

Press Release

## El.En.'s BoD releases the financial report for the quarter ending on September 30, 2011

### REVENUES INCREASE BUT THE RESULTS SUFFER THE MARKETS CRISIS

#### Main financial information as of September 30, 2011

##### For the nine months

- Consolidated revenues : 147,3 millions of euro (+9,2%)
- EBIT: substantial break even (was 2,8 millions of euro in 2010)
- Net Financial Position: positive for 42,7 millions of euro
- Results without Cynosure: revenues 97,7 millions of euro (up 5,1%), EBIT positive for 3,5 millions of euro (down 35,4%), net financial position negative for 3,8 millions of euro

##### For the quarter

- Consolidated revenues: 49,1 millions of euro (up 14%)
- EBIT: negative for 0,6 millions of euro (was +1,5 millions in 2010)
- Results without Cynosure: revenues 30,4 millions of euro (up 4,4%), EBIT equal to a 0,3 millions of euro (down 85,7%)

**Florence, November 14, 2011** – 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, released today the financial report for the quarter ending on September 30, 2011, which showed **consolidated revenues for 147,3 millions of euro**, up 9,2% on the corresponding period of 2010. In the quarter revenues were 49,1 millions of euro, up 14% on the 43,1 millions of euro of the third quarter of 2010.

Revenue growth is strengthening, driven by the rapid development of the industrial sector and, in the quarter, by the revenue recovery registered Cynosure, also due to the acquisitions completed in previous months. These acquisitions rapidly enhanced the group's results, and favourably position the group in view of further growth.

The results reflect however economic conditions that had already proved more complex than expected during the first six months of the year, and that from July have been deteriorating rapidly also impacting upon our markets: growth in the industrial sector, though exceeding 20%, is lower than expected, while the medical sector grows or maintains its positions, but had to acknowledge a reduction in margins.

Notwithstanding the worsened economic environment the Group is determined to pursue its growth objectives, seizing market opportunities through product innovation, to which in 2011 were devoted more resources than in 2010, but also through the consolidation and adaptation to current market conditions of the production and distribution structures created to better operate on the most interesting markets.

**Gross Margin** for the nine months was 77,2 millions of euro, with respect to the 72,3 millions of euro as of September 30, 2010 (up 6,8%).

**EBITDA** for the first nine months was positive for 7,9 millions of euro, down 15,2% on the 9,3 millions as of September 30, 2010; for the quarter it's positive for 2,2 millions of euro, down 40,2% on the 3,7 millions of the corresponding period in 2010.

**EBIT** for the nine months is substantially break even, down on the 2,8 millions of euro as of September 30, 2010. For the quarter a 0,6 millions of euro loss from operations was registered, as opposed to the 1,5 millions income of the third quarter of 2010.

**Pre tax income** was negative for 0,8 millions of euro, down from the 1,7 millions of euro income of the corresponding 2010 period, due to the worsening of the quarterly results from operations. For the quarter it's negative for 0,2 millions of euro, from the 0,6 income as of September 30, 2010.

The **net financial position of the Group** stayed positive for 42,7 millions of euro with respect to the 74,9 millions of euro as of December 31, 2010. The decrease is mainly due to the acquisitions performed by Cynosure.

**The financial results of the Group for the first nine months, excluding Cynosure from consolidation**, saw the quarter close with 97,7 millions of euro **revenues** (up5,1%); **EBITDA** was 7,6 millions of euro down 12,3% on the previous year **EBIT** was 3,5 millions of euro, it had been 5,4 millions of euro as of September 30, 2010; **pre tax income** (EBT) was positive for 2,8 millions of euro down from the 4,3 millions of euro corresponding 2010 period. **For the quarter the results registered excluding Cynosure from consolidation** show revenues for 30,4 millions of euro up 4,4% on the 29,1 millions of euro as of September 30, 2010; **EBITDA** was 1,5 millions of euro down from the 3,0 millions of euro of the third quarter of 2010; **pre tax income** (EBT) was positive per 0,8 millions and improving on the 0,6 millions of the third quarter 2010.

The third quarter results were affected by seasonality and by the worsening of general economic conditions. For the consolidated financials drafted with the exclusion of Cynosure, in which respect we provide guidance on the development of group's activities, income from operations was thus lower than in previous quarters and the previous year, while financial and extraordinary income, that in the first half thwarted the good operating results, have improved considerably.

The target set within the six months report, that the second half would beat the first one in income from operations, remains the benchmark for the management for the closing of the year, despite a rapidly deteriorating economic situation making it more ambitious.

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.



As required by Consob, the quarterly report as of September 30<sup>th</sup>, 2011, will be available for the public at our premises in Calenzano, at Borsa Italiana SpA and in the investor relation section of our website [www.elengroup.com](http://www.elengroup.com) from November 14<sup>th</sup>, 2011.

*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 47% and its market capitalization amounts to € 51 millions of euro.*

*Cod. ISIN: IT0001481867  
Code: ELN  
Listed on MTA  
Mkt capt.: 51 mln/Euro  
Cod. Reuters: ELN.MI  
Cod. Bloomberg: ELN IM*

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**Tab. 1 – Three months ended September 30<sup>th</sup> , 2011 (unaudited)**

<b>Statement of income - 3 months</b>	<b>30/09/11</b>	<b>Inc.%</b>	<b>30/09/10</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	49.079	100,0%	43.060	100,0%	14,0%
Change in inventory of finished goods and WIP	1.551	3,2%	1.426	3,3%	8,7%
Other revenues and income	480	1,0%	795	1,8%	-39,5%
<b>Value of production</b>	<b>51.110</b>	<b>104,1%</b>	<b>45.281</b>	<b>105,2%</b>	<b>12,9%</b>
Purchase of raw materials	21.608	44,0%	19.017	44,2%	13,6%
Change in inventory of raw material	172	0,3%	(1.189)	-2,8%	
Other direct services	4.547	9,3%	3.727	8,7%	22,0%
<b>Gross margin</b>	<b>24.784</b>	<b>50,5%</b>	<b>23.726</b>	<b>55,1%</b>	<b>4,5%</b>
Other operating services and charges	10.389	21,2%	9.522	22,1%	9,1%
<b>Added value</b>	<b>14.396</b>	<b>29,3%</b>	<b>14.204</b>	<b>33,0%</b>	<b>1,3%</b>
For staff costs	12.206	24,9%	10.544	24,5%	15,8%
<b>EBITDA</b>	<b>2.189</b>	<b>4,5%</b>	<b>3.661</b>	<b>8,5%</b>	<b>-40,2%</b>
Depreciation, amortization and other accruals	2.770	5,6%	2.200	5,1%	25,9%
<b>EBIT</b>	<b>(581)</b>	<b>-1,2%</b>	<b>1.461</b>	<b>3,4%</b>	
Net financial income (charges)	407	0,8%	(705)	-1,6%	
Share of profit of associated companies	(130)	-0,3%	(147)	-0,3%	-12,0%
Other Income (expense) net	68	0,1%	(2)	0,0%	
<b>Income (loss) before taxes</b>	<b>(236)</b>	<b>-0,5%</b>	<b>606</b>	<b>1,4%</b>	

**Tab. 2 – Nine months ended September 30, 2011 (unaudited)**

<b>Statement of income</b>	<b>30/09/11</b>	<b>Inc.%</b>	<b>30/09/10</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	147.330	100,0%	134.916	100,0%	9,2%
Change in inventory of finished goods and WIP	8.347	5,7%	(1.392)	-1,0%	
Other revenues and income	2.033	1,4%	1.671	1,2%	21,7%
<b>Value of production</b>	<b>157.710</b>	<b>107,0%</b>	<b>135.196</b>	<b>100,2%</b>	<b>16,7%</b>
Purchase of raw materials	70.628	47,9%	54.172	40,2%	30,4%
Change in inventory of raw material	(4.229)	-2,9%	(3.706)	-2,7%	14,1%
Other direct services	14.109	9,6%	12.468	9,2%	13,2%
<b>Gross margin</b>	<b>77.202</b>	<b>52,4%</b>	<b>72.261</b>	<b>53,6%</b>	<b>6,8%</b>
Other operating services and charges	32.986	22,4%	30.029	22,3%	9,8%
<b>Added value</b>	<b>44.216</b>	<b>30,0%</b>	<b>42.232</b>	<b>31,3%</b>	<b>4,7%</b>
For staff costs	36.363	24,7%	32.972	24,4%	10,3%
<b>EBITDA</b>	<b>7.853</b>	<b>5,3%</b>	<b>9.260</b>	<b>6,9%</b>	<b>-15,2%</b>
Depreciation, amortization and other accruals	7.918	5,4%	6.427	4,8%	23,2%
<b>EBIT</b>	<b>(65)</b>	<b>0,0%</b>	<b>2.833</b>	<b>2,1%</b>	
Net financial income (charges)	(209)	-0,1%	(296)	-0,2%	-29,4%
Share of profit of associated companies	(529)	-0,4%	(392)	-0,3%	35,2%
Other net income (expense)	35	0,0%	(461)	-0,3%	
<b>Income (loss) before taxes</b>	<b>(768)</b>	<b>-0,5%</b>	<b>1.685</b>	<b>1,2%</b>	

**Tab. 3 – Three months ended September 30, 2011 (unaudited) – without Cynosure**

<b>Statement of income - 3 months</b>	<b>30/09/11</b>	<b>Inc.%</b>	<b>30/09/10</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	30.439	100,0%	29.144	100,0%	4,4%
Change in inventory of finished goods and WIP	288	0,9%	1.710	5,9%	-83,2%
Other revenues and income	378	1,2%	720	2,5%	-47,5%
<b>Value of production</b>	<b>31.105</b>	<b>102,2%</b>	<b>31.574</b>	<b>108,3%</b>	<b>-1,5%</b>
Purchase of raw materials	14.236	46,8%	14.314	49,1%	-0,5%
Change in inventory of raw material	80	0,3%	(471)	-1,6%	
Other direct services	2.441	8,0%	2.320	8,0%	5,2%
<b>Gross margin</b>	<b>14.347</b>	<b>47,1%</b>	<b>15.411</b>	<b>52,9%</b>	<b>-6,9%</b>
Other operating services and charges	5.757	18,9%	6.022	20,7%	-4,4%
<b>Added value</b>	<b>8.590</b>	<b>28,2%</b>	<b>9.390</b>	<b>32,2%</b>	<b>-8,5%</b>
For staff costs	7.060	23,2%	6.349	21,8%	11,2%
<b>EBITDA</b>	<b>1.530</b>	<b>5,0%</b>	<b>3.041</b>	<b>10,4%</b>	<b>-49,7%</b>
Depreciation, amortization and other accruals	1.266	4,2%	1.196	4,1%	5,9%
<b>EBIT</b>	<b>264</b>	<b>0,9%</b>	<b>1.845</b>	<b>6,3%</b>	<b>-85,7%</b>
Net financial income (charges)	594	2,0%	(1.087)	-3,7%	
Share of profit of associated companies	(130)	-0,4%	(147)	-0,5%	-12,0%
Other Income (expense) net	66	0,2%	0	0,0%	
<b>Income (loss) before taxes</b>	<b>794</b>	<b>2,6%</b>	<b>611</b>	<b>2,1%</b>	<b>30,0%</b>

**Tab. 4 – Nine months ended September 30, 2011 (unaudited) – without Cynosure**

<b>Statement of income</b>	<b>30/09/11</b>	<b>Inc.%</b>	<b>30/09/10</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	97.718	100,0%	92.993	100,0%	5,1%
Change in inventory of finished goods and WIP	5.696	5,8%	2.508	2,7%	127,1%
Other revenues and income	1.782	1,8%	1.430	1,5%	24,6%
<b>Value of production</b>	<b>105.196</b>	<b>107,7%</b>	<b>96.931</b>	<b>104,2%</b>	<b>8,5%</b>
Purchase of raw materials	50.483	51,7%	42.565	45,8%	18,6%
Change in inventory of raw material	(2.250)	-2,3%	(1.148)	-1,2%	95,9%
Other direct services	8.401	8,6%	8.267	8,9%	1,6%
<b>Gross margin</b>	<b>48.561</b>	<b>49,7%</b>	<b>47.248</b>	<b>50,8%</b>	<b>2,8%</b>
Other operating services and charges	18.516	18,9%	18.240	19,6%	1,5%
<b>Added value</b>	<b>30.045</b>	<b>30,7%</b>	<b>29.008</b>	<b>31,2%</b>	<b>3,6%</b>
For staff costs	22.446	23,0%	20.342	21,9%	10,3%
<b>EBITDA</b>	<b>7.599</b>	<b>7,8%</b>	<b>8.666</b>	<b>9,3%</b>	<b>-12,3%</b>
Depreciation, amortization and other accruals	4.142	4,2%	3.312	3,6%	25,1%
<b>EBIT</b>	<b>3.457</b>	<b>3,5%</b>	<b>5.354</b>	<b>5,8%</b>	<b>-35,4%</b>
Net financial income (charges)	(198)	-0,2%	(243)	-0,3%	-18,6%
Share of profit of associated companies	(529)	-0,5%	(392)	-0,4%	35,2%
Other net income (expense)	66	0,1%	(457)	-0,5%	
<b>Income (loss) before taxes</b>	<b>2.795</b>	<b>2,9%</b>	<b>4.261</b>	<b>4,6%</b>	<b>-34,4%</b>