

Press release

## The Board of Directors of El.En. SpA approves the quarterly financial report as of March 31<sup>st</sup> , 2012

*Results in marked improvement in the quarter, double –digit sales increase:*

- **Consolidated revenue : 60,2 million of Euro ( up 32,9%)**
- **Ebitda: 4,4 million of Euro (up 105,5%)**
- **Ebit: 1,8 million of Euro (0,5 million of Euro loss in Q1 2011)**
- **Net Financial Position: positive for 54,5 million of Euro from 53,0 million of Euro as of December 31st 2011**
- **Results without Cynosure: revenue 35,4 million of Euro ( up 14,6%), Ebitda 2,4 million of Euro( up 0,3%), Ebit 1,2 million of Euro ( up 22,5%)**

**Firenze, May 15<sup>th</sup> , 2012** – The Board of Directors of El.En. SpA, leader on the laser market and listed on the Star segment of the Italian Stock Exchange, approved today the financial report as of March 31st, 2012, which registers **consolidated revenue** at 60,2 million of Euro, improving by 32,9% on the corresponding period of 2011.

The revenue growth involves all of the three main business areas of the group: medical laser systems, industrial laser systems and after sale services, each of them marked double-digit growth. The results, achieved within an unfavorable economic phase, are gratifying, also because the excellent sales performance is reflected in a significant recovery in profitability, with operating income and consolidated income before taxes that return to be positive in the first quarter, seasonally one of the weakest of the year.

The turnover benefited from the effects of M&A transactions completed by the group in 2011, and from the rapid rate of growth in existing business due to the success of some initiatives promoted by the group companies, including the launch of new products. The increase in revenues for systems, greater than 35%, is not only due to the improved conditions of the U.S. market and the acquisitions completed by Cynosure, but also to the growth of industrial sector in China and Brazil.

Despite the critical condition of the global markets, the Group maintains its focus on the ability to develop highly innovative products, devoting increasing resources to R&D investments, that rose from 3,6 million euros in the first quarter of 2011 to 4,4 of the same period of 2012, and provide the group with a pipeline of products ready to be launched.

**Gross Margin**, equal to 30,9 million of Euro was up 25,5% on the 24,6 million of Euro of the first quarter of 2011, with a 51,3% margin on sales.

**EBITDA** was positive for 4,4 million of Euro, up 105,5% on the 2,1 million of Euro as of March 31st 2011, with a 7,3% impact on sales.

**EBIT** was 1,8 million of Euro sharply recovering on the half million loss of the corresponding period of 2011.



**Pre-tax income** was 1,4 million of Euro, up on the 1,3 million of Euro loss as of March 31st 2011.

The **Net Financial Position** of the Group stayed positive for 54,5 million of Euro improving on the 53,0 million of Euro as of December 31st 2011.

The **financial results of the group excluding Cynosure from consolidation** showed in the first quarter 14,6% **revenue** growth up to 35,4 million of Euro from the 30,9 million of Euro as of March 2011; **Gross Margin** was 16,7 million of Euro up 2,7% on the 16,2 million of Euro of the first quarter of 2011, and marking a 47,1% margin on sales; **EBITDA** was 2,4 million of Euro, basically unchanged on the first quarter 2011; **EBIT** was +1,2 million of Euro up 22,5% on the result ad of March 31<sup>st</sup> 2011; **pretax income** was 0,6 million of Euro up on the break-even of March 2011.

The consolidated quarterly financials results are brilliant in terms of revenue growth, and also mark a return to a non-negligible profitability from the first quarter. The Group had anticipated this trend and confirms that the expectations for the remainder of the year remain positive, due to the improvement in the U.S. market from which the consolidated financial results are strongly dependent.

As it pertains to the sub-consolidated financial results with the exclusion of Cynosure from consolidation, the results are in line with expectations and the guidance provided for the current year, which provided for a 5% increase in revenue, possibly overcoming 10% if supported by a more favorable economic environment, and the improvement in operating profit, also possibly exceeding 5% on sales in the presence of more favorable general economic developments. The results obtained so far, notwithstanding the current uncertainty of the general economic situation, allow to confirm the guidance.

Within the meeting the board of directors assigned the executive powers and proxies to the President Gabriele Clementi and to the members Barbara Bazzocchi and Andrea Cangioli; it also appointed the members of the Board committees as provided by the "Corporate Governance Code" of the listed companies and specifically the "remuneration committee", the "control and risk committee" and the "nomination committee" and the Vigilance board as provided by D.Lgs. 8 June 2001, n 231, confirming their members.

Moreover, within the meeting the board of directors, on the basis of the available information, evaluated positively, the independence of the non-executive members Paolo Blasi e Michele Legnaioli.

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 March 31<sup>st</sup>, 2012, 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 May 15<sup>th</sup>, 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 €62 million.

Cod. ISIN: IT0001481867  
Code: ELN  
Listed on MTA  
Mkt capt.: 62 mln/Euro  
Cod. Reuters: ELN.MI  
Cod. Bloomberg: ELN IM

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**Tab. 1 – Three months ended March 31<sup>st</sup> , 2011 (unaudited)**

| <b>Statement of income</b>                    | <b>31/03/12</b> | <b>Inc.%</b>  | <b>31/03/11</b> | <b>Inc.%</b>  | <b>Var.%</b>  |
|---|-----------------|---------------|-----------------|---------------|---------------|
| Revenues                                      | 60.235          | 100,0%        | 45.338          | 100,0%        | 32,9%         |
| Change in inventory of finished goods and WIP | 1.440           | 2,4%          | 4.753           | 10,5%         | -69,7%        |
| Other revenues and income                     | 426             | 0,7%          | 923             | 2,0%          | -53,9%        |
| <b>Value of production</b>                    | <b>62.101</b>   | <b>103,1%</b> | <b>51.014</b>   | <b>112,5%</b> | <b>21,7%</b>  |
| Purchase of raw materials                     | 25.917          | 43,0%         | 24.291          | 53,6%         | 6,7%          |
| Change in inventory of raw material           | (55)            | -0,1%         | (2.463)         | -5,4%         | -97,8%        |
| Other direct services                         | 5.310           | 8,8%          | 4.547           | 10,0%         | 16,8%         |
| <b>Gross margin</b>                           | <b>30.928</b>   | <b>51,3%</b>  | <b>24.640</b>   | <b>54,3%</b>  | <b>25,5%</b>  |
| Other operating services and charges          | 11.811          | 19,6%         | 10.525          | 23,2%         | 12,2%         |
| <b>Added value</b>                            | <b>19.117</b>   | <b>31,7%</b>  | <b>14.115</b>   | <b>31,1%</b>  | <b>35,4%</b>  |
| For staff costs                               | 14.739          | 24,5%         | 11.985          | 26,4%         | 23,0%         |
| <b>EBITDA</b>                                 | <b>4.378</b>    | <b>7,3%</b>   | <b>2.130</b>    | <b>4,7%</b>   | <b>105,5%</b> |
| Depreciation, amortization and other accruals | 2.565           | 4,3%          | 2.600           | 5,7%          | -1,3%         |
| <b>EBIT</b>                                   | <b>1.813</b>    | <b>3,0%</b>   | <b>(470)</b>    | <b>-1,0%</b>  |               |
| Net financial income (charges)                | (336)           | -0,6%         | (580)           | -1,3%         | -42,1%        |
| Share of profit of associated companies       | (109)           | -0,2%         | (256)           | -0,6%         | -57,4%        |
| Other net income (expense)                    | (1)             | 0,0%          | (2)             | 0,0%          | -33,5%        |
| <b>Income (loss) before taxes</b>             | <b>1.367</b>    | <b>2,3%</b>   | <b>(1.308)</b>  | <b>-2,9%</b>  |               |

**Tab. 2 – Three months ended March 31<sup>st</sup> , 2011 (unaudited) – without Cynosure**

| <b>Statement of income</b>                    | <b>31/03/12</b> | <b>Inc.%</b>  | <b>31/03/11</b> | <b>Inc.%</b>  | <b>Var.%</b> |
|---|-----------------|---------------|-----------------|---------------|--------------|
| Revenues                                      | 35.388          | 100,0%        | 30.885          | 100,0%        | 14,6%        |
| Change in inventory of finished goods and WIP | 365             | 1,0%          | 3.988           | 12,9%         | -90,8%       |
| Other revenues and income                     | 315             | 0,9%          | 854             | 2,8%          | -63,2%       |
| <b>Value of production</b>                    | <b>36.068</b>   | <b>101,9%</b> | <b>35.727</b>   | <b>115,7%</b> | <b>1,0%</b>  |
| Purchase of raw materials                     | 17.197          | 48,6%         | 18.319          | 59,3%         | -6,1%        |
| Change in inventory of raw material           | (556)           | -1,6%         | (1.696)         | -5,5%         | -67,2%       |
| Other direct services                         | 2.755           | 7,8%          | 2.876           | 9,3%          | -4,2%        |
| <b>Gross margin</b>                           | <b>16.673</b>   | <b>47,1%</b>  | <b>16.228</b>   | <b>52,5%</b>  | <b>2,7%</b>  |
| Other operating services and charges          | 6.060           | 17,1%         | 6.172           | 20,0%         | -1,8%        |
| <b>Added value</b>                            | <b>10.613</b>   | <b>30,0%</b>  | <b>10.057</b>   | <b>32,6%</b>  | <b>5,5%</b>  |
| For staff costs                               | 8.205           | 23,2%         | 7.655           | 24,8%         | 7,2%         |
| <b>EBITDA</b>                                 | <b>2.407</b>    | <b>6,8%</b>   | <b>2.401</b>    | <b>7,8%</b>   | <b>0,3%</b>  |
| Depreciation, amortization and other accruals | 1.172           | 3,3%          | 1.392           | 4,5%          | -15,8%       |
| <b>EBIT</b>                                   | <b>1.235</b>    | <b>3,5%</b>   | <b>1.009</b>    | <b>3,3%</b>   | <b>22,5%</b> |
| Net financial income (charges)                | (487)           | -1,4%         | (759)           | -2,5%         | -35,9%       |
| Share of profit of associated companies       | (109)           | -0,3%         | (256)           | -0,8%         | -57,4%       |
| Other net income (expense)                    | (1)             | 0,0%          | 0               | 0,0%          |              |
| <b>Income (loss) before taxes</b>             | <b>638</b>      | <b>1,8%</b>   | <b>(6)</b>      | <b>0,0%</b>   |              |