

Press release

El.En. : The Board releases the fourth quarter financials

*For the **quarter**: revenues up 31% and EBIT at 3,9 millions of euro
For the **year**: revenues at 118 millions of euro (up 25%) and EBIT up 71,8%.*

Firenze, February 14, 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 for the fourth quarter of 2005, drafted according to the IAS/IFRS.

The *fourth quarter* of 2005, with 37 millions of euro in **consolidated revenues**, up 31% on the fourth quarter of 2004, shows the best performance of the last years in terms profitability, both as EBIT's amount and as impact on revenues. The *twelve months* ended December 31st, 2005 shows consolidated revenues for 118 millions of euros, beating the 2005 guidance which was set at 110 millions of euro.

The 25% revenues increase on the previous year is largely due to the excellent performance of the medical and aesthetic business (up 33%), but also in the industrial business an important growth has been achieved (revenues up 19%).

Gross Margin for the *quarter* is 20 millions of euro, up 33% on the 15 millions on the corresponding quarter of 2004. On the *twelve months* Gross Margin is 65 millions, up 24% on the previous year.

EBITDA of the *last three months* of 2005, roughly 6 millions of euro, doubles with respect to the fourth quarter of 2004. The Group closes the *year* with a 14.769 euro thousands EBITDA up 47% on 2004.

EBIT for the quarter is 3,9 millions of euro, 10,5% of consolidated revenues. As of December 31st, 2005 the group shows the best performance of the last years, 10 millions of euro in income from operations, up 71,8%.

Pre tax income for the *quarter* is 11,8 millions of euro, in marked increase on the fourth quarter of 2004 (2,4 millions), also due to the gain on the sale of 1.000.000 shares of the controlled company Cynosure, within its the IPO on the Nasdaq which took place the 9th of December 2005. Pre tax income for the year is almost doubled with respect to the previous year, up to 18 millions.

The Cynosure IPO has brought into the group cash for roughly 78 millions of dollars, with an obvious beneficial impact on the **con Net financial position** which, as December 31st, 2005 is positive for 73 millions of euro.

During the board of directors the **2006 budget** has been approved. The targets for the year involve a further growth of the business, with a 20% growth to reach 140 millions of euro in consolidated revenues, and an income from operations of roughly 12 millions of euro. The budget has been drafted factoring in a 1,24 exchange rate for the 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, 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 €143 million.

Cod. ISIN: IT0001481867

Code: ELN

Listed on MTAX

Mkt capt.: 143 mln/Euro

Cod. Reuters: ELN.MI

Cod. Bloomberg: ELN IM

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Tab. 1 – Three months ended December 31, 2005

Profit and loss account - 3 months	31/12/05	Inc.%	31/12/04	Inc.%	Var.%
Revenues	37.333	100,0%	28.426	100,0%	31,3%
Change in inventory of finished goods and WIP	979	2,6%	(965)	-3,4%	
Other revenues and income	650	1,7%	782	2,8%	-16,9%
Value of production	38.962	104,4%	28.243	99,4%	38,0%
Purchase of raw materials	14.736	39,5%	10.021	35,3%	47,1%
Change in inventory of raw material	164	0,4%	(126)	-0,4%	
Other direct services	3.480	9,3%	2.940	10,3%	18,4%
Gross margin	20.582	55,1%	15.408	54,2%	33,6%
Other operating services and charges	6.873	18,4%	5.880	20,7%	16,9%
Added value	13.709	36,7%	9.528	33,5%	43,9%
For staff costs	7.714	20,7%	6.714	23,6%	14,9%
EBITDA	5.995	16,1%	2.814	9,9%	113,1%
Depreciation, amortization and other accruals	2.063	5,5%	696	2,4%	196,5%
EBIT	3.932	10,5%	2.118	7,4%	85,7%
Net financial income (charges)	531	1,4%	(155)	-0,5%	
Share of profit of associated companies	(72)	-0,2%	5	0,0%	
Other Income (expense) net	7.491	20,1%	439	1,5%	1604,7%
Income before taxes	11.881	31,8%	2.407	8,5%	393,6%

Tab. 2 – Twelve months ended December 31, 2005

Profit and loss account	31/12/05	Inc.%	31/12/04	Inc.%	Var.%
Revenues	118.331	100,0%	94.519	100,0%	25,2%
Change in inventory of finished goods and WIP	4.084	3,5%	3.198	3,4%	27,7%
Other revenues and income	1.974	1,7%	1.511	1,6%	30,7%
Value of production	124.389	105,1%	99.228	105,0%	25,4%
Purchase of raw materials	50.170	42,4%	39.438	41,7%	27,2%
Change in inventory of raw material	(1.657)	-1,4%	(1.308)	-1,4%	26,7%
Other direct services	10.980	9,3%	9.006	9,5%	21,9%
Gross margin	64.896	54,8%	52.091	55,1%	24,6%
Other operating services and charges	23.505	19,9%	19.426	20,6%	21,0%
Added value	41.391	35,0%	32.665	34,6%	26,7%
For staff costs	26.622	22,5%	22.621	23,9%	17,7%
EBITDA	14.769	12,5%	10.044	10,6%	47,0%
Depreciation, amortization and other accruals	4.680	4,0%	4.172	4,4%	12,2%
EBIT	10.089	8,5%	5.872	6,2%	71,8%
Net financial income (charges)	701	0,6%	(2)	-0,0%	
Share of profit of associated companies	(26)	-0,0%	150	0,2%	
Other Income (expense) net	7.258	6,1%	3.344	3,5%	117,0%
Income before taxes	18.023	15,2%	9.364	9,9%	92,5%