

Press release

El.En. SpA: The BoD releases the financials for the quarter ended June 30, 2006

In the quarter revenues grow by 41% and pretax income doubles

Florence, August 4th 2006 – The Board of Directors of El.En. SpA, leader of the laser market and listed on the STAR (MTAX) Segment of the Italian Stock Market, met today and released the consolidated financial report for the second quarter of 2006 in conformity with IAS/IFRS GAAP.

The group registered for the *quarter consolidated revenues* for 37,8 millions of euro (26,7 millions of euro in the second quarter of 2005), marking a 41% increase which confirms the expectations of the management.

For the *six months* consolidated revenues are 72,1 millions of euro, up 39% on the 51,7 millions of euro of the six months of 2005; this result is based on the excellent performance of the medical/aesthetic segment, strongly supported by the superior performance in the industrial segment which marks a growth rate above 45%, strengthening the recovery that had already been showing in the first quarter.

Gross Margin for the *second quarter* 2006 is 19,9 millions of euro, up 34% on the 14,8 millions of euro of 2005. For the *six months* gross margin is 37,9 millions of euro, up 33% with respect to the previous year.

EBITDA for the *second quarter*, equal to 4 millions of euro, increases by 57,4% on the second quarter of 2005. The Group marks in the six months an EBITDA of roughly 7 millions, up 43% on the 4,9 millions of euro marked as of June 30 2005.

EBIT for the *quarter* is 3 millions of euro, 8,1% on revenues. As of *June 30 2006* the Group marks an EBIT of 4,7 millions, up 47% on the six months of 2005, and with a 6,6% impact on revenues.

Pre tax income for the *quarter* doubles up with respect to the second quarter of 2005, reaching 3,5 millions of euro. Pre tax income for the *six months* increases by 72% up from the 3,2 millions of June 2005 to 5,6 millions of euro as of June 2006.

The **Net financial position** as of June 20, 2006 is positive for 61,3 millions of euro.

The Board of directors has appointed a new director, Dr. Ing. Stefano Modi, officer of El.En. Spa where he is the head of the medical Research and Development department.



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 €130 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 130 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended June 30, 2006

Profit and loss account - 3 months	30/06/06	Inc. %	30/06/05	Inc. %	Var. %
Revenues	37.803	100,0%	26.774	100,0%	41,2%
Change in inventory of finished goods and WIP	1.299	3,4%	1.911	7,1%	-32,0%
Other revenues and income	340	0,9%	388	1,4%	-12,3%
Value of production	39.442	104,3%	29.074	108,6%	35,7%
Purchase of raw materials	16.944	44,8%	12.339	46,1%	37,3%
Change in inventory of raw material	(1.445)	-3,8%	(843)	-3,1%	71,4%
Other direct services	4.032	10,7%	2.683	10,0%	50,3%
Gross margin	19.912	52,7%	14.894	55,6%	33,7%
Other operating services and charges	7.705	20,4%	5.963	22,3%	29,2%
Added value	12.207	32,3%	8.931	33,4%	36,7%
For staff costs	8.132	21,5%	6.341	23,7%	28,2%
EBITDA	4.075	10,8%	2.590	9,7%	57,4%
Depreciation, amortization and other accruals	1.027	2,7%	830	3,1%	23,7%
EBIT	3.048	8,1%	1.759	6,6%	73,2%
Net financial income (charges)	564	1,5%	147	0,5%	284,5%
Share of profit of associated companies	(16)	-0,0%	47	0,2%	
Other Income (expense) net	(64)	-0,2%	(233)	-0,9%	-72,4%
Income before taxes	3.532	9,3%	1.720	6,4%	105,3%

Tab. 2 – Six months ended June 30, 2006

Profit and loss account	30/06/06	Inc. %	30/06/05	Inc. %	Var. %
Revenues	72.147	100,0%	51.779	100,0%	39,3%
Change in inventory of finished goods and WIP	4.650	6,4%	2.464	4,8%	88,7%
Other revenues and income	911	1,3%	683	1,3%	33,5%
Value of production	77.708	107,7%	54.926	106,1%	41,5%
Purchase of raw materials	34.548	47,9%	22.967	44,4%	50,4%
Change in inventory of raw material	(2.503)	-3,5%	(1.505)	-2,9%	66,3%
Other direct services	7.685	10,7%	4.890	9,4%	57,2%
Gross margin	37.978	52,6%	28.575	55,2%	32,9%
Other operating services and charges	14.909	20,7%	11.151	21,5%	33,7%
Added value	23.069	32,0%	17.424	33,7%	32,4%
For staff costs	16.083	22,3%	12.522	24,2%	28,4%
EBITDA	6.986	9,7%	4.902	9,5%	42,5%
Depreciation, amortization and other accruals	2.238	3,1%	1.680	3,2%	33,2%
EBIT	4.748	6,6%	3.222	6,2%	47,4%
Net financial income (charges)	1.005	1,4%	247	0,5%	307,1%
Share of profit of associated companies	(16)	-0,0%	47	0,1%	
Other net income (expense)	(79)	-0,1%	(233)	-0,4%	-66,0%
Income before taxes	5.658	7,8%	3.283	6,3%	72,3%