** as of December 31st, 2009 is positive for 68,9 millions of euro slightly increasing on the 68,0 millions of the end of 2008, due to the reclassification of \$ 18 million euro of Auction Rate Securities.

The **consolidated financials excluding Cynosure** from consolidation show 2009 **revenues** at 101,8 millions of euro (down 27,3% on al 2008), and an **EBITDA** of 2,3 millions of euro (down 87,6%) with a 2,2% impact on revenues. **EBIT** was negative for 1,5 millions of euro, down from the 13,8 millions of income of 2008. **Pre tax loss** was 2,0 millions of euro down from the 13,8 millions income of 2008. The financial show a 3,1 millions of euro **net loss**, it had been an 8,1 millions profit in 2008. The sub-consolidated financials without Cynosure show a smaller decrease in revenues ( down 27,3%), and a lower impact of the fixed operating expense, limiting the annual loss from operations to a 1,4% on revenues, while it was 8,4% on revenues in the consolidated financials. The **net financial position** stays positive for 8,8 millions of euro, down from the 15,0 millions of euro as of December 31<sup>st</sup>, 2008.

The 2009 financial report for the mother company **El.En. SpA** show revenues for 36,1 millions of euro ( down 37%), a Gross Margin of 16,8 millions of euro ( down 37,3%), a 3,0 millions of euro EBITDA ( down 74,1%), a 1,7 millions of euro EBIT (down 82,9%) and a net profit of 0,4 millions of euro.

In providing the 2010 guidance, we note that our market environment is still scarcely dynamic and is not showing stable signs of trend inversion. The high instability of the markets is not allowing as of today an adequately accurate forecast of profitability and sales volume: the Company indicates, with reference to the consolidated report drafted without Cynosure, for 2010 the target of returning to profitability in force of a light increase in revenue and of an effective cost control.

Within the frame of strong cost control, the group will not reduce its resource allocation to Research and Development, the fundamental grounds of our competitive strategy.

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.

The Board of directors will propose to the Shareholders meeting, scheduled for April 29 2010, (first call) and April 30, 2010, not to pay any dividends.

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Attachments:

1. El.En. Group Profit and Loss account
2. El.En. Group Balance sheet
3. El.En. Group Profit and Loss account excluding Cynosure
4. El.En. S.p.A. Profit and Loss account
5. El.En. S.p.A. Balance Sheet

(With reference to the attached financial statements, it should be noted that the audit has not yet been completed).

**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 Italiana. Its market floatation is approximately 47% and its market capitalization amounts to €57 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTA

Mkt capt.: 57 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, 2009**

<b>Profit and loss account</b>	<b>31/12/09</b>	<b>Inc.%</b>	<b>31/12/08</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	149.111	100,0%	221.670	100,0%	-32,7%
Change in inventory of finished goods and WIP	(2.237)	-1,5%	5.358	2,4%	
Other revenues and income	1.829	1,2%	1.818	0,8%	0,6%
<b>Value of production</b>	<b>148.703</b>	<b>99,7%</b>	<b>228.847</b>	<b>103,2%</b>	<b>-35,0%</b>
Purchase of raw materials	52.097	34,9%	85.679	38,7%	-39,2%
Change in inventory of raw material	3.561	2,4%	(6.029)	-2,7%	
Other direct services	13.757	9,2%	22.866	10,3%	-39,8%
<b>Gross margin</b>	<b>79.287</b>	<b>53,2%</b>	<b>126.330</b>	<b>57,0%</b>	<b>-37,2%</b>
Other operating services and charges	41.287	27,7%	51.379	23,2%	-19,6%
<b>Added value</b>	<b>38.001</b>	<b>25,5%</b>	<b>74.951</b>	<b>33,8%</b>	<b>-49,3%</b>
For staff costs	42.027	28,2%	46.140	20,8%	-8,9%
<b>EBITDA</b>	<b>(4.026)</b>	<b>-2,7%</b>	<b>28.812</b>	<b>13,0%</b>	
Depreciation, amortization and other accruals	8.571	5,7%	8.260	3,7%	3,8%
<b>EBIT</b>	<b>(12.598)</b>	<b>-8,4%</b>	<b>20.551</b>	<b>9,3%</b>	
Net financial income (charges)	947	0,6%	1.629	0,7%	-41,9%
Share of profit of associated companies	(278)	-0,2%	(130)	-0,1%	113,8%
Other net income (expense)	(402)	-0,3%	36	0,0%	
<b>Income before taxes</b>	<b>(12.331)</b>	<b>-8,3%</b>	<b>22.087</b>	<b>10,0%</b>	
Income taxes	4.060	2,7%	7.868	3,5%	-48,4%
<b>Income for the financial period</b>	<b>(16.391)</b>	<b>-11,0%</b>	<b>14.218</b>	<b>6,4%</b>	
Minority interest	(11.133)	-7,5%	5.890	2,7%	
<b>Net income</b>	<b>(5.258)</b>	<b>-3,5%</b>	<b>8.329</b>	<b>3,8%</b>	

**Tab. 2 – El.En. Group balance sheet on December 31, 2009**

	31/12/2009	31/12/2008	Var.
<b>Balance Sheet</b>			
Intangible assets	6.975	6.407	568
Tangible assets	29.845	26.258	3.586
Equity investments	1.289	1.692	-402
Deferred tax assets	4.431	9.414	-4.983
Other non current assets	3.665	15.408	-11.743
<b>Total non current assets</b>	<b>46.205</b>	<b>59.179</b>	<b>-12.973</b>
Inventories	50.531	57.423	-6.892
Accounts receivables	36.573	47.310	-10.738
Tax receivables	8.040	5.609	2.431
Other receivables	4.980	5.512	-532
Financial instruments	29.803	18.044	11.759
Cash and cash equivalents	49.573	59.114	-9.541
<b>Total current assets</b>	<b>179.499</b>	<b>193.012</b>	<b>-13.513</b>
<b>TOTAL ASSETS</b>	<b>225.704</b>	<b>252.191</b>	<b>-26.487</b>
<b>Total equity</b>	<b>163.364</b>	<b>180.997</b>	<b>-17.634</b>
Severance indemnity	2.607	2.469	138
Deferred tax liabilities	417	328	89
Other accruals	5.143	5.428	-285
Financial liabilities	4.927	3.735	1.192
<b>Non current liabilities</b>	<b>13.094</b>	<b>11.960</b>	<b>1.134</b>
Financial liabilities	5.613	5.548	65
Accounts payables	25.136	31.118	-5.981
Income tax payables	450	2.979	-2.529
Other payables	18.047	19.589	-1.542
<b>Current liabilities</b>	<b>49.246</b>	<b>59.234</b>	<b>-9.988</b>
<b>TOTAL LIABILITES AND STOCKHOLDERS' EQUITY</b>	<b>225.704</b>	<b>252.191</b>	<b>-26.487</b>

**Tab. 3 – El.En. Group Profit and Loss account on December 31, 2009 excluding Cynosure**

<b>Profit and loss account</b>	<b>31/12/09</b>	<b>Inc.%</b>	<b>31/12/08</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	101.764	100,0%	139.988	100,0%	-27,3%
Change in inventory of finished goods and WIP	(84)	-0,1%	3.200	2,3%	
Other revenues and income	1.631	1,6%	1.381	1,0%	18,1%
<b>Value of production</b>	<b>103.311</b>	<b>101,5%</b>	<b>144.569</b>	<b>103,3%</b>	<b>-28,5%</b>
Purchase of raw materials	42.890	42,1%	65.275	46,6%	-34,3%
Change in inventory of raw material	1.580	1,6%	(4.476)	-3,2%	
Other direct services	8.517	8,4%	13.608	9,7%	-37,4%
<b>Gross margin</b>	<b>50.325</b>	<b>49,5%</b>	<b>70.163</b>	<b>50,1%</b>	<b>-28,3%</b>
Other operating services and charges	22.939	22,5%	25.430	18,2%	-9,8%
<b>Added value</b>	<b>27.386</b>	<b>26,9%</b>	<b>44.733</b>	<b>32,0%</b>	<b>-38,8%</b>
For staff costs	25.104	24,7%	26.282	18,8%	-4,5%
<b>EBITDA</b>	<b>2.282</b>	<b>2,2%</b>	<b>18.452</b>	<b>13,2%</b>	<b>-87,6%</b>
Depreciation, amortization and other accruals	3.736	3,7%	4.615	3,3%	-19,1%
<b>EBIT</b>	<b>(1.454)</b>	<b>-1,4%</b>	<b>13.836</b>	<b>9,9%</b>	
Net financial income (charges)	90	0,1%	(176)	-0,1%	
Share of profit of associated companies	(278)	-0,3%	(130)	-0,1%	113,8%
Other net income (expense)	(374)	-0,4%	253	0,2%	
<b>Income before taxes</b>	<b>(2.016)</b>	<b>-2,0%</b>	<b>13.783</b>	<b>9,8%</b>	
Income taxes	872	0,9%	5.131	3,7%	-83,0%
<b>Income for the financial period</b>	<b>(2.888)</b>	<b>-2,8%</b>	<b>8.652</b>	<b>6,2%</b>	
Minority interest	183	0,2%	550	0,4%	-66,8%
<b>Net income</b>	<b>(3.071)</b>	<b>-3,0%</b>	<b>8.102</b>	<b>5,8%</b>	

**Tab. 4 – EI.En. S.p.A. Profit and Loss account on December 31, 2009**

<b>Profit and loss account</b>	<b>31/12/09</b>	<b>Inc.%</b>	<b>31/12/08</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	36.092	100,0%	57.253	100,0%	-37,0%
Change in inventory of finished goods and WIP	(1.115)	-3,1%	514	0,9%	
Other revenues and income	1.241	3,4%	1.093	1,9%	13,5%
<b>Value of production</b>	<b>36.219</b>	<b>100,4%</b>	<b>58.861</b>	<b>102,8%</b>	<b>-38,5%</b>
Purchase of raw materials	13.824	38,3%	27.630	48,3%	-50,0%
Change in inventory of raw material	2.894	8,0%	(2.309)	-4,0%	
Other direct services	2.740	7,6%	6.788	11,9%	-59,6%
<b>Gross margin</b>	<b>16.761</b>	<b>46,4%</b>	<b>26.752</b>	<b>46,7%</b>	<b>-37,3%</b>
Other operating services and charges	5.015	13,9%	6.542	11,4%	-23,3%
<b>Added value</b>	<b>11.746</b>	<b>32,5%</b>	<b>20.210</b>	<b>35,3%</b>	<b>-41,9%</b>
For staff costs	8.759	24,3%	8.681	15,2%	0,9%
<b>EBITDA</b>	<b>2.987</b>	<b>8,3%</b>	<b>11.529</b>	<b>20,1%</b>	<b>-74,1%</b>
Depreciation, amortization and other accruals	1.277	3,5%	1.519	2,7%	-16,0%
<b>EBIT</b>	<b>1.710</b>	<b>4,7%</b>	<b>10.010</b>	<b>17,5%</b>	<b>-82,9%</b>
Net financial income (charges)	463	1,3%	1.552	2,7%	-70,2%
Share of profit of associated companies	0	0,0%	0	0,0%	
Other net income (expense)	(850)	-2,4%	(707)	-1,2%	20,1%
<b>Income before taxes</b>	<b>1.323</b>	<b>3,7%</b>	<b>10.855</b>	<b>19,0%</b>	<b>-87,8%</b>
Income taxes	963	2,7%	3.825	6,7%	-74,8%
<b>Income for the financial period</b>	<b>360</b>	<b>1,0%</b>	<b>7.030</b>	<b>12,3%</b>	<b>-94,9%</b>
Minority interest	0	0,0%	0	0,0%	
<b>Net income</b>	<b>360</b>	<b>1,0%</b>	<b>7.030</b>	<b>12,3%</b>	<b>-94,9%</b>

**Tab. 5 – El.En. S.p.A. Balance Sheet on December 31, 2009**

	31/12/2009	31/12/2008	Var.
<b>Balance Sheet</b>			
Intangible assets	14	17	-3
Tangible assets	14.237	12.151	2.086
Equity investments	18.329	18.207	122
Deferred tax assets	1.317	1.246	71
Other non current assets	550	621	-70
<b>Total non current assets</b>	<b>34.447</b>	<b>32.242</b>	<b>2.205</b>
Inventories	16.879	21.067	-4.188
Accounts receivables	22.528	25.419	-2.890
Tax receivables	2.169	1.629	540
Other receivables	3.882	4.517	-636
Cash and cash equivalents	7.618	11.536	-3.917
<b>Total current assets</b>	<b>53.076</b>	<b>64.167</b>	<b>-11.091</b>
<b>TOTAL ASSETS</b>	<b>87.524</b>	<b>96.409</b>	<b>-8.885</b>
<b>Total equity</b>	<b>73.556</b>	<b>74.427</b>	<b>-871</b>
Severance indemnity	968	993	-25
Deferred tax liabilities	267	221	46
Other accruals	2.144	2.313	-170
Financial liabilities	136	268	-132
<b>Non current liabilities</b>	<b>3.515</b>	<b>3.795</b>	<b>-281</b>
Financial liabilities	89	43	45
Accounts payables	7.876	13.548	-5.672
Income tax payables		1.678	-1.678
Other payables	2.488	2.918	-430
<b>Current liabilities</b>	<b>10.453</b>	<b>18.187</b>	<b>-7.734</b>
<b>TOTAL LIABILITES AND STOCKHOLDERS' EQUITY</b>	<b>87.524</b>	<b>96.409</b>	<b>-8.885</b>