AVVI 03

Press release

The Board of Directors of El.En. approves the quarterly financial report as of March 31st , 2014

Strong growth in revenues, pre tax income and net financial position

- ***Consolidated Revenue: 37,6 million of euro up 12,1% (33,5 million of euro in the first quarter of 2013)***
- ***Ebitda: 3,4 million of euro up 64,4% (2,1 million of in the first quarter of 2013)***
- ***Ebit: 3,6 million of euro up 278,3% (1,0 million of euro in the first quarter of 2013)***
- ***During the quarter El.En. sold 1,1 million of Cynosure shares for 23 million of euro and a gross consolidated gain of 4,5 million of Euro***
- ***Net financial position: positive for 43,1 million of euro up on the 21,8 million of euro as of December 31st, 2013.***

Florence, May 15th, 2014 –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, 2014, which registered a **consolidated revenues for** 37,6 million of euro up 12,1% on the 33,5 million of euro of the corresponding quarter of 2013.

The consolidated sales volume registered remarkable increase, with a growth of about 13% in the industrial sector thanks in particular to sales on Chinese territory, and an increase of 14% in the main business segment, medical and aesthetic laser applications. In the after-sales services, the increase in revenues was about 5%.

A remarkable recovery on the Italian territory was performed, thanks to the systems for marking and 2D cutting in the industrial sector, and to the medical and aesthetic systems. Turnover decreased in Europe, due to the downturn in the market in some countries, while the global vocation of the group surfaced in the significant growth achieved in the rest of the world, which constitutes more than half of consolidated sales.

For the first three months of 2014 **Gross Margin** was 18,3 million of euro, up on the 16,8 million of euro as of March 2013, with a 9,2% increase.

EBITDA was 3,4 million of euro, up on the 2,1 million of euro as of March 31st, 2013 with a 64,4% increase. Also the impact on sales increased from 6,3% to 9,2%.

EBIT showed a positive balance of 3,6 million of euro markedly improving the 1,0 million of euro of March 31st, 2013. EBIT margin on sales was 9,7%.

In the first quarter of 2014 the Group registered a **pre tax income** of 7,9 million of euro in strong increase on the 1,7 million of euro of March 2013. The profit for the period is affected, i addition to the good results of current operations, but two one-time transactions: the sale of a batch of Cynosure Inc. shares, generating 23 million of euro in cash with a consolidated gain on sale of 4,5 million of euro which strengthen the net financial position of the group; the release for 1,5 million of euro of the excess in the reserve allocated in previous years for the patent dispute between Asclepion and Palomar that was settled for 0,6 million of euro, with the correspondent positive effect on the quarterly income. Also due to the mentioned sale of shares, the **Net financial position** of the group strengthens up to 43,1 million of euro at the end of the quarter, up on the 21,8 million of euro of the end of 2013.

During the first three months of 2014 the Group has continued the intense activity of research and development in the medical and industrial application fields, taking into account the growing demand of the global market for products, technologies and novel applications or improved performances. On many projects we have in progress the drafting of national and international patents, or we secured protection in the most important countries for our trademarks and product applications.

In the first quarter of 2014 the group recorded an increase in turnover, and a satisfactory EBIT, even excluding the impact of non-recurring transactions. These results are ahead on the schedule for the fulfillment of the released **yearly guidance**. Therefore the Group, for the current financial year, confirms the guidance (5% increase in turnover and EBIT increase over 2013), confident of being able to improve it. We also remark that the net effect of the patent settlement agreement signed in March, contributing to EBIT for 1,5 million of euro, should be considered in addition to the expected financial results.

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 31st , 2014, will be available for the public at our premises in Calenzano, at Borsa Italiana SpA and on our website www.elengroup.com from May 15th, 2014.

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 42% and its market capitalization amounts to €110 million.

Cod. ISIN: IT0001481867
Code: ELN
Listed on MTA
Mkt capt.:110 mln/Euro
Cod. Reuters: ELN.MI
Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended March 31st , 2014 (unaudited)

Income Statement	31/03/14	Inc.%	31/03/13	Inc.%	Var.%
Revenues	37.570	100,0%	33.523	100,0%	12,1%
Change in inventory of finished goods and WIP	3.081	8,2%	2.185	6,5%	41,0%
Other revenues and income	438	1,2%	331	1,0%	32,6%
Value of production	**41.090**	**109,4%**	**36.038**	**107,5%**	**14,0%**
Purchase of raw materials	20.832	55,4%	17.468	52,1%	19,3%
Change in inventory of raw material	(1.291)	-3,4%	(883)	-2,6%	46,2%
Other direct services	3.247	8,6%	2.699	8,1%	20,3%
Gross margin	**18.301**	**48,7%**	**16.754**	**50,0%**	**9,2%**
Other operating services and charges	5.726	15,2%	6.089	18,2%	-6,0%
Added value	**12.575**	**33,5%**	**10.665**	**31,8%**	**17,9%**
For staff costs	9.129	24,3%	8.569	25,6%	6,5%
EBITDA	**3.446**	**9,2%**	**2.096**	**6,3%**	**64,4%**
Depreciation, amortization and other accruals	(182)	-0,5%	1.137	3,4%	
EBIT	**3.628**	**9,7%**	**959**	**2,9%**	**278,3%**
Net financial income (charges)	(109)	-0,3%	480	1,4%	
Share of profit of associated companies	2	0,0%	27	0,1%	-94,5%
Other net income (expense)	4.433	11,8%	229	0,7%	1838,9%
Income (loss) before taxes	**7.954**	**21,2%**	**1.695**	**5,1%**	**369,1%**

NOTE:

In accordance with the recommendation CESR/05-178b on alternative performance indicators, the Group uses, in addition to the financial information required by IFRS, some information derived from the latter, although not required by IFRS (non - GAAP measures). These are presented in order to allow a better assessment of the performance and the management of the group and should not be considered as alternatives to those required by IFRS.

The Group uses the following alternative performance indicators to evaluate the financial performance:

- **Income from operations,** also known as "EBIT" it's an indicator of operating performance and is determined by adding to the profit / loss for the period: income taxes, other income and expenses, the share of profits/losses of associates, financial income/loss;
- **Gross margin from operations,** also known as "EBITDA", it's also an indicator of operating performance and it's calculated by adding the EBIT the entries under "Depreciation, amortization and other accruals";
- **Added Value,** determined by adding to EBITDA the item "For staff costs";
- **Gross Margin,** an indicator of sales margins calculated by adding to the Added Value the line " Other operating service and charges "
- The impact of the various income lines on revenue;

The Group uses as alternative performance indicators to evaluate their ability to cope with financial obligations:

- **Net Financial Position** as: cash and banks + securities held as current assets + current financial assets – long term financial liabilities - current financial liabilities

The alternative performance measures are used by the Issuer to monitor and evaluate the performance of the group and are not defined as accounting measures either within Italian GAAP or the IAS / IFRS. Therefore, the criteria used by the Group may not be consistent with those adopted by other operators and / or groups and therefore may not be comparable.