



El.En. press release

## **El.En. doubles revenues in year 2002 up to 54 millions of euro**

***EBITDA up 85%, EBIT up 66%***

***In the fourth quarter revenues up 133%***

***Florence,, February 14, 2003.*** El.En., leader on the laser market, in year 2002 achieved a remarkable revenue and profitability growth, overperforming the annual budget forecasts. The quarter report as of December 31, 2002, approved during today's Board of Directors meeting, shows for **the 12 months** revenues for **54,2 millions** of euro, almost doubling the 27,8 millions accounted for in year 2001 (**+94,8%**). By excluding the American controlled Company Cynosure Inc., acquired in May 2002, from the consolidation perimeter, the revenue growth (up 39,2%) is still remarkably higher than the budgeted forecast.

A strong increase is reported for earnings, too, both with and without including Cynosure in the consolidation perimeter. The **Gross contribution margin** accounts for **27,6 millions** of euro, up **+104,5%** with respect to 2001 (+39,3% excluding Cynosure) and with an impact on the value of production up to around 50%. **EBITDA** is **7,2 millions** of euro (**+85,5%**), more than 13% of the value of production (EBITDA without Cynosure is up 93%). **EBIT** is up to **4,3 millions** of euro with a **66,5%** increase (excluding Cynosure the increase is 137%). **Profit before taxation** is **5,8 millions** of euro, up **+51,6%** with respect to year 2001.

"The revenue increase in year 2002 – President Gabriele Clementi said – hit growth rates over 50% in all our market segments. The medical segment marks a 96,5% growth due to the Cynosure acquisition, but without this addition the growth would have been 27,3%, higher than the market average and than the performance of our major competitors. Even more brilliant is the industrial laser systems market, where, without any addition due to acquisitions, a 60% growth rate is achieved in a year of stagnation and crisis for the manufacturing segment".

The net financial position, still positive for more than 24 millions of euro, “allows the group to have the cash needed to fulfil its development plans in the near future”- the General Manager Andrea Cangioli said.

The financials of the **fourth quarter** of year 2002 show revenues for **19,5 millions** of euro, **up 133%** with respect to the corresponding quarter of year 2001 (up 52% without considering Cynosure’s contribution); the **Gross contribution margin** is **9,8 millions** of euro, **up 142%**; **EBITDA** is **3,1 millions** of euro, **up 124%**; **EBIT** is around **1,9 millions** of euro (**up 105%**) and **profit before taxation** is **2,4 millions** of euro, **up 111%**.

*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.*

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**Tab. 1 - El.En. Group Profit and loss account on December 31<sup>st</sup>, 2002**

<b>Profit and loss account</b>	<b>31/12/2002</b>	<b>Inc.%</b>	<b>31/12/2001</b>	<b>Inc.%</b>	<b>Var.%</b>
Net turnover from sales and services	54.232	97,4%	27.844	94,3%	94,8%
Variation in stock of finished goods and WIP	633	1,1%	1.460	4,9%	-56,6%
Other revenues and income	803	1,4%	209	0,7%	283,2%
<b>Value of production</b>	<b>55.668</b>	<b>100,0%</b>	<b>29.514</b>	<b>100,0%</b>	<b>88,6%</b>
Costs for raw materials	23.191	41,7%	14.036	47,6%	65,2%
Variation in stock of raw material	(976)	1,8%	(1.095)	3,7%	-10,8%
Other direct services	5.842	10,5%	3.067	10,4%	90,4%
<b>Gross margin</b>	<b>27.612</b>	<b>49,6%</b>	<b>13.505</b>	<b>45,8%</b>	<b>104,5%</b>
Other operating services and charges	9.454	17,0%	5.260	17,8%	79,7%
<b>Added value</b>	<b>18.158</b>	<b>32,6%</b>	<b>8.244</b>	<b>27,9%</b>	<b>120,2%</b>
For staff costs	10.930	19,6%	4.348	14,7%	151,4%
<b>Gross operating profit</b>	<b>7.227</b>	<b>13,0%</b>	<b>3.896</b>	<b>13,2%</b>	<b>85,5%</b>
Depreciation, amortisation and other accruals	2.912	5,2%	1.303	4,4%	123,4%
<b>Net operating profit</b>	<b>4.315</b>	<b>7,8%</b>	<b>2.593</b>	<b>8,8%</b>	<b>66,5%</b>
Net financial income (charges)	794	1,4%	1.194	4,0%	-33,5%
<b>Operating profit</b>	<b>5.109</b>	<b>9,2%</b>	<b>3.786</b>	<b>12,8%</b>	<b>34,9%</b>
Value adjustments (Devaluations)	278	0,5%	30	0,1%	814,4%
Extraordinary income (Charges)	438	0,8%	26	0,1%	1584,7%
<b>Earning before taxes</b>	<b>5.826</b>	<b>10,5%</b>	<b>3.843</b>	<b>13,0%</b>	<b>51,6%</b>

**Tab. 2 - EI.En. Group Profit and loss account on December 31<sup>st</sup>, 2002 – without Cynosure**

<b>Profit and loss account - without Cynosure Inc.</b>	<b>31/12/2002</b>	<b>Inc.%</b>	<b>31/12/2001</b>	<b>Inc.%</b>	<b>Var.%</b>
Net turnover from sales and services	38.763	97,9%	27.844	94,3%	39,2%
Variation in stock of finished goods and WIP	232	0,6%	1.460	4,9%	-84,1%
Other revenues and income	613	1,5%	209	0,7%	192,7%
<b>Value of production</b>	<b>39.608</b>	<b>100,0%</b>	<b>29.514</b>	<b>100,0%</b>	<b>34,2%</b>
Costs for raw materials	16.907	42,7%	14.036	47,6%	20,5%
Variation in stock of raw material	(892)	2,3%	(1.095)	3,7%	-18,5%
Other direct services	4.776	12,1%	3.067	10,4%	55,7%
<b>Gross margin</b>	<b>18.816</b>	<b>47,5%</b>	<b>13.505</b>	<b>45,8%</b>	<b>39,3%</b>
Other operating services and charges	5.679	14,3%	5.260	17,8%	8,0%
<b>Added value</b>	<b>13.137</b>	<b>33,2%</b>	<b>8.244</b>	<b>27,9%</b>	<b>59,3%</b>
For staff costs	5.620	14,2%	4.348	14,7%	29,2%
<b>Gross operating profit</b>	<b>7.517</b>	<b>19,0%</b>	<b>3.896</b>	<b>13,2%</b>	<b>92,9%</b>
Depreciation, amortisation and other accruals	1.374	3,5%	1.303	4,4%	5,4%
<b>Net operating profit</b>	<b>6.143</b>	<b>15,5%</b>	<b>2.593</b>	<b>8,8%</b>	<b>137,0%</b>
Net financial income (charges)	704	1,8%	1.194	4,0%	-41,0%
<b>Operating profit</b>	<b>6.848</b>	<b>17,3%</b>	<b>3.786</b>	<b>12,8%</b>	<b>80,9%</b>
Value adjustments (Devaluations)	185	0,5%	30	0,1%	508,3%
Extraordinary income (Charges)	27	0,1%	26	0,1%	5,2%
<b>Earning before taxes</b>	<b>7.060</b>	<b>17,8%</b>	<b>3.843</b>	<b>13,0%</b>	<b>83,7%</b>

**Tab. 3 - EI.En. Group Profit and loss account for the quarter ending on December 31<sup>st</sup>, 2002**

<b>Profit and loss account - 3 months</b>	<b>31/12/2002</b>	<b>Inc.%</b>	<b>31/12/2001</b>	<b>Inc.%</b>	<b>Variazione</b>
Net turnover from sales and services	19.456	97,87%	8.332	95,20%	133,51%
Variation in stock of finished goods and WIP	(306)	1,54%	304	3,47%	-200,50%
Other revenues and income	729	3,67%	116	1,33%	527,27%
<b>Value of production</b>	<b>19.879</b>	<b>100,00%</b>	<b>8.752</b>	<b>100,00%</b>	<b>127,13%</b>
Costs for raw materials	7.259	36,51%	3.586	40,97%	102,44%
Variation in stock of raw material	824	4,14%	256	2,92%	222,42%
Other direct services	1.964	9,88%	850	9,71%	131,06%
<b>Gross margin</b>	<b>9.833</b>	<b>49,46%</b>	<b>4.061</b>	<b>46,40%</b>	<b>142,12%</b>
Other operating services and charges	3.232	16,26%	1.487	16,99%	117,39%
<b>Added value</b>	<b>6.601</b>	<b>33,20%</b>	<b>2.574</b>	<b>29,41%</b>	<b>156,41%</b>
For staff costs	3.536	17,79%	1.209	13,81%	192,56%
<b>Gross operating profit</b>	<b>3.065</b>	<b>15,42%</b>	<b>1.366</b>	<b>15,60%</b>	<b>124,42%</b>
Depreciation, amortisation and other accruals	1.167	5,87%	440	5,03%	165,30%
<b>Net operating profit</b>	<b>1.898</b>	<b>9,55%</b>	<b>926</b>	<b>10,58%</b>	<b>104,99%</b>
Net financial income (charges)	504	2,53%	252	2,88%	99,67%
<b>Operating profit</b>	<b>2.401</b>	<b>12,08%</b>	<b>1.178</b>	<b>13,46%</b>	<b>103,85%</b>
Value adjustments (Devaluations)	(41)	0,20%	(14)	0,17%	180,68%
Extraordinary income (Charges)	22	0,11%	(36)	0,42%	-161,46%
<b>Earning before taxes</b>	<b>2.383</b>	<b>11,99%</b>	<b>1.127</b>	<b>12,88%</b>	<b>111,44%</b>

**Tab. 4 – El.En. Group Profit and loss account for the quarter ending on December 31<sup>st</sup>, 2002 – without Cynosure**

<b>Profit and loss account - 3 Months - without Cynosure</b>	<b>31/12/2002</b>	<b>Inc.%</b>	<b>31/12/2001</b>	<b>Inc.%</b>	<b>Variazione</b>
Net turnover from sales and services	12.656	99,86%	8.332	95,20%	51,90%
Variation in stock of finished goods and WIP	(518)	4,09%	304	3,47%	-270,48%
Other revenues and income	536	4,23%	116	1,33%	361,20%
<b>Value of production</b>	<b>12.673</b>	<b>100,00%</b>	<b>8.752</b>	<b>100,00%</b>	<b>44,80%</b>
Costs for raw materials	4.651	36,70%	3.586	40,97%	29,72%
Variation in stock of raw material	288	2,27%	256	2,92%	12,54%
Other direct services	1.457	11,50%	850	9,71%	71,46%
<b>Gross margin</b>	<b>6.277</b>	<b>49,53%</b>	<b>4.061</b>	<b>46,40%</b>	<b>54,57%</b>
Other operating services and charges	1.674	13,21%	1.487	16,99%	12,60%
<b>Added value</b>	<b>4.603</b>	<b>36,32%</b>	<b>2.574</b>	<b>29,41%</b>	<b>78,82%</b>
For staff costs	1.577	12,45%	1.209	13,81%	30,52%
<b>Gross operating profit</b>	<b>3.026</b>	<b>23,88%</b>	<b>1.366</b>	<b>15,60%</b>	<b>121,55%</b>
Depreciation, amortisation and other accruals	383	3,02%	440	5,03%	-12,95%
<b>Net operating profit</b>	<b>2.643</b>	<b>20,85%</b>	<b>926</b>	<b>10,58%</b>	<b>185,48%</b>
Net financial income (charges)	428	3,37%	252	2,88%	69,48%
<b>Operating profit</b>	<b>3.070</b>	<b>24,23%</b>	<b>1.178</b>	<b>13,46%</b>	<b>160,63%</b>
Value adjustments (Devaluations)	59	0,46%	(14)	0,17%	-504,90%
Extraordinary income (Charges)	6	0,05%	(36)	0,42%	-117,55%
<b>Earning before taxes</b>	<b>3.135</b>	<b>24,74%</b>	<b>1.127</b>	<b>12,88%</b>	<b>178,18%</b>