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Press release

The Board of Directors of El.En. SpA approves the quarterly financial report as of September 30th , 2012

Selected consolidated financial results for the nine months ending September 30th , 2012:

- **Consolidated Revenue: 191,1 millions of euro (147,3 millions in the nine months of 2011): up 29,7%**
- **EBITDA: 20,1 millions of euro (10,5% on revenue), was 7,9 millions in the nine months of 2011: up 155,9%**
- **EBIT: 12,1 millions (6,4 % on revenue), -0,1 millions in the nine months of 2011**
- **Pre tax income: 11,4 millions of euro (6% on revenue), -0,8 millions in the nine months of 2011**
- **Net Financial Position: positive for 68,7 millions of euro up on the 53 millions as of December 31st, 2011**
- **Results without Cynosure: Revenue at 108,3 millions of euro (up 10,8%), EBIT positive for 5,6 millions of euro (up 61,2%), Net Financial Position positive per 7,8 millions of euro**;

Selected consolidated financial results for the third quarter:

- **Consolidated Revenue: 61,8 millions of euro (49,1 millions in the third quarter of 2011): up 26%**
- **EBITDA: 7,4 millions of euro (11,9% on revenue), 2,2 millions in the third quarter of 2011: up 236,5%**
- **EBIT: 4,7 millions of euro (7,7% on revenue), -0,6 millions in the third quarter of 2011**
- **Pre tax income: 4,4 millions of euro (7,1% on revenue), -0,2 millions in the third quarter of 2011**
- **Results without Cynosure: Revenue at 33,5 millions of euro (up 10%), EBIT at 1,7 millions of euro (up 559,2%)**

Florence, November 14th, 2012 – 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, approved today the financial report as of September 30th, 2012 that registered **consolidated revenue** at 191,1 millions of euro, up 29,7% on the corresponding period of 2011. For the quarter revenue was 61,8 millions of euro, up 26% on the 49,1 millions of euro of the third quarter of 2011.

Revenue growth remained very strong in the main business areas. Medical laser sales growth was nearly 42% also due to the contribution of Cynosure's external growth, the industrial laser systems sales (up 2%) continued to grow despite the less favorable conditions on the two main markets (Europe and China).
Turnover in Italy and in Europe increased slightly while revenue in the rest of the world, driven by the United States of America and Far East, increased significantly by 42%.

Il **Gross margin** for the nine months was 100 millions of euro, it has been 77,2 millions of euro as of September 30th, 2011 (up 29,4%), substantially unchanged in its impact on revenue.

EBITDA for the first nine months was positive for 20,1 millions of euro, compared to 7,9 millions as of September 30th , 2011 (up 155.9%); in the quarter it was 7,4 millions of euro marking a 236.5% increase compared to 2,2 millions in the same period of 2011.

EBIT at the end of nine months showed a positive balance of 12,2 millions of euro, a significant improvement compared to the negative result of 0.1 millions of euro as of September 30th, 2011. The impact on sales was 6,4%, still far from the potential of the group, but an important achievement in relation to the general conditions in which it was obtained. In the quarter, operating income was positive for 4,7 millions of euro compared to a loss of 0,6 millions in the third quarter of 2011.

Reversing the 0,8 millions loss as of September 30, 2011, **profit before tax** showed a profit of 11,4 millions of euro, reaching a significant level of profitability. For the quarter, profit before tax was positive for 4,4 millions of euro compared to a loss of 0,2 millions in 2011.

The **Net Financial Position** of the Group was roughly 69 millions of euro, up from 53 millions of euro at December 31, 2011, most of it held by Cynosure Inc..

The **financial results of the Group for the first nine months, excluding Cynosure from consolidation**, closed with **Revenue** at 108,3 millions of euro (up 10,8%); **EBITDA** was positive for 9,3 millions of euro, an increase of 22.5% compared to 7,6 millions in the previous year and with an incidence of 8,6% on revenue against 7,8% as of the September 30th, 2011; **EBIT** was 5.6 millions of euro compared to 3,4 millions of euro as of September 30th, 2011, also improving the margin on sales, increased to 5,1% from 3,5% as of September 30th, 2011; **income before taxes** was 4,6 millions of euro, a significant increase compared to 2,8 millions of euro of the previous year. **For the quarter, the financial results excluding Cynosure from consolidation** recorded revenue of 33,5 millions of euro, up 10% on the 30,4 millions of euro as of September 30th, 2011; **EBITDA** was 3,0 millions, doubling previous year's result; **income before taxes** was positive for 1.0 million improving on the 0,8 millions of the third quarter of 2011.

The **Net Financial Position** of the Group excluding Cynosure amounted to 7,8 millions of euro, a significant increase compared to 1,8 millions at the end of 2011, as the effect of the return to profitability and ability to generate cash flows from operations.

The financial results for the third quarter confirm the trend of the year, they are satisfactory, better than expected for Cynosure and the overall consolidated financials, in line with expectations for the consolidated financials without Cynosure.

In addition to the net income generated by current operations, in correspondence with the success of the Public Offer of Cynosure shares described below, the gain realized on the sale of shares held by El.En. Spa and the revaluation of the remaining shares at fair value according to the relevant accounting standards IAS / IFRS, will add a significant contribution as extraordinary net profit for the year.

Among the **major events that occurred after the end of the quarter** we remind that on October 8th, 2012 El.En. S.p.A acquired from the minority shareholder Laserfin Spa 40% of the shares of Quanta System spa and 10% of DEKA M.E.L.A. Srl. Both companies were already controlled by El.En. Spa and wholly consolidated within the group's consolidated financial reporting. Following the transaction, El.En. Spa is therefore holding 100% of the shares of Quanta System and 85% of DEKA M.E.L.A. Srl. The transaction has been performed in order to rationalize and simplify the group's structure. As consideration for the acquisition of the two stakes, El.En. Spa transferred to the seller 82.000 ordinary shares of El.En., that were held as treasury stock, together with a balance of 3,4 millions of euro in cash to be paid over the next three years, and a further payment of 125 thousands Euro subjected to an earn out clause. With reference to the 25 euros evaluation that has been applied to the El.En. stock, equal to the carrying cost of the treasury stock, the global consideration for the transactions was 5,6 millions of euro.

On November 12th , 2012 Cynosure Inc. (Nasdaq CYNO) commenced an underwritten registered public offering of 2,600,000 shares of its class A common stock where, in addition, El.En. S.p.A. is offering 600,000 of its Cynosure's shares.
Moreover, Leerink Swann LLC, the underwriter for the offering, has the option for a period of up to 30 days from the date of the prospectus supplement to purchase up to an additional 240,000 shares from the Company and up to an additional 240,000 shares from El.En. S.p.A. at the public offering price less underwriting discounts and commissions. The offering is subject to market conditions, and there can be no assurance as to whether or when the offering may be completed, or as to the final size or terms of the offering.
Cynosure intends to use the net proceeds from the shares sold by it in this offering for general corporate purposes, which may include the acquisition of complementary products, technologies or businesses. Cynosure will not receive any proceeds from the sale of the shares by El.En. S.p.A. El.En. S.p.A. intends to use the net proceeds from the shares sold by it in this offering for general corporate purposes.

In correspondence to the success and the completion of the offer and due to the sale of shares as provided by the Offer, El.En.'s holding in Cynosure Inc. will fall below the threshold of 20% to around 15%. Consequently, the statutory provisions which give to El.En. Spa the right to control the board of directors of Cynosure by appointing four directors out of seven, will expire and Cynosure, also in relation to the consolidated financial statements, will no longer be considered as a controlled company. Consequently, the financial statements of Cynosure Inc., from the closing date, will not be fully consolidated in the financial statements of the El.En. Group anymore.
The practice adopted by El.En. to present the consolidated financial statements also in the form drafted excluding Cynosure from consolidation, facilitates the presentation of the effects of Cynosure's exit from full consolidation within the financial reports of the Group.

Collaboration in research and development and commercialization between El.En. and Cynosure will not be affected by the different nature of the relationship within the companies. The supply contract at the base of the commercial success of the system Cellulaze was renewed and extended until 2019.

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 30th , 2012, will be available for the public at our premises in Calenzano, at Borsa Italiana SpA and in the investor relations section of our website www.elengroup.com from September 14th, 2012.

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 €77 million.

Cod. ISIN: IT0001481867
Code: ELN
Listed on MTA
Mkt capt.:77 mln/Euro
Cod. Reuters: ELN.MI
Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended September 30th, 2012 (unaudited)

Income Statement - 3 months	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	61.842	100,0%	49.079	100,0%	26,0%
Change in inventory of finished goods and WIP	(525)	-0,8%	1.551	3,2%	
Other revenues and income	1.080	1,7%	480	1,0%	124,8%
Value of production	**62.397**	**100,9%**	**51.110**	**104,1%**	**22,1%**
Purchase of raw materials	25.961	42,0%	21.608	44,0%	20,1%
Change in inventory of raw material	(1.716)	-2,8%	172	0,3%	
Other direct services	5.138	8,3%	4.547	9,3%	13,0%
Gross margin	**33.013**	**53,4%**	**24.784**	**50,5%**	**33,2%**
Other operating services and charges	11.666	18,9%	10.389	21,2%	12,3%
Added value	**21.347**	**34,5%**	**14.396**	**29,3%**	**48,3%**
For staff costs	13.981	22,6%	12.206	24,9%	14,5%
EBITDA	**7.366**	**11,9%**	**2.189**	**4,5%**	**236,5%**
Depreciation, amortization and other accruals	2.619	4,2%	2.770	5,6%	-5,5%
EBIT	**4.747**	**7,7%**	**(581)**	**-1,2%**	
Net financial income (charges)	(345)	-0,6%	407	0,8%	
Share of profit of associated companies	(33)	-0,1%	(130)	-0,3%	-74,7%
Other Income (expense) net	0	0,0%	68	0,1%	
Income (loss) before taxes	**4.369**	**7,1%**	**(236)**	**-0,5%**	

Tab. 2 – Nine months ended September 30, 2012 (unaudited)

Income Statement	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	191.112	100,0%	147.330	100,0%	29,7%
Change in inventory of finished goods and WIP	3.083	1,6%	8.347	5,7%	-63,1%
Other revenues and income	2.716	1,4%	2.033	1,4%	33,6%
Value of production	**196.911**	**103,0%**	**157.710**	**107,0%**	**24,9%**
Purchase of raw materials	82.223	43,0%	70.628	47,9%	16,4%
Change in inventory of raw material	(1.689)	-0,9%	(4.229)	-2,9%	-60,1%
Other direct services	16.467	8,6%	14.109	9,6%	16,7%
Gross margin	**99.910**	**52,3%**	**77.202**	**52,4%**	**29,4%**
Other operating services and charges	35.975	18,8%	32.986	22,4%	9,1%
Added value	**63.934**	**33,5%**	**44.216**	**30,0%**	**44,6%**
For staff costs	43.840	22,9%	36.363	24,7%	20,6%
EBITDA	**20.094**	**10,5%**	**7.853**	**5,3%**	**155,9%**
Depreciation, amortization and other accruals	7.940	4,2%	7.918	5,4%	0,3%
EBIT	**12.155**	**6,4%**	**(65)**	**-0,0%**	
Net financial income (charges)	(423)	-0,2%	(209)	-0,1%	102,7%
Share of profit of associated companies	(303)	-0,2%	(529)	-0,4%	-42,7%
Other net income (expense)	(1)	-0,0%	35	0,0%	
Income (loss) before taxes	**11.427**	**6,0%**	**(768)**	**-0,5%**	

Tab. 3 – Three months ended September 30, 2012 (unaudited) – without Cynosure

Income Statement - 3 months	30/09/12	Inc.%	30/09/11	Inc.%	Var.%
Revenues	33.496	100,0%	30.439	100,0%	10,0%
Change in inventory of finished goods and WIP	(1.569)	-4,7%	288	0,9%	
Other revenues and income	974	2,9%	378	1,2%	157,6%
Value of production	**32.901**	**98,2%**	**31.105**	**102,2%**	**5,8%**
Purchase of raw materials	14.691	43,9%	14.236	46,8%	3,2%
Change in inventory of raw material	(531)	-1,6%	80	0,3%	
Other direct services	2.109	6,3%	2.441	8,0%	-13,6%
Gross margin	**16.632**	**49,7%**	**14.347**	**47,1%**	**15,9%**
Other operating services and charges	5.994	17,9%	5.757	18,9%	4,1%
Added value	**10.638**	**31,8%**	**8.590**	**28,2%**	**23,8%**
For staff costs	7.638	22,8%	7.060	23,2%	8,2%
EBITDA	**3.001**	**9,0%**	**1.530**	**5,0%**	**96,1%**
Depreciation, amortization and other accruals	1.259	3,8%	1.266	4,2%	-0,5%
EBIT	**1.742**	**5,2%**	**264**	**0,9%**	**559,2%**
Net financial income (charges)	(656)	-2,0%	594	2,0%	
Share of profit of associated companies	(33)	-0,1%	(130)	-0,4%	-74,7%
Other Income (expense) net	0	0,0%	66	0,2%	
Income (loss) before taxes	**1.052**	**3,1%**	**794**	**2,6%**	**32,6%**

Tab. 4 – Nine months ended September 30, 2012 (unaudited) – without Cynosure

Income Statement	**30/09/12**	**Inc.%**	**30/09/11**	**Inc.%**	**Var.%**
Revenues	108.310	100,0%	97.718	100,0%	10,8%
Change in inventory of finished goods and WIP	(554)	-0,5%	5.696	5,8%	
Other revenues and income	2.407	2,2%	1.782	1,8%	35,1%
Value of production	**110.162**	**101,7%**	**105.196**	**107,7%**	**4,7%**
Purchase of raw materials	51.481	47,5%	50.483	51,7%	2,0%
Change in inventory of raw material	(1.005)	-0,9%	(2.250)	-2,3%	-55,3%
Other direct services	7.810	7,2%	8.401	8,6%	-7,0%
Gross margin	**51.876**	**47,9%**	**48.561**	**49,7%**	**6,8%**
Other operating services and charges	18.526	17,1%	18.516	18,9%	0,1%
Added value	**33.350**	**30,8%**	**30.045**	**30,7%**	**11,0%**
For staff costs	24.043	22,2%	22.446	23,0%	7,1%
EBITDA	**9.307**	**8,6%**	**7.599**	**7,8%**	**22,5%**
Depreciation, amortization and other accruals	3.736	3,4%	4.142	4,2%	-9,8%
EBIT	**5.571**	**5,1%**	**3.457**	**3,5%**	**61,2%**
Net financial income (charges)	(651)	-0,6%	(198)	-0,2%	228,7%
Share of profit of associated companies	(303)	-0,3%	(529)	-0,5%	-42,7%
Other net income (expense)	(1)	0,0%	66	0,1%	
Income (loss) before taxes	**4.615**	**4,3%**	**2.795**	**2,9%**	**65,1%**

NOTE:

In accordance with the recommendation CESR/05-178b on alternative performance indicators, the Group uses, in addition to the financial information required by IFRS, some information derived from the latter, although not required by IFRS (non - GAAP measures). These are presented in order to allow a better assessment of the performance and the management of the group and should not be considered as alternatives to those required by IFRS.

The Group uses the following alternative performance indicators to evaluate the financial performance:

- **Income from operations,** also known as "EBIT" it’s an indicator of operating performance and is determined by adding to the profit / loss for the period: income taxes, other income and expenses, the share of profits/losses of associates, financial income/loss;
- **Gross margin from operations,** also known as "EBITDA", it’s also an indicator of operating performance and it’s calculated by adding the EBIT the entries under "Depreciation, amortization and other accruals";
- **Added Value,** determined by adding to EBITDA the item "For staff costs";
- **Gross Margin,** an indicator of sales margins calculated by adding to the Added Value the line " Other operating service and charges "
- The impact of the various income lines on revenue;

The Group uses as alternative performance indicators to evaluate their ability to cope with financial obligations:

- la **Net Financial Position** as: cash and banks + securities held as current assets + current financial assets – long term financial liabilities - current financial liabilities

The alternative performance measures are used by the Issuer to monitor and evaluate the performance of the group and are not defined as accounting measures either within Italian GAAP or the IAS / IFRS. Therefore, the criteria used by the Group may not be consistent with those adopted by other operators and / or groups and therefore may not be comparable.