

Press release

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

### ***Revenues grow by 32%***

**Florence, November 13 , 2006**– The Board of Directors of El.En. SpA, leader of the laser market and listed on the STAR Segment of the Italian Stock Market, met today and released the consolidated financial report for the third quarter of 2006 in conformity with IAS/IFRS GAAP.

The group registered for the *quarter* **consolidated revenues** for 34,8 million of euro (29,2 million of euro in the third quarter 2005), marking a 19% increase which confirms the expectations of the management.

For the nine *months* consolidated revenues are 107 millions of euro, up 32% on the 81 millions of euro of the nine months of 2005; this result was achieved as an effect of the excellent performance in the industrial segment (+37%), where the recovery showed in the first six months is maintained and increased, also supported by the good performance in the medical/aesthetic segment which marks a growth rate of +33%.

**Gross Margin** for the *quarter* is 18,8 millions of euro, up 20% on the 15,7 millions of euro of the third quarter of 2005. For the *nine months* Gross Margin is 56,9 millions of euro, up 28% with respect to the previous year.

**EBITDA for the quarter** is negative for 3,8 millions of euro, down from the 3,8 millions of income in the third quarter of 2005. The 2006 EBTIDA includes a one time charge of 10 millions of US dollars (equal to 8 millions of euro) expensed within the license agreement between Cynosure (NASDAQ:CYNO) and Palomar Medical Technologies, Inc. (NASDAQ:PMTI). For the nine months EBITDA is 3,2 millions of euro, down 63% on the 8,7 millions of euro as of September 30, 2005. Net of the mentioned one time charge, EBITDA for the nine months would have been 11,3 millions of euro with a 10,6% impact on revenues and up 29% on 2005.

**EBIT** for the quarter is negative for 5 millions of euro, where an income of 2,9 millions of euro was reported for the third quarter of 2005. As of September 30, 2006 the group shows a loss from operations of 0,2 millions of euro, with respect to an income of 6,1 millions of euro in 2005. Net of the mentioned one time charge, EBIT for the nine months would have been 7,8 millions of euro, 7,3% on revenues and up 27% on the corresponding period of 2005.

**Pre tax income for the third quarter** is negative for 4,4 millions of euro, compared to a 2,8 millions income in the third quarter of 2005. On the *nine months period* the group marks a pre tax income of 1,2 millions of euro, down from the 6,1 millions of euro of the first nine months of 2005. Net of the mentioned one time charge, pre tax income for the nine months would have been 9,2 millions of euro, 8,6% on revenues and up 50 % on the corresponding period of 2005.

The **net financial position** as of September 30, 2006 is positive for 59 millions of euro.



As an effect of the license agreement between the controlled Cynosure Inc. and Palomar Inc., it will not possible to meet the **forecasted annual target** for the consolidated income from operations: without taking into account the one time charge, income from operations is expected to be aligned with the forecast previously released.

***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*

For further information:

**El.En. SpA**

Enrico ROMAGNOLI  
Investor Relator  
Tel. +39-055-8826807  
[finance@elen.it](mailto:finance@elen.it)

**Polytems HIR**

Rita CAMELLI  
Press Office  
Tel. +39-02-72093955; 335 439571  
[r.camelli@polytemshir.it](mailto:r.camelli@polytemshir.it)

**Polytems HIR**

Bianca FERSINI MASTELLONI  
Financial Communication  
Tel.+39-06-6797849 ; +39-06-69923324  
[b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)

**Tab. 1 – Three months ended June 30, 2006 (unaudited)**

<b>Profit and loss account - 3 months</b>	<b>30/09/06</b>	<b>Inc. %</b>	<b>30/09/05</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	34.866	100,0%	29.219	100,0%	19,3%
Change in inventory of finished goods and WIP	2.014	5,8%	641	2,2%	214,3%
Other revenues and income	341	1,0%	641	2,2%	-46,8%
<b>Value of production</b>	<b>37.221</b>	<b>106,8%</b>	<b>30.501</b>	<b>104,4%</b>	<b>22,0%</b>
Purchase of raw materials	15.162	43,5%	12.468	42,7%	21,6%
Change in inventory of raw material	(203)	-0,6%	(316)	-1,1%	-35,9%
Other direct services	3.424	9,8%	2.598	8,9%	31,8%
<b>Gross margin</b>	<b>18.837</b>	<b>54,0%</b>	<b>15.751</b>	<b>53,9%</b>	<b>19,6%</b>
Other operating services and charges	14.873	42,7%	5.493	18,8%	170,8%
<b>Added value</b>	<b>3.964</b>	<b>11,4%</b>	<b>10.258</b>	<b>35,1%</b>	<b>-61,4%</b>
For staff costs	7.817	22,4%	6.386	21,9%	22,4%
<b>EBITDA</b>	<b>(3.853)</b>	<b>-11,1%</b>	<b>3.872</b>	<b>13,3%</b>	
Depreciation, amortization and other accruals	1.164	3,3%	936	3,2%	24,3%
<b>EBIT</b>	<b>(5.017)</b>	<b>-14,4%</b>	<b>2.936</b>	<b>10,0%</b>	
Net financial income (charges)	686	2,0%	(78)	-0,3%	
Share of profit of associated companies	0	0,0%	0	0,0%	
Other Income (expense) net	(121)	-0,3%	0	0,0%	
<b>Income before taxes</b>	<b>(4.452)</b>	<b>-12,8%</b>	<b>2.858</b>	<b>9,8%</b>	

**Tab. 2 – Nine months ended September 30, 2006 (unaudited)**

<b>Profit and loss account</b>	<b>30/09/06</b>	<b>Inc. %</b>	<b>30/09/05</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	107.012	100,0%	80.998	100,0%	32,1%
Change in inventory of finished goods and WIP	6.663	6,2%	3.105	3,8%	114,6%
Other revenues and income	1.350	1,3%	1.324	1,6%	2,0%
<b>Value of production</b>	<b>115.025</b>	<b>107,5%</b>	<b>85.427</b>	<b>105,5%</b>	<b>34,6%</b>
Purchase of raw materials	49.724	46,5%	35.435	43,7%	40,3%
Change in inventory of raw material	(2.704)	-2,5%	(1.822)	-2,2%	48,4%
Other direct services	11.105	10,4%	7.454	9,2%	49,0%
<b>Gross margin</b>	<b>56.901</b>	<b>53,2%</b>	<b>44.360</b>	<b>54,8%</b>	<b>28,3%</b>
Other operating services and charges	29.724	27,8%	16.678	20,6%	78,2%
<b>Added value</b>	<b>27.177</b>	<b>25,4%</b>	<b>27.682</b>	<b>34,2%</b>	<b>-1,8%</b>
For staff costs	23.906	22,3%	18.908	23,3%	26,4%
<b>EBITDA</b>	<b>3.271</b>	<b>3,1%</b>	<b>8.774</b>	<b>10,8%</b>	<b>-62,7%</b>
Depreciation, amortization and other accruals	3.459	3,2%	2.616	3,2%	32,2%
<b>EBIT</b>	<b>(188)</b>	<b>-0,2%</b>	<b>6.158</b>	<b>7,6%</b>	
Net financial income (charges)	1.691	1,6%	169	0,2%	899,5%
Share of profit of associated companies	(16)	-0,0%	47	0,1%	
Other net income (expense)	(270)	-0,3%	(233)	-0,3%	16,2%
<b>Income before taxes</b>	<b>1.217</b>	<b>1,1%</b>	<b>6.141</b>	<b>7,6%</b>	<b>-80,2%</b>