

Press release

## **The BoD of El.En. releases the 2005 draft financials; Shareholders meeting to approve a 0,55 Euro per share dividend proposal**

**El.En. closes 2005 with a 118 euro millions consolidated turnover and the best income from operations of the last years: 10 millions of euro, up 69%**

**Firenze, March 30, 2006** – The Board of directors of El.En. SpA, leader on the laser market and listed on the STAR segment of Borsa Italiana, met today and released the consolidated financial report and the El.En. Spa financial report for the year 2005, drafted according to the IAS/IFRS.

Consolidated **revenues** were 118 millions of euro, beating the 110 millions forecast for the year. The 25% increase in revenues are mainly due to the excellent trend in the medical / aesthetic market sales ( up 33%), but also the increase in sales in the industrial market was remarkable (+19%).

**Gross Margin** for the year is 65 millions of euro, up 24% with respect to 2004 and with a 55% impact on revenues.

**EBITDA** marks a 48% increase on 2004, reaching 15 millions of euro, 13% on revenues.

The El.En. group hits the best **EBIT** of the last years: 10 millions of euro, up 69%, also up from 6% of 2004 to 8% in 2005 as percentage of revenues.

Consolidated **Net profit** for the year is 25 millions of euro (5 millions in 2004), also due to the gain on sales of Cynosure shares registered within the IPO of the controlled American company Cynosure Inc..

Consolidated net profit for the El.En. group is therefore remarkably higher than reported within the fourth quarter 2005 report, as an effect of the interpretation of the accounting principle IAS27, IFRS3 on the partial sale to minorities of shares of controlled companies of which control is maintained. According to such interpretation a further gain on the sale of shares has been booked for 13 euro millions, representing the effects of the share capital increase wholly paid by the market within the IPO, effects that in the quarterly financials were increasing the shareholder's equity without any impact on the profit and loss statement. The shareholder's equity as of December 31, 2005 is not affected by this change in reporting.

The Cynosure IPO allowed a consolidated cash inflow of about 78 millions of dollars, with obvious impact on the **Net Financial Position** that as of December 31, 2005, is positive for 73 millions of euro.



The 2005 financial report for **El.En. SpA** showed: revenues at 34 millions of euro, Gross Margin at 17 millions, EBITDA at 6 millions, EBIT 5 millions and net profit at 10 millions of euro.

The board of directors will propose, on the Shareholder's meeting scheduled for April 28th (first call), and May 9th (second call), the payment of a 0.55 euro per share dividend, up 57% on the previous year, to be delivered on May 15<sup>th</sup> 2006 and paid on May 18<sup>th</sup> 2006.

***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 €150 million.*

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 150 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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**Tab. 1 – El.En. Group profit and loss account on December 31, 2005**

<b>Profit and loss account</b>	<b>31/12/05</b>	<b>Inc.%</b>	<b>31/12/04</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	118.343	100,0%	94.519	100,0%	25,2%
Change in inventory of finished goods and WIP	4.003	3,4%	3.198	3,4%	25,2%
Other revenues and income	1.978	1,7%	1.511	1,6%	30,9%
<b>Value of production</b>	<b>124.324</b>	<b>105,1%</b>	<b>99.228</b>	<b>105,0%</b>	<b>25,3%</b>
Purchase of raw materials	50.220	42,4%	39.438	41,7%	27,3%
Change in inventory of raw material	(1.722)	-1,5%	(1.308)	-1,4%	31,6%
Other direct services	10.995	9,3%	9.006	9,5%	22,1%
<b>Gross margin</b>	<b>64.831</b>	<b>54,8%</b>	<b>52.091</b>	<b>55,1%</b>	<b>24,5%</b>
Other operating services and charges	23.354	19,7%	19.426	20,6%	20,2%
<b>Added value</b>	<b>41.477</b>	<b>35,0%</b>	<b>32.665</b>	<b>34,6%</b>	<b>27,0%</b>
For staff costs	26.589	22,5%	22.621	23,9%	17,5%
<b>EBITDA</b>	<b>14.888</b>	<b>12,6%</b>	<b>10.044</b>	<b>10,6%</b>	<b>48,2%</b>
Depreciation, amortization and other accruals	4.938	4,2%	4.172	4,4%	18,4%
<b>EBIT</b>	<b>9.950</b>	<b>8,4%</b>	<b>5.872</b>	<b>6,2%</b>	<b>69,4%</b>
Net financial income (charges)	923	0,8%	(2)	-0,0%	
Share of profit of associated companies	4	0,0%	150	0,2%	-97,2%
Other Income (expense) net	19.643	16,6%	3.344	3,5%	487,3%
<b>Income before taxes</b>	<b>30.520</b>	<b>25,8%</b>	<b>9.364</b>	<b>9,9%</b>	<b>225,9%</b>
Income taxes	4.407	3,7%	2.957	3,1%	49,0%
<b>Income for the financial period</b>	<b>26.113</b>	<b>22,1%</b>	<b>6.407</b>	<b>6,8%</b>	<b>307,5%</b>
Minority interest	1.409	1,2%	1.761	1,9%	-20,0%
<b>Net income</b>	<b>24.704</b>	<b>20,9%</b>	<b>4.646</b>	<b>4,9%</b>	<b>431,7%</b>

**Tab. 2 – EI.En. Group balance sheet on December 31, 2005**

	31/12/2005	31/12/2004	Var.
<b>Balance Sheet</b>			
Intangible assets	7.354	11.106	-3.752
Tangible assets	11.322	10.118	1.204
Equity investments	774	1.393	-619
Deferred tax assets	3.466	1.318	2.148
Other non current assets	193	247	-54
<b>Total non current assets</b>	<b>23.109</b>	<b>24.182</b>	<b>-1.073</b>
Inventories	32.797	25.462	7.335
Accounts receivables	30.587	21.912	8.675
Tax receivables	2.963	2.627	337
Other receivables	1.876	2.240	-363
Financial instruments	467	268	199
Cash and cash equivalents	77.071	15.070	62.002
<b>Total current assets</b>	<b>145.763</b>	<b>67.578</b>	<b>78.184</b>
<b>TOTAL ASSETS</b>	<b>168.872</b>	<b>91.761</b>	<b>77.111</b>
<b>Parent stockholders' equity</b>	<b>73.738</b>	<b>48.293</b>	<b>25.445</b>
Minority interest in consolidated subsidiaries	50.385	5.610	44.774
<b>Total equity</b>	<b>124.123</b>	<b>53.904</b>	<b>70.219</b>
Severance indemnity	2.173	1.720	453
Deferred tax liabilities	723	518	205
Other accruals	4.046	2.800	1.246
Financial liabilities	1.961	2.580	-619
<b>Non current liabilities</b>	<b>8.904</b>	<b>7.618</b>	<b>1.286</b>
Financial liabilities	2.192	4.044	-1.852
Accounts payables	20.251	15.915	4.336
Tax payables	3.680	3.553	127
Other payables	9.722	6.727	2.995
<b>Current liabilities</b>	<b>35.845</b>	<b>30.239</b>	<b>5.606</b>
<b>TOTAL LIABILITES</b>	<b>168.872</b>	<b>91.761</b>	<b>77.111</b>

**Tab. 3 – El.En. S.p.A. profit and loss account on December 31, 2005**

<b>Profit and loss account</b>	<b>31/12/05</b>	<b>Inc.%</b>	<b>31/12/04</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	33.898	100,0%	28.112	100,0%	20,6%
Change in inventory of finished goods and WIP	458	1,3%	1.146	4,1%	-60,1%
Other revenues and income	1.554	4,6%	1.144	4,1%	35,8%
<b>Value of production</b>	<b>35.909</b>	<b>105,9%</b>	<b>30.402</b>	<b>108,1%</b>	<b>18,1%</b>
Purchase of raw materials	16.815	49,6%	14.411	51,3%	16,7%
Change in inventory of raw material	(686)	-2,0%	(559)	-2,0%	22,8%
Other direct services	3.140	9,3%	2.712	9,6%	15,8%
<b>Gross margin</b>	<b>16.640</b>	<b>49,1%</b>	<b>13.838</b>	<b>49,2%</b>	<b>20,3%</b>
Other operating services and charges	4.512	13,3%	3.895	13,9%	15,8%
<b>Added value</b>	<b>12.129</b>	<b>35,8%</b>	<b>9.943</b>	<b>35,4%</b>	<b>22,0%</b>
For staff costs	5.869	17,3%	5.080	18,1%	15,5%
<b>EBITDA</b>	<b>6.260</b>	<b>18,5%</b>	<b>4.863</b>	<b>17,3%</b>	<b>28,7%</b>
Depreciation, amortization and other accruals	1.209	3,6%	1.386	4,9%	-12,7%
<b>EBIT</b>	<b>5.051</b>	<b>14,9%</b>	<b>3.477</b>	<b>12,4%</b>	<b>45,3%</b>
Net financial income (charges)	1.623	4,8%	128	0,5%	1167,5%
<b>Income from continuing operations</b>	<b>6.674</b>	<b>19,7%</b>	<b>3.605</b>	<b>12,8%</b>	<b>85,1%</b>
Value adjustments (Devaluations)	(1.985)	-5,9%	(1.181)	-4,2%	68,1%
Extraordinary income (Charges)	7.563	22,3%	963	3,4%	685,4%
<b>Income before taxes</b>	<b>12.252</b>	<b>36,1%</b>	<b>3.387</b>	<b>12,0%</b>	<b>261,7%</b>
Income taxes	2.673	7,9%	1.486	5,3%	79,9%
<b>Income for the financial period</b>	<b>9.580</b>	<b>28,3%</b>	<b>1.901</b>	<b>6,8%</b>	<b>403,9%</b>

**Tab. 4 – El.En. S.p.A. balance sheet on December 31, 2005**

	<b>31/12/2005</b>	<b>31/12/2004</b>
<b>Balance Sheet</b>		
Intangible assets	43	82
Tangible assets	4.523	5.127
Equity investments	19.963	21.807
Other investments	3.799	2.638
<b>Total fixed assets (A)</b>	<b>28.328</b>	<b>29.653</b>
Stocks	11.767	10.882
Trade debtors	15.107	13.031
Other debtors	1.362	792
Other equity investments		994
Own shares		256
Cash in banks and on hand	15.111	6.306
<b>Total current assets (B)</b>	<b>43.347</b>	<b>32.260</b>
Trade creditors	7.979	6.083
Other debtors	3.322	2.937
Financial liabilities due within 12 months	1.012	2.374
<b>Total current liabilities (C)</b>	<b>12.313</b>	<b>11.394</b>
<b>Net working capital (D)= B-C</b>	<b>31.035</b>	<b>20.867</b>
Employee severance indemnity	977	847
Other provisions	3.165	1.896
Net medium and long term financial debts	577	1.463
<b>Mid and long terms creditors (E)</b>	<b>4.719</b>	<b>4.206</b>
<b>Net invested capital (A + D - E)</b>	<b>54.644</b>	<b>46.314</b>
<b>Shareholders' equity</b>	<b>54.644</b>	<b>46.314</b>