

Press release

The BOD releases the six months financial report as of June 30, 2009

Selected consolidated data as of June 30, 2009

- **Consolidated revenues: 72.6 millions of Euro**
- **EBITDA: -4.5 millions of Euro**
- **EBIT: - 9.0 millions of Euro**
- **Net income: -2.7 millions of Euro**
- **Net financial position: + 67.9 millions of Euro**

Selected data as of June 30, 2009, excluding Cynosure Inc. from consolidation

- **Consolidated revenues: 49.0 millions of Euro**
- **EBITDA: 0.2 millions of Euro**
- **EBIT: -1.9 millions of Euro**
- **Net income: -2.0 millions of Euro**
- **Net financial position: + 5.6 millions of Euro**

Florence, August 28 2009 – The Board of Directors of El.En. SpA, leader on the laser market and listed on the STAR Segment of the Italian Stock Exchange, met today and released the six months financials as of June 30th, 2009.

The trend of the first six months of 2009 has been affected by the global economic downturn that had only marginally involved our group during year 2008. **Consolidated Revenues** for the six months are 72.6 millions of euro marking a 36.2% decrease on the 113,6 millions of euro of the first semester of 2008.

Laser systems sales decreased by 42,0% in the medical market and by 44,8% in the industrial market. A positive trend has been registered in the revenues for sale of technical service, spare parts and consumables, which increased by 7%, due to the expansion of the installed base taken place in the last years and also testifying that our end users have been intensively utilizing our systems. This is revealing that the decrease in demand for our systems is not to be only blamed to the decrease of the final demand, but also to the uncertainty that discouraged potential customers from committing in new investments and mainly to the weak credit conditions that inhibited many customers that had already decided to buy from obtaining the needed financial support. This very last point has been a peculiar and negative element of the current economic downturn: in other similar crisis faced in the past, the group had been able to brilliantly navigate through in force of the high tech nature of its products and the benefits in innovation and differentiation that they confer to our customers, therefore committed to invest also within a weak economy environment.

Gross Margin was 40,1 millions of euro, down 37,6% on the 64,1 millions of euro of the corresponding period of the previous year, with the impact on revenues decreasing from 56,4% in 2008 to 55,2% in 2009.

The group promptly performed a set of actions aimed at the reduction of the expenses of operations, but the effects of such actions have not been able to reduce fixed cost sufficiently to



balance in the period the decrease in revenues. Besides that group did not reduce the investments and expense in R&D and continued the turnaround and start up of certain businesses, bearing the related expenses

EBITDA is therefore negative for per 4,5 millions with a -6,2% impact on revenues, it was positive for 17,9 millions of euro as of June 30, 2008.

EBIT shows a negative balance of 9,0 millions of euro equal to -12,5% of revenues, as opposed to the positive 15,1 millions of euro of the first semester of 2008. EBIT is also affected by the increase depreciation, amortization and other accrual up 59,7% on the first six months of 2008.

Income before tax shows a negative balance of 8,8 millions of euro, was positive for 15,9 millions of euro as of June 30, 2008.

The first six months fore 2009 close with a **net loss of** 6,0 millions of euro, after the accrual of a negative tax burden (tax revenue) of 2,8 millions of euro. Net of minority interest the group net loss is 2,7 millions of euro.

The **Net financial position** of the El.En. Group as of June 30, 2009 is positive for 67,9 millions of euro, basically unchanged from December 31, 2008.

The **consolidated financials for the first six months of 2009 excluding Cynosure from consolidation**, though registering a loss, show a better behavior with respect to the full consolidate financials that are affected by the severe economic downturn on the US market, the main market for Cynosure. We register a lower decrease in revenues and a lower impact of fixed cost on revenues limiting the loss from operations to 3,8% on revenues with respect to 12,5% reported in the full consolidation. **Consolidated Revenues** were 49,0 millions of euro (down 29,3%); **EBITDA** was positive for 0,2 millions of euro (0,3% on revenues); **EBIT** was negative for 1,9 millions of euro (-3,8% on revenues); **pre tax loss** was 2,1 millions of euro and the **net loss** for the Group was 2,0 millions of euro. The **Net Financial Position** was positive for 5,6 millions of euro.

The 2009 guidance, released with reference to the consolidated financials excluding Cynosure , were suggesting a decrease in revenue in the range of 15% / 20% and an EBIT of 4% on revenue. The results of the first six months are lower than expected, affected by a stronger persistence and intensity of the economic downturn. The market conditions did not confirm certain positive signals that had been recorded in the months of March and April , therefore as of today we believe we cannot meet the annual targets. The uncertainty of the markets is not allowing to establish forecasts with the reliability they had in the past. Always with respect to the consolidation without Cynosure, the seasonal trend and the effect of the expense reductions should allow an improved result, positive, for the second semester, hopefully recovering a good part of the losses generated in the first six months.

The manager in charge for the Company's financial reports, Dr. Enrico Romagnoli, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law of Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

As required by Consob, the six months financial report as of June 30 2009 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 from August 28, 2009.



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 40% and its market capitalization amounts to €54 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTA

Mkt capt.: 54 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – El.En. Group Profit and Loss account as of June 30, 2009.

Profit and loss account	30/06/09	Inc.%	30/06/08	Inc.%	Var.%
Revenues	72.551	100,0%	113.646	100,0%	-36,2%
Change in inventory of finished goods and WIP	(1.894)	-2,6%	4.447	3,9%	
Other revenues and income	1.307	1,8%	548	0,5%	138,5%
Value of production	71.964	99,2%	118.641	104,4%	-39,3%
Purchase of raw materials	23.883	32,9%	47.393	41,7%	-49,6%
Change in inventory of raw material	700	1,0%	(4.687)	-4,1%	
Other direct services	7.328	10,1%	11.792	10,4%	-37,9%
Gross margin	40.052	55,2%	64.143	56,4%	-37,6%
Other operating services and charges	23.073	31,8%	23.345	20,5%	-1,2%
Added value	16.979	23,4%	40.798	35,9%	-58,4%
For staff costs	21.504	29,6%	22.879	20,1%	-6,0%
EBITDA	(4.525)	-6,2%	17.919	15,8%	
Depreciation, amortization and other accruals	4.508	6,2%	2.822	2,5%	59,7%
EBIT	(9.033)	-12,5%	15.097	13,3%	
Net financial income (charges)	826	1,1%	887	0,8%	-6,9%
Share of profit of associated companies	(556)	-0,8%	(19)	-0,0%	2817,3%
Other net income (expense)	(18)	-0,0%	(104)	-0,1%	-82,6%
Income before taxes	(8.781)	-12,1%	15.860	14,0%	
Income taxes	(2.805)	-3,9%	5.551	4,9%	
Income for the financial period	(5.977)	-8,2%	10.309	9,1%	
Minority interest	(3.319)	-4,6%	4.999	4,4%	
Net income	(2.657)	-3,7%	5.311	4,7%	

Tab. 2 – El.En. Group balance sheet as of June 30, 2009

	30/06/2009	31/12/2008	Var.
Balance Sheet			
Intangible assets	7.135	6.407	727
Tangible assets	29.037	26.258	2.779
Equity investments	1.237	1.692	-454
Deferred tax assets	12.824	9.414	3.410
Other non current assets	186	15.408	-15.222
Total non current assets	50.419	59.179	-8.760
Inventories	54.388	57.423	-3.035
Accounts receivables	38.046	47.310	-9.264
Tax receivables	6.684	5.609	1.074
Other receivables	5.239	5.512	-273
Equity investments			
Financial instruments	28.651	18.044	10.607
Cash and cash equivalents	49.435	59.114	-9.679
Total current assets	182.444	193.012	-10.568
Non current assets held for sale			
TOTAL ASSETS	232.863	252.191	-19.328
Common stock	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	32.746	27.373	5.372
Treasury stock	-2.576	-2.576	
Retained earnings / (deficit)	24.237	22.459	1.778
Net income / (loss)	-2.657	8.329	-10.986
Parent stockholders' equity	92.852	96.688	-3.835
Minority interests in consolidated subsidiaries	81.086	84.310	-3.224
Total equity	173.938	180.997	-7.059
Severance indemnity	2.488	2.469	19
Deferred tax liabilities	326	328	-2
Other accruals	5.351	5.428	-77
Financial liabilities	4.645	3.735	911
Non current liabilities	12.811	11.960	851
Financial liabilities	5.567	5.548	20
Accounts payables	21.076	31.118	-10.041
Income tax payables	1.293	2.979	-1.686
Other payables	18.177	19.589	-1.412
Current liabilities	46.114	59.234	-13.120
Non current liabilities held for sale			
TOTAL LIABILITES AND STOCKHOLDERS' EQUITY	232.863	252.191	-19.328

Tab. 3 – El.En. Group Profit and Loss account as of June 30, 2009 - without Cynosure

Profit and loss account	30/06/09	Inc.%	30/06/08	Inc.%	Var.%
Revenues	48.993	100,0%	69.312	100,0%	-29,3%
Change in inventory of finished goods and WIP	(293)	-0,6%	3.330	4,8%	
Other revenues and income	1.194	2,4%	324	0,5%	268,1%
Value of production	49.895	101,8%	72.966	105,3%	-31,6%
Purchase of raw materials	20.492	41,8%	37.142	53,6%	-44,8%
Change in inventory of raw material	239	0,5%	(4.048)	-5,8%	
Other direct services	4.499	9,2%	6.871	9,9%	-34,5%
Gross margin	24.665	50,3%	33.001	47,6%	-25,3%
Other operating services and charges	11.891	24,3%	11.466	16,5%	3,7%
Added value	12.775	26,1%	21.535	31,1%	-40,7%
For staff costs	12.610	25,7%	13.105	18,9%	-3,8%
EBITDA	165	0,3%	8.429	12,2%	-98,0%
Depreciation, amortization and other accruals	2.025	4,1%	1.513	2,2%	33,8%
EBIT	(1.861)	-3,8%	6.916	10,0%	
Net financial income (charges)	351	0,7%	(322)	-0,5%	
Share of profit of associated companies	(556)	-1,1%	(19)	0,0%	2817,3%
Other net income (expense)	0	0,0%	0	0,0%	
Income before taxes	(2.066)	-4,2%	6.575	9,5%	
Income taxes	201	0,4%	2.221	3,2%	-91,0%
Income for the financial period	(2.267)	-4,6%	4.354	6,3%	
Minority interest	(265)	-0,5%	405	0,6%	
Net income	(2.002)	-4,1%	3.949	5,7%	