

Press release

EI.En SpA: the Board of Directors gives their approval of the data for the third quarter of 2003 Sales volume up 30% during this quarter and 38 % in the last nine months

Florence, November 13th 2003 – the Board of Directors of EI.En SpA, the leading company in Italy and one of the first in Europe in the field of laser system manufacturing, convened today under the Presidency of Andrea Cangilioli, and approved the quarterly report for the period ending September 30th 2003.

During this quarter, the EI.En Group showed a consolidated sales volume of 17.738 thousand Euros, up +30%, in comparison to the same period in 2002. This outstanding result is due to the success in the medical and cosmetic sector which showed a growth rate of over 50%, notwithstanding a generally negative economic situation. Sales volume in the industrial sector on the other hand showed a slight drop of 4%, which is a result of the continuing crisis in the manufacturing field.

The gross operating margin for this quarter was 1.991 thousand euros, an increase of 26% with respect to the third quarter of 2002, while during the past nine months, the gross operating margin fell from 4.163 to 3.692 thousand Euros, showing a decrease of 11%. This result was influenced by the poor performance of the other companies in the Group operating in the industrial sector whose fixed expenses had a greater incidence on the sales volume, as well as to the weakness of the dollar.

The operating result for the first nine months is 978 thousand Euros, which is a decrease of 60% in comparison to the same period in 2002, but still shows a recovery of 50%, for an amount of 1.151 thousand Euros, in the third quarter of 2003 with respect to the 772 thousand Euros for the third quarter of 2002.

The Group closes the third quarter with a before-tax result in the black for 921 thousand Euros, showing a decrease in comparison to the amount of 1.512 thousand Euros for the same quarter in 2002. The same result for the last nine months was 1.488 thousand Euros as opposed to 3.443 thousand Euros registered for the first nine months of 2002.

The net financial position as of September 30th 2003 remains in the black for over 12 million Euros.

The results for the third quarter show a pronounced improvement over those for the first semester and for the same period last year. "We are satisfied with the results for the third

quarter, especially considering the context in which this has occurred and the rapid improvement of the results of Cynosure” remarked Andrea Cangiol, CEO of EI.En. S.p.A.

During this assembly, the Board of Directors also took the following measures:

- To delegate to the president Gabriele Clementi and the Board members, Barbara Bazzocchi and Andrea Cangiolli all the ordinary and extraordinary administrative powers with independent signature.

The Board of Directors of EI.En. Spa, with the intent of involving the employees who, for their professional and personal characteristics and their dedication to their work, represent key figures for the future economic and strategic development of the Group, and with the knowledge that in a highly competitive market, the granting of option rights appears to be the ideal instrument for attracting new professionals, today approved the stock option plan for 2004-2005.

For this purpose, the Board of Directors, as per the powers granted by the extraordinary assembly of July 16th 2002, voted an increase in the capital stock of 13.145,60 Euros and assigned 25.280 option rights which will grant rights to underwrite ordinary shares for a nominal value of 0,52 Euros each during the periods determined by the Board of Directors. The underwriting price for the new shares has been set at 15,78 Euros, with an extra-price for each share of 15,26 Euros.

The increase in capital occurs with the exclusion of option rights as per comma 8 of article 2441 of the Civil Code.

EI.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 EI.En Group manufactures laser sources (gas, solid-state and liquid) and innovative laser systems for medical and industrial applications.

The EI.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 €74 million.

Cod. ISIN: IT0001481867
Sigla: ELN
Negoziata su TAH
Mkt capt.: 70 mln/Euro
Cod. Reuters: ELN.MI
Cod. Bloomberg: ELN.IM

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Tab. 1 – Conto Economico del Gruppo EI.En. relativo al terzo trimestre 2003, esposto in forma comparativa con i risultati del periodo precedente

Profit and loss account - 3 months	30/09/2003	Inc.%	30/09/2002	Inc.%	Variazione
Net turnover from sales and services	17.738	97,24%	13.663	100,56%	29,83%
Variation in stock of finished goods and WIP	454	2,49%	(93)	-0,68%	
Other revenues and income	49	0,27%	17	0,12%	189,56%
Value of production	18.241	100,00%	13.587	100,00%	34,25%
Costs for raw materials	7.176	39,34%	5.717	42,08%	25,52%
Variation in stock of raw material	(294)	-1,61%	(1.015)	-7,47%	-70,99%
Other direct services	1.445	7,92%	1.409	10,37%	2,61%
Gross margin	9.914	54,35%	7.476	55,02%	32,61%
Other operating services and charges	3.453	18,93%	2.735	20,13%	26,26%
Added value	6.461	35,42%	4.741	34,89%	36,27%
For staff costs	4.470	24,50%	3.163	23,28%	41,31%
Gross operating profit	1.991	10,92%	1.578	11,61%	26,17%
Depreciation, amortisation and other accruals	840	4,60%	806	5,93%	4,26%
Net operating profit	1.151	6,31%	772	5,69%	49,01%
Net financial income (charges)	(154)	-0,84%	115	0,85%	
Operating profit	998	5,47%	888	6,53%	12,39%
Value adjustments (Devaluations)	(140)	-0,77%	279	2,05%	
Extraordinary income (Charges)	64	0,35%	345	2,54%	-81,58%
Earning before taxes	921	5,05%	1.512	11,13%	-39,05%

Tab. 2 – Conto Economico del Gruppo El.En. relativo ai primi nove mesi del 2003, esposto in forma comparativa con i risultati del periodo precedente

Profit and loss account	30/09/2003	Inc.%	30/09/2002	Inc.%	Var.%
Net turnover from sales and services	47.980	89,9%	34.776	97,2%	38,0%
Variation in stock of finished goods and WIP	4.944	9,3%	939	2,6%	426,7%
Other revenues and income	426	0,8%	74	0,2%	475,1%
Value of production	53.350	100,0%	35.789	100,0%	49,1%
Costs for raw materials	23.669	44,4%	15.932	44,5%	48,6%
Variation in stock of raw material	(1.409)	-2,6%	(1.800)	-5,0%	-21,7%
Other direct services	4.871	9,1%	3.878	10,8%	25,6%
Gross margin	26.219	49,1%	17.779	49,7%	47,5%
Other operating services and c charges	9.873	18,5%	6.222	17,4%	58,7%
Added value	16.345	30,6%	11.557	32,3%	41,4%
For staff costs	12.654	23,7%	7.395	20,7%	71,1%
Gross operating profit	3.692	6,9%	4.163	11,6%	-11,3%
Depreciation, amortisation and other accruals	2.714	5,1%	1.745	4,9%	55,5%
Net operating profit	978	1,8%	2.418	6,8%	-59,5%
Net financial income (charges)	(58)	-0,1%	290	0,8%	
Operating profit	920	1,7%	2.708	7,6%	-66,0%
Value adjustments (Devaluations)	505	0,9%	318	0,9%	58,7%
Extraordinary income (Charges)	62	0,1%	416	1,2%	-85,0%
Earning before taxes	1.488	2,8%	3.443	9,6%	-56,8%