



Press release

## **EI.En. increases sales by 78% after Q3**

***EBITDA up 64%, EBIT up 45%***

**Firenze, November 14, 2002.** EI.En., leader on the laser market, closed the first nine months of year 2002 with a strong increase in sales and profitability. The quarter report as of September 30, 2002, approved today by the Board of Directors led by Gabriele Clementi, shows for the nine months revenues equal to 34,77 euro millions, up **78,2%** compared to the corresponding period of 2001. The sales increase is due to the contribution of the controlled US company Cynosure Inc., too; without the consolidation of the recently acquired Cynosure, sales increase is 33,8%, well above the forecasted performance.

Consolidated sales in the medical laser segment marked a 74,5% increase (around 27% without Cynosure). Sales were very brilliant for the industrial laser segment, too, with a 50% increase notwithstanding the market stagnation.

Profit margins are significantly improving with respect to the first nine months of year 2001, both with and without including Cynosure.

**Gross profit** is equal to 17,78 euro millions, around 50% of the value of production, and marks a significant **88,3%** increase including Cynosure (32,8% without). **EBITDA** is 4,16 euro millions, up **64,5%** and with a 11,6% impact on the Value of production; EBITDA without Cynosure increases by 77,5% with a 16,7% impact on the Value of production. **EBIT** is 2,42 euro millions, up **45,1%** with a 6,8% impact on the Value of production. **Profit before taxes** is 3,44 euro millions, up **26,8%** from the first nine months of 2001.

The net financial position stays positive for over 21 euro millions, and “allows the group – the general manager Andrea Cangioli said - to design without cash constraints its development and expansion, even through extraordinary M&A transactions finalized to the acquisition of companies or the launching of cooperation or joint ventures to operate on specific geographical markets or application niches for our laser systems”.

“The current trend in the group’s performances – the president Gabriele Clementi said - allows to confirm the forecast set upon the acquisition of Cynosure. The better than forecasted results achieved by the group with Cynosure allows to confirm the revenue growth forecast, notwithstanding the uncertainty that still hits the American market and consequently Cynosure’s performances”.

The consolidated financials for the third quarter 2002 report sales for 13,66 euro millions, up **125,6%** with respect to the third quarter of year 2001 (up 49,1% without Cynosure), a **gross margin** of 7,47 euro millions (up **166,8%**), an 1,58 euro millions **EBITDA** (up **128,6%**), a 0,77 euro millions **EBIT** ( up **90,9%**). **Gross investments** for the third quarter were equal to 0,38 euro millions, while from the beginning of the year the group approximately invested 1,68 euro millions euro in fixed and financial assets..

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*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 NM since December 2000. Its market floatation is approximately 30% and its market capitalization amounts to €50 million.*

*Cod. ISIN: IT0001481867*  
*Sigla: ELN*  
*Negoziata su TAH*  
*Mkt capt.: 51.50 mln/Euro*  
*Cod. Reuters: ELN.MI*  
*Cod. Bloomberg: ELN.IM*

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**Tab. 1 - Consolidated income statement for the third quarter of 2002**

| <b>Profit and loss account - 3 months</b>     | <b>30/09/2002</b> | <b>Inc.%</b>   | <b>30/09/2001</b> | <b>Inc.%</b>   | <b>Variazione</b> |
|---|-------------------|----------------|-------------------|----------------|-------------------|
| Net turnover from sales and services          | 13.663            | 100,56%        | 6.055             | 95,70%         | 125,65%           |
| Variation in stock of finished goods and WIP  | (93)              | 0,68%          | 263               | 4,16%          | -135,25%          |
| Other revenues and income                     | 17                | 0,12%          | 9                 | 0,14%          | 86,65%            |
| <b>Value of production</b>                    | <b>13.587</b>     | <b>100,00%</b> | <b>6.327</b>      | <b>100,00%</b> | <b>114,76%</b>    |
| Costs for raw materials                       | 5.717             | 42,08%         | 2.873             | 45,41%         | 99,01%            |
| Variation in stock of raw material            | (1.015)           | 7,47%          | (110)             | 1,73%          | 826,71%           |
| Other direct services                         | 1.409             | 10,37%         | 762               | 12,04%         | 84,91%            |
| <b>Gross margin</b>                           | <b>7.476</b>      | <b>55,02%</b>  | <b>2.802</b>      | <b>44,28%</b>  | <b>166,85%</b>    |
| Other operating services and charges          | 2.735             | 20,13%         | 1.116             | 17,65%         | 145,00%           |
| <b>Added value</b>                            | <b>4.741</b>      | <b>34,89%</b>  | <b>1.685</b>      | <b>26,64%</b>  | <b>181,32%</b>    |
| For staff costs                               | 3.163             | 23,28%         | 995               | 15,73%         | 217,86%           |
| <b>Gross operating profit</b>                 | <b>1.578</b>      | <b>11,61%</b>  | <b>690</b>        | <b>10,91%</b>  | <b>128,63%</b>    |
| Depreciation, amortisation and other accruals | 806               | 5,93%          | 286               | 4,52%          | 181,96%           |
| <b>Net operating profit</b>                   | <b>772</b>        | <b>5,69%</b>   | <b>405</b>        | <b>6,39%</b>   | <b>90,97%</b>     |
| Net financial income (charges)                | 115               | 0,85%          | 303               | 4,79%          | -62,03%           |
| <b>Operating profit</b>                       | <b>888</b>        | <b>6,53%</b>   | <b>708</b>        | <b>11,19%</b>  | <b>25,41%</b>     |
| Value adjustments (Devaluations)              | 279               | 2,05%          | 5                 | 0,09%          | 4994,90%          |
| Extraordinary income (Charges)                | 345               | 2,54%          | 6                 | 0,09%          | 5692,59%          |
| <b>Earning before taxes</b>                   | <b>1.512</b>      | <b>11,13%</b>  | <b>719</b>        | <b>11,37%</b>  | <b>110,19%</b>    |

**Tab. 2 – Consolidated income statement for the third quarter of 2002 - excluding Cynosure**

| <b>Profit and loss account - 3 Months - without Cynosure</b> | <b>30/09/2002</b> | <b>Inc.%</b>   | <b>30/09/2001</b> | <b>Inc.%</b>   | <b>Variazione</b> |
|--|-------------------|----------------|-------------------|----------------|-------------------|
| Net turnover from sales and services                         | 9.026             | 102,11%        | 6.055             | 95,70%         | 49,06%            |
| Variation in stock of finished goods and WIP                 | (213)             | 2,41%          | 263               | 4,16%          | -181,10%          |
| Other revenues and income                                    | 27                | 0,30%          | 9                 | 0,14%          | 193,17%           |
| <b>Value of production</b>                                   | <b>8.839</b>      | <b>100,00%</b> | <b>6.327</b>      | <b>100,00%</b> | <b>39,71%</b>     |
| Costs for raw materials                                      | 3.955             | 44,74%         | 2.873             | 45,41%         | 37,66%            |
| Variation in stock of raw material                           | (686)             | 7,76%          | (110)             | 1,73%          | 526,61%           |
| Other direct services  | 1.078             | 12,19%         | 762               | 12,04%         | 41,49%            |
| <b>Gross margin</b>  | <b>4.493</b>      | <b>50,83%</b>  | <b>2.802</b>      | <b>44,28%</b>  | <b>60,35%</b>     |
| Other operating services and charges                         | 1.289             | 14,59%         | 1.116             | 17,65%         | 15,50%            |
| <b>Added value</b>   | <b>3.203</b>      | <b>36,24%</b>  | <b>1.685</b>      | <b>26,64%</b>  | <b>90,06%</b>     |
| For staff costs  | 1.260             | 14,25%         | 995               | 15,73%         | 26,57%            |
| <b>Gross operating profit</b>                                | <b>1.944</b>      | <b>21,99%</b>  | <b>690</b>        | <b>10,91%</b>  | <b>181,60%</b>    |
| Depreciation, amortisation and other accruals                | 327               | 3,70%          | 286               | 4,52%          | 14,54%            |
| <b>Net operating profit</b>                                  | <b>1.616</b>      | <b>18,29%</b>  | <b>405</b>        | <b>6,39%</b>   | <b>299,60%</b>    |
| Net financial income (charges)                               | 109               | 1,23%          | 303               | 4,79%          | -64,07%           |
| <b>Operating profit</b>                                      | <b>1.725</b>      | <b>19,52%</b>  | <b>708</b>        | <b>11,19%</b>  | <b>143,78%</b>    |
| Value adjustments (Devaluations)                             | 0                 | 0,00%          | 5                 | 0,09%          | -100,00%          |
| Extraordinary income (Charges)                               | 18                | 0,21%          | 6                 | 0,09%          | 205,75%           |
| <b>Earning before taxes</b>                                  | <b>1.744</b>      | <b>19,73%</b>  | <b>719</b>        | <b>11,37%</b>  | <b>142,44%</b>    |

**Tab. 3 - Consolidated income statement for the first nine months of 2002**

| <b>Profit and loss account</b>                | <b>30/09/2002</b> | <b>Inc.%</b>  | <b>30/09/2001</b> | <b>Inc.%</b>  | <b>Var.%</b>  |
|---|-------------------|---------------|-------------------|---------------|---------------|
| Net turnover from sales and services          | 34.776            | 97,2%         | 19.513            | 94,0%         | 78,2%         |
| Variation in stock of finished goods and WIP  | 939               | 2,6%          | 1.156             | 5,6%          | -18,8%        |
| Other revenues and income                     | 74                | 0,2%          | 93                | 0,4%          | -20,7%        |
| <b>Value of production</b>                    | <b>35.789</b>     | <b>100,0%</b> | <b>20.762</b>     | <b>100,0%</b> | <b>72,4%</b>  |
| Costs for raw materials                       | 15.932            | 44,5%         | 10.451            | 50,3%         | 52,4%         |
| Variation in stock of raw material            | (1.800)           | 5,0%          | (1.350)           | 6,5%          | 33,3%         |
| Other direct services                         | 3.878             | 10,8%         | 2.218             | 10,7%         | 74,9%         |
| <b>Gross margin</b>                           | <b>17.779</b>     | <b>49,7%</b>  | <b>9.444</b>      | <b>45,5%</b>  | <b>88,3%</b>  |
| Other operating services and charges          | 6.222             | 17,4%         | 3.774             | 18,2%         | 64,9%         |
| <b>Added value</b>                            | <b>11.557</b>     | <b>32,3%</b>  | <b>5.670</b>      | <b>27,3%</b>  | <b>103,8%</b> |
| For staff costs                               | 7.395             | 20,7%         | 3.140             | 15,1%         | 135,5%        |
| <b>Gross operating profit</b>                 | <b>4.163</b>      | <b>11,6%</b>  | <b>2.530</b>      | <b>12,2%</b>  | <b>64,5%</b>  |
| Depreciation, amortisation and other accruals | 1.745             | 4,9%          | 863               | 4,2%          | 102,0%        |
| <b>Net operating profit</b>                   | <b>2.418</b>      | <b>6,8%</b>   | <b>1.667</b>      | <b>8,0%</b>   | <b>45,1%</b>  |
| Net financial income (charges)                | 290               | 0,8%          | 941               | 4,5%          | -69,2%        |
| <b>Operating profit</b>                       | <b>2.708</b>      | <b>7,6%</b>   | <b>2.608</b>      | <b>12,6%</b>  | <b>3,8%</b>   |
| Value adjustments (Devaluations)              | 318               | 0,9%          | 45                | 0,2%          | 609,9%        |
| Extraordinary income (Charges)                | 416               | 1,2%          | 62                | 0,3%          | 566,0%        |
| <b>Earning before taxes</b>                   | <b>3.443</b>      | <b>9,6%</b>   | <b>2.716</b>      | <b>13,1%</b>  | <b>26,8%</b>  |

**Tab. 4 - Consolidated income statement for the first nine months of 2002 - excluding Cynosure**

| <b>Profit and loss account - without Cynosure Inc.</b> | <b>30/09/2002</b> | <b>Inc.%</b>  | <b>30/09/2001</b> | <b>Inc.%</b>  | <b>Var.%</b>  |
|--|-------------------|---------------|-------------------|---------------|---------------|
| Net turnover from sales and services                   | 26.107            | 96,9%         | 19.513            | 94,0%         | 33,8%         |
| Variation in stock of finished goods and WIP           | 750               | 2,8%          | 1.156             | 5,6%          | -35,1%        |
| Other revenues and income                              | 77                | 0,3%          | 93                | 0,4%          | -17,3%        |
| <b>Value of production</b>                             | <b>26.935</b>     | <b>100,0%</b> | <b>20.762</b>     | <b>100,0%</b> | <b>29,7%</b>  |
| Costs for raw materials                                | 12.256            | 45,5%         | 10.451            | 50,3%         | 17,3%         |
| Variation in stock of raw material                     | (1.179)           | 4,4%          | (1.350)           | 6,5%          | -12,6%        |
| Other direct services                                  | 3.319             | 12,3%         | 2.218             | 10,7%         | 49,7%         |
| <b>Gross margin</b>                                    | <b>12.539</b>     | <b>46,6%</b>  | <b>9.444</b>      | <b>45,5%</b>  | <b>32,8%</b>  |
| Other operating services and charges                   | 4.005             | 14,9%         | 3.774             | 18,2%         | 6,1%          |
| <b>Added value</b>                                     | <b>8.534</b>      | <b>31,7%</b>  | <b>5.670</b>      | <b>27,3%</b>  | <b>50,5%</b>  |
| For staff costs  | 4.042             | 15,0%         | 3.140             | 15,1%         | 28,7%         |
| <b>Gross operating profit</b>                          | <b>4.492</b>      | <b>16,7%</b>  | <b>2.530</b>      | <b>12,2%</b>  | <b>77,5%</b>  |
| Depreciation, amortisation and other accruals          | 991               | 3,7%          | 863               | 4,2%          | 14,8%         |
| <b>Net operating profit</b>                            | <b>3.501</b>      | <b>13,0%</b>  | <b>1.667</b>      | <b>8,0%</b>   | <b>110,0%</b> |
| Net financial income (charges)                         | 277               | 1,0%          | 941               | 4,5%          | -70,6%        |
| <b>Operating profit</b>                                | <b>3.777</b>      | <b>14,0%</b>  | <b>2.608</b>      | <b>12,6%</b>  | <b>44,8%</b>  |
| Value adjustments (Devaluations)                       | 126               | 0,5%          | 45                | 0,2%          | 181,3%        |
| Extraordinary income (Charges)                         | 21                | 0,1%          | 62                | 0,3%          | -66,4%        |
| <b>Earning before taxes</b>                            | <b>3.925</b>      | <b>14,6%</b>  | <b>2.716</b>      | <b>13,1%</b>  | <b>44,5%</b>  |