

Press release

The Board of El.En. SpA releases the Quarterly Report

**In 2004 revenues reach 94 millions of euro (up 39%) and EBITDA 10 millions of euro (up 92%)
Profit before taxes is 8 millions of euro (up 282%)**

Florence, February 14, 2005 – The Board of Directors of El.En. SpA, listed on the TechStar segment of the Nuovo Mercato and leader on the laser market, approved the quarterly report as of December 31, 2004, which shows **consolidated revenues** for 28 millions of euro, up 41% on the 20 millions of the fourth quarter of the previous year. Revenues for the twelve months are up 39% reaching 94 millions, as opposed to the 68 millions of the previous fiscal year.

The increase in revenues, which exceeds the budget expectations that were forecasting a 30% revenues growth, has been driven by the positive trend in the medical business (up 52% on yearly basis), by the growth in the service revenues (up 27%) and also by the industrial business (up 9%). The direct effect of revenues growth is the notable increase in profitability, well above the forecast.

EBITDA for the quarter is 3,2 millions of euro, up 77% on the fourth quarter of 2003 (1,8 millions). On a yearly basis increase is 92%, up to 10,6 millions of euro from the 5,5 millions of 2003, with an 11% impact on the value of production (8% in 2003)

EBIT for the quarter is 2,3 millions of euro, up 449% on the 0,4 millions of Q4, 2003. On a yearly basis EBIT is up 261%, 5 millions of euro comparing with the 1,3 millions of 2003. The impact on the Value of production is 5%, it was 2% in 2003.

The group closed the fourth quarter with a **pre tax income** of 2,4 millions of euro, and the year with a pre tax income of 8,4 millions, also due to the gain on disposal of assets which appear in the other income lines. The reported income is well above the forecast target.

The **net financial position** as of December 31, 2004 is positive for 8,7 millions of euro, improving from the 6,5 millions reported as of the end of September.

With the release of the quarterly financials the Board also approved the **budget for the year 2005**. The management is forecasting a further increase in sales up to around 110 millions of euro. Also EBIT is expected to increase, both in total amount and as percentage on sales, reaching 9 millions of euro. The budget has been drafted with a reference exchange rate of 1,30 between Euro and US dollar.



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, 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, plastic surgery, 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 artworks.

EL.EN has been listed on the TechStar segment of the Nuovo Mercato. Its market floatation is approximately 25% and its market capitalization amounts to €94 million.

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Sigla: ELN

Negoziata su TAH

Mkt capt.: 69,52 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN.IM

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Tab. 1 – Three months ended December 31, 2004

Profit and loss account - 3 months	31/12/2004	Inc.%	31/12/2003	Inc.%	Variazione
Net turnover from sales and services	28.476	102,49%	20.215	103,26%	40,87%
Variation in stock of finished goods and WIP	(1.471)	-5,30%	(1.271)	-6,49%	15,76%
Other revenues and income	779	2,80%	633	3,23%	23,11%
Value of production	27.784	100,00%	19.577	100,00%	41,92%
Costs for raw materials	10.004	36,01%	7.036	35,94%	42,18%
Variation in stock of raw material	(588)	-2,12%	(907)	-4,63%	-35,10%
Other direct services	2.804	10,09%	1.986	10,14%	41,18%
Gross margin	15.564	56,02%	11.461	58,55%	35,80%
Other operating services and charges	5.904	21,25%	4.316	22,05%	36,80%
Added value	9.660	34,77%	7.146	36,50%	35,19%
For staff costs	6.407	23,06%	5.311	27,13%	20,62%
Gross operating profit	3.254	11,71%	1.834	9,37%	77,38%
Depreciation, amortisation and other accruals	953	3,43%	1.415	7,23%	-32,67%
Net operating profit	2.301	8,28%	419	2,14%	448,72%
Net financial income (charges)	(178)	-0,64%	247	1,26%	
Operating profit	2.123	7,64%	666	3,40%	218,82%
Value adjustments (Devaluations)	(36)	-0,13%	14	0,07%	
Extraordinary income (Charges)	387	1,39%	46	0,23%	747,18%
Earning before taxes	2.475	8,91%	725	3,71%	241,19%

Tab. 2 – Twelve months ended December 31, 2004

Profit and loss account	31/12/2004	Inc.%	31/12/2003	Inc.%	Var.%
Net turnover from sales and services	94.570	95,5%	68.195	93,5%	38,7%
Variation in stock of finished goods and WIP	2.925	3,0%	3.673	5,0%	-20,4%
Other revenues and income	1.508	1,5%	1.058	1,5%	42,5%
Value of production	99.003	100,0%	72.927	100,0%	35,8%
Costs for raw materials	39.422	39,8%	30.705	42,1%	28,4%
Variation in stock of raw material	(1.818)	-1,8%	(2.315)	-3,2%	-21,5%
Other direct services	8.870	9,0%	6.857	9,4%	29,4%
Gross margin	52.529	53,1%	37.680	51,7%	39,4%
Other operating services and charges	19.702	19,9%	14.189	19,5%	38,9%
Added value	32.827	33,2%	23.491	32,2%	39,7%
For staff costs	22.202	22,4%	17.965	24,6%	23,6%
Gross operating profit	10.626	10,7%	5.526	7,6%	92,3%
Depreciation, amortisation and other accruals	5.570	5,6%	4.128	5,7%	34,9%
Net operating profit	5.055	5,1%	1.397	1,9%	261,8%
Net financial income (charges)	38	0,0%	189	0,3%	-80,1%
Operating profit	5.093	5,1%	1.586	2,2%	221,1%
Value adjustments (Devaluations)	78	0,1%	519	0,7%	-85,0%
Extraordinary income (Charges)	3.285	3,3%	108	0,1%	2936,9%
Earning before taxes	8.456	8,5%	2.213	3,0%	282,0%