

## El.En. Spa: The Bod releases the six months financial report as of June 30, 2013

Revenue in line with the first six months of 2012

Net income affected by one-time extraordinary charges in the affiliated Cynosure Inc.  
Improvement in the second quarter of 2013 aligning trend with yearly guidance

### Main consolidated financial results as of June 30, 2013

- **Consolidated Revenue: 73,8 million of euro (74,8 million as of June 30, 2012)**
- **EBITDA: 5,9 million of euro (6,3 million as of June 30, 2012)**
- **EBIT: 3,7 million of euro (3,8 million as of June 30, 2012)**
- **Net Income for the Group: 1,3 million of euro (1,6 million as of June 30, 2012)**
- **Net financial position up to 19,2 million of euro from 17,8 million of euro as of December 31, 2012**
- **3,9 million of euro of dividend paid out in the six months**

**Florence, August 29th, 2013** – The Board of Directors of El.En. SpA, leader on the laser market and listed on the STAR Segment of the Italian Stock Exchange, released today the six months consolidated financial report as of June 30, 2013.

During the first six months of 2013 the group registered **consolidated Revenue** for 73,8 million of euro, just below the 74,8 million di euro of the first semester of 2012, and a **Net Income** of 1,3 million of euro also slightly decreasing from the 1,6 million of euro as of June 2012, affected by the results of the associate Cynosure. The Group booked a 0.6 million euro loss as share of Cynosure's period loss, that would have tough been approximately 0.8 million profit without the significant one time costs related to Cynosure's acquisition of Palomar.

The trend in the second quarter shows a marked improvement over the first, with turnover and operating results in the right trend to meet the annual targets. This, together with the considerations that follow, leads us to be fairly satisfied with the six months financials results, tough they're not improving 2012's ones.

The circumstances we originally anticipated would have affected our turnover and operating profit have all taken place: the devaluation of the Japanese currency which hit sales and margins in one of the most important markets for the group in the medical field; the transition phase of certain functions of production or distribution (China, Brazil and the United States) with lower revenues and certain transition costs; the crisis in Italy and in Europe which affects our customers, with the stagnation of the markets exacerbated by the widespread difficulty of customers in raising funds for investments.

In these hardships the group has reacted with remarkable results: in Italy, where sales posted a double-digit growth thanks in particular to the field of professional aestheticians and of systems for industrial applications; in systems for surgical applications, particularly in urology; in systems

for aesthetic applications, in particular for hair removal and tattoo removal and pigmented lesions.

For the first semester 2013 after ten years the financial results of Cynosure (NASDAQ CYNO) are not fully consolidated in the El.En. consolidated financial report, which continues to include Cynosure in terms of connection due to the 2.1 million shares, representing 9.41%, held by El.En S.p.A.. The share price at of last Aug. 28 was \$ 23.5.

For a uniform comparison with 2013, 2012 financial results are shown excluding Cynosure from the consolidation area. The result of Cynosure Inc., in accordance with IFRS 5, is shown under "Net income from discontinued operations".

**Gross Margin** was 36,3 million of euro, up 3.1% compared to 35,2 million of euro in the same period of the previous year, due to improved profitability of sales. The profitability improves in the medical field, in spite of the unfavorable exchange rates, and remains unchanged in the industrial sector.

**EBITDA** was 5,9 million of euro, down from 6,3 million as of 30 June 2012. It was affected by the increase in cost of services and operating expenses and personnel, structured for a level of expected turnover higher than achieved.

The costs for depreciation and amortization decreased by 10,9% compared to 30 June 2012 maintaining an unchanged 3% impact on sales. Therefore **EBIT** is positive for 3,7 million of euro essentially unchanged compared to 3,8 million euro as at 30 June 2012, EBIT margin on sales was 5.1%, which is also unchanged on 2012.

The **Net income of associated companies** included the share of the result of Cynosure Inc., which, as discussed above, contributed decisively (0,6 million euro) to the negative balance of the entry.

**Pre tax income** showed a 3,4 million of euro profit, slightly decreasing from the 3,6 million as of del 30 June 2012.

The first half of 2013 closed with a **net profit for the Group** of about 1.3 million of euro compared to 1,6 million of euro as of at 30 June 2012. Without the negative impact of the non-recurring transaction of the affiliated Cynosure, Net profit would have marked a clear improvement on the previous year.

The **net financial position** of the Group at 30 June 2013 remains strong, positive for 19,2 million of euro, un on the 17,8 million euro at December 31, 2012.

Commenting on the evolution of the current year, in the second quarter we reduced the delay on the roadmap for the achievement of the 2013 sales and operating result guidance: revenue growth of 5% (10% if supported by of an improved general economic situation) and improved operating results. Despite the unfavorable conditions in some of the markets and the gap accumulated in the six months delay, we still consider the objectives set for 2013 within our reach.

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 half yearly report as of June 30<sup>th</sup>, 2013, together with Independent auditors' report, 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) section "Investor Relations / Report and financial statements") from August 29<sup>th</sup>, 2013.

***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 €80 million.*

*Cod. ISIN: IT0001481867*

*Code: ELN*

*Listed on MTA*

*Mkt capt.: 80 mln/Euro*

*Cod. Reuters: ELN.MI*

*Cod. Bloomberg: ELN IM*

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**Tab. 1 – EI.En. Group Profit and Loss account as of June 30<sup>th</sup>, 2013**

<b>Income Statement</b>	<b>30/06/13</b>	<b>Inc.%</b>	<b>30/06/12 (*)</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	73.837	100,0%	74.814	100,0%	-1,3%
Change in inventory of finished goods and WIP	1.426	1,9%	1.015	1,4%	40,5%
Other revenues and income	1.067	1,4%	1.432	1,9%	-25,5%
<b>Value of production</b>	<b>76.330</b>	<b>103,4%</b>	<b>77.261</b>	<b>103,3%</b>	<b>-1,2%</b>
Purchase of raw materials	37.021	50,1%	36.790	49,2%	0,6%
Change in inventory of raw material	(2.874)	-3,9%	(474)	-0,6%	506,0%
Other direct services	5.840	7,9%	5.702	7,6%	2,4%
<b>Gross margin</b>	<b>36.343</b>	<b>49,2%</b>	<b>35.244</b>	<b>47,1%</b>	<b>3,1%</b>
Other operating services and charges	12.759	17,3%	12.532	16,8%	1,8%
<b>Added value</b>	<b>23.584</b>	<b>31,9%</b>	<b>22.712</b>	<b>30,4%</b>	<b>3,8%</b>
For staff costs	17.644	23,9%	16.406	21,9%	7,5%
<b>EBITDA</b>	<b>5.940</b>	<b>8,0%</b>	<b>6.306</b>	<b>8,4%</b>	<b>-5,8%</b>
Depreciation, amortization and other accruals	2.206	3,0%	2.477	3,3%	-10,9%
<b>EBIT</b>	<b>3.733</b>	<b>5,1%</b>	<b>3.829</b>	<b>5,1%</b>	<b>-2,5%</b>
Net financial income (charges)	70	0,1%	5	0,0%	1383,2%
Share of profit of associated companies	(645)	-0,9%	(270)	-0,4%	138,6%
Other net income (expense)	229	0,3%	(1)	0,0%	
<b>Income (loss) before taxes</b>	<b>3.387</b>	<b>4,6%</b>	<b>3.562</b>	<b>4,8%</b>	<b>-4,9%</b>
Income taxes	2.058	2,8%	2.018	2,7%	2,0%
<b>Net income (loss) for the financial period from continuing operations</b>	<b>1.329</b>	<b>1,8%</b>	<b>1.545</b>	<b>2,1%</b>	<b>-13,9%</b>
Net income (loss) for the financial period from discontinued operations	0	0,0%	2.546	3,4%	
<b>Net income (loss) before minority interest</b>	<b>1.329</b>	<b>1,8%</b>	<b>4.090</b>	<b>5,5%</b>	<b>-67,5%</b>
Minority interest from continuing operations	72	0,1%	849	1,1%	-91,5%
Minority interest from discontinued operations	0	0,0%	1.636	2,2%	
<b>Net income (loss)</b>	<b>1.257</b>	<b>1,7%</b>	<b>1.605</b>	<b>2,1%</b>	<b>-21,7%</b>

(\*) Data shown in accordance with IFRS5

**Tab. 2 – EI.En. Group balance sheet as of June 30th, 2013**

	30/06/2013	31/12/2012 (a)	Var.
<b>Statement of financial position</b>			
Intangible assets	3.469	3.428	42
Tangible assets	20.866	21.415	-548
Equity investments	33.767	32.550	1.217
Deferred tax assets	5.873	5.812	61
Other non current assets	33	4	29
<b>Total non current assets</b>	<b>64.009</b>	<b>63.209</b>	<b>799</b>
Inventories	49.396	45.465	3.931
Accounts receivables	38.514	38.918	-403
Tax receivables	4.044	3.522	522
Other receivables	7.524	4.763	2.762
Financial instruments	200	1	199
Cash and cash equivalents	40.723	40.475	248
<b>Total current assets</b>	<b>140.402</b>	<b>133.144</b>	<b>7.258</b>
<b>TOTAL ASSETS</b>	<b>204.411</b>	<b>196.353</b>	<b>8.057</b>
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	45.074	37.664	7.410
Treasury stock	-528	-528	
Retained earnings / (deficit)	31.347	10.867	20.480
Net income / (loss)	1.257	23.199	-21.941
<b>Share Capital and Reserves attributable to the Shareholders' of the Parent Company</b>	<b>118.252</b>	<b>112.304</b>	<b>5.948</b>
Share Capital and Reserves attributable to non-controlling interests	6.447	11.651	-5.203
<b>Total equity</b>	<b>124.699</b>	<b>123.954</b>	<b>745</b>
Severance indemnity	3.290	3.340	-50
Deferred tax liabilities	1.237	1.315	-78
Other accruals	4.369	4.385	-16
Financial liabilities	9.004	10.281	-1.277
<b>Non current liabilities</b>	<b>17.900</b>	<b>19.321</b>	<b>-1.421</b>
Financial liabilities	13.917	12.421	1.496
Accounts payables	28.239	22.992	5.248
Income tax payables	1.801	1.101	700
Other payables	17.854	16.337	1.517
<b>Current liabilities</b>	<b>61.811</b>	<b>52.850</b>	<b>8.960</b>
<b>Non current liabilities held for sale</b>		<b>228</b>	<b>-228</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>204.411</b>	<b>196.353</b>	<b>8.057</b>

(a)The retrospective application of the amendments to IAS 19 (“Benefits for employees”) implied the restatement as of December 31st, 2012 of the entries “Deferred tax assets”, “Severance indemnity”; “Total Equity”.

**Tab. 3 – EI.En. Group cash flow statement as of June 30th, 2013**

<b>Cash flow statements</b>	<b>30/06/2013</b>	<b>30/06/2012 (*) (a)</b>
<b>Cash flow generated by operating activity:</b>		
Profit (loss) for the financial period continuing	1.329	1.545
Amortizations and depreciations	1.346	1.484
Devaluations of equity investments		1
Share of profit of associated companies	645	270
Stock Options	4	88
Change of employee severance indemnity	-50	66
Change of provisions for risks and charges	-16	380
Change of provisions for deferred income tax assets	-61	-387
Change of provisions for deferred income tax liabilities	-78	-252
Stocks	-3.931	-1.343
Receivables	403	-285
Tax receivables	-522	1.214
Other receivables	-1.496	-863
Payables	5.248	2.799
Income Tax payables	700	1.163
Other payables	1.517	-213
Cash flow by discontinued operations		6.684
	3.710	10.806
<b>Cash flow generated by operating activity</b>	<b>5.039</b>	<b>12.351</b>
<b>Cash flow generated by investment activity:</b>		
(Increase) decrease in tangible assets	-692	-1.122
(Increase) decrease in intangible assets	-147	-105
(Increase) decrease in equity investments and non current assets	-1.891	-260
Increase (decrease) in financial receivables	-1.266	
(Increase) decrease investments which are not permanent	-199	-20
Cash flow by discontinued operations		-7.882
<b>Cash flow generated by investment activity</b>	<b>-4.195</b>	<b>-9.388</b>
<b>Cash flow from financing activity:</b>		
Increase (decrease) in non current financial liabilities	-1.504	3.845
Increase (decrease) in current financial liabilities	1.496	-279
Change in Capital and Reserves and consolidation scope	3.388	-82
Change in Treasury Stock		-350
Dividends distributed	-3.884	-375
Cash flow by discontinued operations		596
<b>Cash flow from financing activity</b>	<b>-504</b>	<b>3.355</b>
<b>Change in cumulative conversion adjustment reserve and other non monetary changes</b>	<b>-92</b>	<b>2.631</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>248</b>	<b>8.948</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>40.475</b>	<b>48.365</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>40.723</b>	<b>57.313</b>

(\*) Data shown in accordance with IFRS5

(a) Values reflect the application of the IAS 19 revised.

**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.