

Press release

## The Board of Directors of El.En. Spa releases the draft 2010 financial statements

- **Consolidated revenues were 189,8 millions of euro (+27,3%)**
- **Net Income was 1,3 millions of euro (Net loss 5,3 millions of euro as of December 31<sup>st</sup>, 2009)**
- **The Net Financial position increases: + 74,9 millions of euro (+68,9 millions of euro as of December 31<sup>st</sup>, 2009)**
- **Proposed dividend: 0,20 Euro per share**

**Florence, March 15<sup>th</sup>, 2011** The Board of Directors of El.En. SpA, leader on the laser market, listed on the Star segment of the Italian Stock Exchange, discussed and released today the 2010 consolidated and El.En. Spa financial statements to be approved by the Shareholder's Meeting. All the financial indicators showed a clear improvement and the Group achieved to return to net income, with a consolidated net profit 1,3 millions of euro, as opposed to the 5,3 millions of euro net loss of the previous year.

The net consolidated income is severely affected by a 91% tax rate, the effect of the undeductible write offs and of the net loss booked by Cynosure Inc., which did not book any tax income on the losses, and does not reflect the positive trend of the year.

**Consolidated revenues** are just shy of 190 millions of euro, up 27,3% on 2009 and up 30,3% excluding Cynosure from consolidation.

Negatively affected in 2009 by the economical downturn, the Group in 2010 was again able to grow and generate income. The positive trend of the first six months has been confirmed in the second semester, highlighting rapid growth areas like the industrial laser systems business in China and Brazil, and strengthening the leadership in the medical laser market with a growth rate higher than any other competitor.

The recovery has though been uneven among the various markets; the persistence of certain uncertainties factors leaves unexploited the growth and profitability potential of the group: income from operations and net income, positive beyond the forecasted guidance, are still far from what had been achieved before the downturn

The president of El.En. Gabriele Clementi, said with satisfaction about the financial results: "Our long term vision for an appropriate global positioning in the industrial market is paying back today with tangible results and further development expectations. We succeeded in exiting from the downturn before and better than many competitors, due to our policy of continuous investment in research and development."

**Gross Margin** was 100,4 millions of euro, increasing 26,7% on the previous year and with a 52,9% impact on sales.

**EBITDA** was +14,3 millions of euro, as opposed to the 4,0 millions of euro loss as of December 31<sup>st</sup>, 2009.

**EBIT** was +5,4 millions of euro, it had been a 12,6 millions loss in 2009.

**Pre tax income** as of December 31st was 4,7 millions of euro, we had registered a 12,3 millions of euro pre tax loss in 2009.

The Group closed the year 2010 with a **net income** of 1,3 millions of euro, whereas it had closed 2009 with a 5,3 millions of euro net loss.

**The net financial position** as of December 31st, 2010 is positive for 74,9 millions of euro, increasing the 68,9 millions of the end of 2009 and the 70,2 millions as of September 30th 2010 as well.

The **consolidated financials excluding Cynosure** from consolidation show 2010 **revenues** at 132,6 millions of euro (up 30,3% on 2009) and a positive **EBITDA** was for 13,3 millions of euro (up 484,1%) with a 10,1% impact on revenues. **EBIT** was 8,4 millions of euro, increasing from the 1,5 millions of euro loss of 2009. **Pre tax income** was 7,7 millions of euro whereas we had registered a 2,0 millions of euro pre tax loss in 2009. **Net Income** was 2,2 millions of euro, it had been a 3,1 millions loss in 2009. The sub-consolidated financials without Cynosure show a stronger increase in revenues (up 30,3%), and a lower impact of the operating expenses; consequently EBIT impact on revenues was 6,3% while it had been 2,9% in the consolidated financials including the whole Group. The **net financial position** stayed positive for 10,0 millions of euro increasing the 8,8 millions of euro as of December 31st 2009.

The 2010 financial report for the mother company **El.En. SpA** shows revenues for 45,5 millions of euro (up 26%), a Gross Margin of 20 millions of euro ( up 19,5%), a 4,9 millions of euro EBITDA ( up 65,9%), a 3,9 millions of euro EBIT ( up 126,8%) and a net profit of 1,1 millions of euro (it had been 0,4 millions in 2009).

After marking in 2010 a brilliant growth with revenues and income from operations beyond the forecasted levels, (with respect to the consolidated financial report drafted with the exclusion of Cynosure), for the year 2011 the Group has set its target to a growth rate of approximately 10% and a further improvement in profitability.

This guidance also reflects the demand instability that we are expecting on the Japanese market, which is very significant for us.

The Board of Directors has resolved to call the annual Shareholder meeting for April 29th, 2011 (first call) and May 13, 2011 (second call), and, as it pertains to the destination of net income, it resolved to propose, after the allocation to the reserves as required by the law, to distribute a dividend of 0,20 euro per share, to be assigned on May 23<sup>rd</sup>, 2011 and paid on May 26<sup>th</sup> 2011.

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.

The Board of directors also discussed, based on the information received by the involved Directors, the persistence of the independence requisites for the Directors that declared themselves independent, and approved the annual Governance Report and Shareholding Report.

The annual financial Report, including the yearly financial Report draft, the consolidated financial Report, the management Report and the statement as required by art. 154-bis, comma 5, TUF, the Auditors report and the Board of Statutory Auditors Report, and also the Board of Directors report on the agenda of the Shareholders meeting, will be available to the public at the company's

premises and at Borsa Italiana, and also on the internet site [www.elengroup.com](http://www.elengroup.com), within the time deadlines required by the law.

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Attachments:

1. El.En. Group Profit and Loss account
2. El.En. Group Balance sheet
3. El.En. Group Profit and Loss account excluding Cynosure
4. El.En. S.p.A. Profit and Loss account
5. El.En. S.p.A. Balance Sheet

(With reference to the attached financial statements, it should be noted that the audit has not yet been completed).

*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 47% and its market capitalization amounts to €65 million.*

Cod. ISIN: IT0001481867  
Code: ELN  
Listed on MTA  
Mkt capt.: 64 mln/Euro  
Cod. Reuters: ELN.MI  
Cod. Bloomberg: ELN IM

For further information:

**El.En. SpA**  
Enrico ROMAGNOLI  
Investor Relator  
Tel. 055-8826807  
[finance@elen.it](mailto:finance@elen.it)

**Polytems HIR**  
Bianca FERSINI MASTELLONI  
Alessandra Difrancesco  
Press Office  
Tel. 06 6797849 – 06 69923324  
[b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)  
[a.difrancesco@polytemshir.it](mailto:a.difrancesco@polytemshir.it)

**Polytems HIR**  
Bianca FERSINI MASTELLONI  
Financial Communication  
Tel. 06 6797849 – 06 69923324  
[b.fersini@polytemshir.it](mailto:b.fersini@polytemshir.it)

**Tab. 1 – El.En. Group Profit and Loss account on December 31<sup>st</sup> , 2010**

<b>Profit and loss account</b>	<b>31/12/10</b>	<b>Inc.%</b>	<b>31/12/09</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	189.797	100,0%	149.111	100,0%	27,3%
Change in inventory of finished goods and WIP	(397)	-0,2%	(2.237)	-1,5%	-82,2%
Other revenues and income	2.206	1,2%	1.829	1,2%	20,6%
<b>Value of production</b>	<b>191.606</b>	<b>101,0%</b>	<b>148.703</b>	<b>99,7%</b>	<b>28,9%</b>
Purchase of raw materials	77.118	40,6%	52.097	34,9%	48,0%
Change in inventory of raw material	(4.036)	-2,1%	3.561	2,4%	
Other direct services	18.075	9,5%	13.757	9,2%	31,4%
<b>Gross margin</b>	<b>100.448</b>	<b>52,9%</b>	<b>79.287</b>	<b>53,2%</b>	<b>26,7%</b>
Other operating services and charges	41.326	21,8%	41.287	27,7%	0,1%
<b>Added value</b>	<b>59.122</b>	<b>31,2%</b>	<b>38.001</b>	<b>25,5%</b>	<b>55,6%</b>
For staff costs	44.825	23,6%	42.027	28,2%	6,7%
<b>EBITDA</b>	<b>14.297</b>	<b>7,5%</b>	<b>(4.026)</b>	<b>-2,7%</b>	
Depreciation, amortization and other accruals	8.875	4,7%	8.571	5,7%	3,5%
<b>EBIT</b>	<b>5.422</b>	<b>2,9%</b>	<b>(12.598)</b>	<b>-8,4%</b>	
Net financial income (charges)	48	0,0%	947	0,6%	-94,9%
Share of profit of associated companies	(320)	-0,2%	(278)	-0,2%	15,4%
Other net income (expense)	(461)	-0,2%	(402)	-0,3%	14,6%
<b>Income before taxes</b>	<b>4.689</b>	<b>2,5%</b>	<b>(12.331)</b>	<b>-8,3%</b>	
Income taxes	4.255	2,2%	4.060	2,7%	4,8%
<b>Income for the financial period</b>	<b>434</b>	<b>0,2%</b>	<b>(16.391)</b>	<b>-11,0%</b>	
Minority interest	(834)	-0,4%	(11.133)	-7,5%	-92,5%
<b>Net income</b>	<b>1.268</b>	<b>0,7%</b>	<b>(5.258)</b>	<b>-3,5%</b>	

**Tab. 2 – El.En. Group balance sheet on December 31<sup>st</sup>, 2010**

	31/12/2010	31/12/2009	Var.
<b>Balance Sheet</b>			
Intangible assets	6.992	6.975	17
Tangible assets	29.076	29.845	-769
Equity investments	694	1.289	-596
Deferred tax assets	5.521	4.431	1.090
Other non current assets	7.643	3.665	3.978
<b>Total non current assets</b>	<b>49.925</b>	<b>46.205</b>	<b>3.720</b>
Inventories	55.650	50.531	5.119
Accounts receivables	46.714	36.573	10.142
Tax receivables	7.051	8.040	-988
Other receivables	6.618	4.980	1.638
Financial instruments	44.676	29.803	14.873
Cash and cash equivalents	41.515	49.573	-8.058
<b>Total current assets</b>	<b>202.225</b>	<b>179.499</b>	<b>22.726</b>
<b>TOTAL ASSETS</b>	<b>252.150</b>	<b>225.704</b>	<b>26.446</b>
<b>Total equity</b>	<b>171.724</b>	<b>163.364</b>	<b>8.361</b>
Severance indemnity	2.702	2.607	94
Deferred tax liabilities	667	417	250
Other accruals	5.627	5.143	484
Financial liabilities	4.882	4.927	-45
<b>Non current liabilities</b>	<b>13.877</b>	<b>13.094</b>	<b>783</b>
Financial liabilities	6.460	5.613	847
Accounts payables	35.138	25.136	10.001
Income tax payables	2.144	450	1.693
Other payables	22.807	18.047	4.761
<b>Current liabilities</b>	<b>66.548</b>	<b>49.246</b>	<b>17.302</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>252.150</b>	<b>225.704</b>	<b>26.446</b>

**Tab. 3 – El.En. Group Profit and Loss account on December 31<sup>st</sup> , 2010 excluding Cynosure**

<b>Profit and loss account</b>	<b>31/12/10</b>	<b>Inc.%</b>	<b>31/12/09</b>	<b>Inc.%</b>	<b>Var.%</b>
Revenues	132.566	100,0%	101.764	100,0%	30,3%
Change in inventory of finished goods and WIP	4.551	3,4%	(84)	-0,1%	
Other revenues and income	1.884	1,4%	1.631	1,6%	15,5%
<b>Value of production</b>	<b>139.001</b>	<b>104,9%</b>	<b>103.311</b>	<b>101,5%</b>	<b>34,5%</b>
Purchase of raw materials	61.603	46,5%	42.890	42,1%	43,6%
Change in inventory of raw material	(1.730)	-1,3%	1.580	1,6%	
Other direct services	12.053	9,1%	8.517	8,4%	41,5%
<b>Gross margin</b>	<b>67.076</b>	<b>50,6%</b>	<b>50.325</b>	<b>49,5%</b>	<b>33,3%</b>
Other operating services and charges	25.411	19,2%	22.939	22,5%	10,8%
<b>Added value</b>	<b>41.665</b>	<b>31,4%</b>	<b>27.386</b>	<b>26,9%</b>	<b>52,1%</b>
For staff costs	28.338	21,4%	25.104	24,7%	12,9%
<b>EBITDA</b>	<b>13.327</b>	<b>10,1%</b>	<b>2.282</b>	<b>2,2%</b>	<b>484,1%</b>
Depreciation, amortization and other accruals	4.966	3,7%	3.736	3,7%	32,9%
<b>EBIT</b>	<b>8.361</b>	<b>6,3%</b>	<b>(1.454)</b>	<b>-1,4%</b>	
Net financial income (charges)	113	0,1%	90	0,1%	25,7%
Share of profit of associated companies	(320)	-0,2%	(278)	-0,3%	15,4%
Other net income (expense)	(457)	-0,3%	(374)	-0,4%	22,2%
<b>Income before taxes</b>	<b>7.697</b>	<b>5,8%</b>	<b>(2.016)</b>	<b>-2,0%</b>	
Income taxes	3.745	2,8%	872	0,9%	329,5%
<b>Income for the financial period</b>	<b>3.951</b>	<b>3,0%</b>	<b>(2.888)</b>	<b>-2,8%</b>	
Minority interest	1.751	1,3%	183	0,2%	857,3%
<b>Net income</b>	<b>2.200</b>	<b>1,7%</b>	<b>(3.071)</b>	<b>-3,0%</b>	

**Tab. 4 – EI.En. S.p.A. Profit and Loss account on December 31<sup>st</sup> , 2010**

<b>Profit and loss account</b>	<b>31/12/10</b>	<b>Inc. %</b>	<b>31/12/09</b>	<b>Inc. %</b>	<b>Var. %</b>
Revenues	45.547	100,0%	36.092	100,0%	26,2%
Change in inventory of finished goods and WIP	694	1,5%	(1.115)	-3,1%	
Other revenues and income	1.170	2,6%	1.241	3,4%	-5,7%
<b>Value of production</b>	<b>47.411</b>	<b>104,1%</b>	<b>36.219</b>	<b>100,4%</b>	<b>30,9%</b>
Purchase of raw materials	24.419	53,6%	13.824	38,3%	76,6%
Change in inventory of raw material	(845)	-1,9%	2.894	8,0%	
Other direct services	3.800	8,3%	2.740	7,6%	38,7%
<b>Gross margin</b>	<b>20.037</b>	<b>44,0%</b>	<b>16.761</b>	<b>46,4%</b>	<b>19,5%</b>
Other operating services and charges	5.673	12,5%	5.015	13,9%	13,1%
<b>Added value</b>	<b>14.364</b>	<b>31,5%</b>	<b>11.746</b>	<b>32,5%</b>	<b>22,3%</b>
For staff costs	9.410	20,7%	8.759	24,3%	7,4%
<b>EBITDA</b>	<b>4.955</b>	<b>10,9%</b>	<b>2.987</b>	<b>8,3%</b>	<b>65,9%</b>
Depreciation, amortization and other accruals	1.076	2,4%	1.277	3,5%	-15,7%
<b>EBIT</b>	<b>3.879</b>	<b>8,5%</b>	<b>1.710</b>	<b>4,7%</b>	<b>126,8%</b>
Net financial income (charges)	526	1,2%	463	1,3%	13,7%
Share of profit of associated companies	0	0,0%	0	0,0%	
Other net income (expense)	(1.402)	-3,1%	(850)	-2,4%	65,0%
<b>Income before taxes</b>	<b>3.003</b>	<b>6,6%</b>	<b>1.323</b>	<b>3,7%</b>	<b>126,9%</b>
Income taxes	1.941	4,3%	963	2,7%	101,6%
<b>Income for the financial period</b>	<b>1.062</b>	<b>2,3%</b>	<b>360</b>	<b>1,0%</b>	<b>194,6%</b>
Minority interest	0	0,0%	0	0,0%	
<b>Net income</b>	<b>1.062</b>	<b>2,3%</b>	<b>360</b>	<b>1,0%</b>	<b>194,6%</b>

**Tab. 5 – El.En. S.p.A. Balance Sheet on December 31<sup>st</sup>, 2010**

	31/12/2010	31/12/2009	Var.
<b>Balance Sheet</b>			
Intangible assets	14	14	
Tangible assets	13.858	14.237	-379
Equity investments	17.892	18.329	-436
Deferred tax assets	1.476	1.317	159
Other non current assets	158	550	-393
<b>Total non current assets</b>	<b>33.398</b>	<b>34.447</b>	<b>-1.049</b>
Inventories	18.232	16.879	1.354
Accounts receivables	30.315	22.528	7.786
Tax receivables	2.300	2.169	131
Other receivables	4.021	3.882	140
Cash and cash equivalents	4.919	7.618	-2.700
<b>Total current assets</b>	<b>59.787</b>	<b>53.076</b>	<b>6.711</b>
<b>TOTAL ASSETS</b>	<b>93.186</b>	<b>87.524</b>	<b>5.662</b>
<b>Total equity</b>	<b>74.803</b>	<b>73.556</b>	<b>1.247</b>
Severance indemnity	935	968	-33
Deferred tax liabilities	441	267	173
Other accruals	2.196	2.144	52
Financial liabilities	66	136	-70
<b>Non current liabilities</b>	<b>3.637</b>	<b>3.515</b>	<b>123</b>
Financial liabilities	96	89	8
Accounts payables	10.755	7.876	2.878
Income tax payables	565		565
Other payables	3.330	2.488	841
<b>Current liabilities</b>	<b>14.746</b>	<b>10.453</b>	<b>4.293</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>93.186</b>	<b>87.524</b>	<b>5.662</b>