

Press release

El.En. releases Q3 2005 financials
For the nine months revenues up 22% and EBIT up 64%
For the quarter 88% increase of the income before taxes

Florence, November 14, 2005 – 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 quarterly financial report as of September, 30, 2005, drafted according the international accounting standards IAS/IFRS.

In the first nine months of year 2005 **consolidated revenues** reached 81 millions of euro, up more than 22% with respect to the nine months of year 2004. With a relevant increase, **EBIT** (up 64%) is 6,1 millions of euro with a 7,6% impact on revenue (was 5,7% in the first nine months of 2004). Also the third quarter was positive, with revenues at 30 millions of euro (up almost 40% on the 21 millions of Q3, 2004) and a strong increase in income form operations up to 2,9 millions, almost 10% on revenues, from the 1,4 millions of Q3, 2004.

Gross Margin as of September 30, 2005 is 44 millions of euro, up 21% ; for the *quarter* the growth is 29%.

EBITDA for the *nine months* is 8,7 millions of euro (up 21%) matching the revenues increase of the Group; for the *quarter* EBITDA is 3,9 millions of euro, up 70% on the 2,3 millions of Q3, 2004.

Income before taxes as of September, 30 2005 is equal to 6,1 millions of euro; for the first nine months of 2004 it had been 6,9 millions, including the gain on the sale of Sona international accounted for by Cynosure Inc.. For the *quarter* income before taxes is 2,8 millions of euro with respect to the 1,5 millions of Q3, 2004.

As of September 30, 2005 the **Net Financial Position** stays positive for over 7 millions of euro, basically unchanged from June 2005.



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 23% and its market capitalization amounts to €140 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 140 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended September 30, 2005

Profit and loss account	30/09/2005	Inc. %	30/09/2004	Inc. %	Var. %
Revenues	29.219	100,0%	21.075	100,0%	38,6%
Change in inventory of finished goods and WIP	641	2,2%	2.078	9,9%	-69,2%
Other revenues and income	641	2,2%	64	0,3%	900,8%
Value of production	30.501	104,4%	23.217	110,2%	31,4%
Purchase of raw materials	12.468	42,7%	10.330	49,0%	20,7%
Change in inventory of raw material	(316)	-1,1%	(1.171)	-5,6%	-73,0%
Other direct services	2.610	8,9%	1.826	8,7%	42,9%
Gross margin	15.740	53,9%	12.233	58,0%	28,7%
Other operating services and charges	5.481	18,8%	4.749	22,5%	15,4%
Added value	10.258	35,1%	7.484	35,5%	37,1%
For staff costs	6.386	21,9%	5.200	24,7%	22,8%
EBITDA	3.872	13,3%	2.285	10,8%	69,5%
Depreciation, amortisation and other accruals	936	3,2%	863	4,1%	8,5%
EBIT	2.936	10,0%	1.421	6,7%	106,6%
Net financial income (charges)	(78)	-0,3%	93	0,4%	
Share of profit of associated companies	0	0,0%	0	0,0%	-99,7%
Other Income (expense) net	0	0,0%	4	0,0%	-100,0%
Income before taxes	2.858	9,8%	1.518	7,2%	88,2%

Tab. 2 – Nine months ended September 30, 2005

Profit and loss account	30/09/2005	Inc. %	30/09/2004	Inc. %	Var. %
Revenues	80.998	100,0%	66.093	100,0%	22,6%
Change in inventory of finished goods and WIP	3.105	3,8%	4.163	6,3%	-25,4%
Other revenues and income	1.324	1,6%	729	1,1%	81,7%
Value of production	85.427	105,5%	70.985	107,4%	20,3%
Purchase of raw materials	35.435	43,7%	29.417	44,5%	20,5%
Change in inventory of raw material	(1.822)	-2,2%	(1.182)	-1,8%	54,1%
Other direct services	7.499	9,3%	6.066	9,2%	23,6%
Gross margin	44.314	54,7%	36.684	55,5%	20,8%
Other operating services and charges	16.632	20,5%	13.546	20,5%	22,8%
Added value	27.682	34,2%	23.138	35,0%	19,6%
For staff costs	18.908	23,3%	15.907	24,1%	18,9%
EBITDA	8.774	10,8%	7.230	10,9%	21,4%
Depreciation, amortisation and other accruals	2.616	3,2%	3.476	5,3%	-24,7%
EBIT	6.158	7,6%	3.754	5,7%	64,0%
Net financial income (charges)	169	0,2%	153	0,2%	10,8%
Share of profit of associated companies	47	0,1%	145	0,2%	-67,7%
Other Income (expense) net	(233)	-0,3%	2.905	4,4%	
Income before taxes	6.141	7,6%	6.957	10,5%	-11,7%