



Press Release

The Board of Directors approves the Quarterly Report

El.En.: Sales volume increases over 70% during the first quarter

Florence, May 15th 2003. The Board of Directors of El.En. S.p.A., a leading company in the manufacture of laser devices (New Stock Market: ELN), examined and approved the quarterly report on March 31st 2003.

During this quarter the revenue from sales and services amounted to 13 million euros, which represents an increase of over 70% with respect to the first quarter of 2002. The growth in revenue is sustained chiefly by the medical sector, which showed an increase of 93% thanks to the subsidiary Cynosure. Results in the industrial sector were not as good, and the sales volume was below that forecast on account of the continuing crisis in the manufacturing field. The overall **Value of production** amounted to 15,04 million euros, showing a growth of 90% in comparison with the first quarter of 2002.

The consolidated profit and loss account for the first quarter of 2003 shows a **gross margin** of over 7,2 million euros, which represents an increase of about 100% in comparison with the first quarter of 2002.

The increase in operating costs and expenses for personnel, which is percentage-wise higher than the sales volume, contributed to the reduced profitability of the Group, which showed a **Gross Operating Margin** of 564 thousand euros compared with the 1,1 million euros for the same quarter in the preceding financial year. Excluding Cynosure from the area of consolidation, the GOM reaches 881 thousand euros.

The **Operating Result** is in the red for an amount of 221 thousand euros, in comparison to last year which showed 828 thousand euros in the black for the first quarter of 2002, due to the fact as a consequence of the amount of amortisations and accruals which has more than doubled because of the amount paid for the goodwill paid for the purchase of Cynosure. Excluding Cynosure from the area of consolidation in fact, the result is in the black for 499 thousand euros.

The **result before taxes** is in the black for an amount of 612 thousand euros as opposed to the 990 thousand euros for the first quarter of 2002, due in large part to the excellent results obtained by Sona International (a company associated with the Group through Cynosure), as shown in the rectification of values.

The **net financial position** remains in the black for over 22 million euros.

During this quarter El.En. created a new company in the USA, Deka Laser Technologies LLC, which will distribute in the United States the laser systems produced by El.En. for dentistry. After the first quarter was closed, the group also acquired a controlling interest in Lasercut Inc., an American company with headquarters in Branford (Connecticut) specialized in the design, manufacture and sale of laser systems for flat cutting. The Group also increased to 76,16% their equity in Deka LMS, the company which distributes in Germany the medical lasers manufactured by El.En. Moreover, in the month of May, negotiations were concluded by the Group for the acquisition of the dermatological activities of Asclepion, owned by Carl Zeiss Meditec AG of Jena (Germania).

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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 gynaecology*
- 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 €70 million.

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

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Tab. 1 – Profit and Loss Account of the El.En Group for the first quarter of shown in comparative form with the results for the preceding period.

Profit and loss account	31/03/2003	Inc.%	31/03/2002	Inc.%	Var.%
Net turnover from sales and services	12.997	86,4%	7.630	96,6%	70,3%
Variation in stock of finished goods and WIP	1.897	12,6%	234	3,0%	711,8%
Other revenues and income	147	1,0%	34	0,4%	336,5%
Value of production	15.042	100,0%	7.898	100,0%	90,5%
Costs for raw materials	6.896	45,8%	4.107	52,0%	67,9%
Variation in stock of raw material	(706)	-4,7%	(736)	-9,3%	-4,1%
Other direct services	1.605	10,7%	901	11,4%	78,2%
Gross margin	7.247	48,2%	3.626	45,9%	99,8%
Other operating services and charges	2.978	19,8%	1.133	14,3%	162,9%
Added value	4.268	28,4%	2.493	31,6%	71,2%
For staff costs	3.705	24,6%	1.313	16,6%	182,2%
Gross operating profit	564	3,7%	1.181	14,9%	-52,2%
Depreciation, amortisation and other accruals	785	5,2%	353	4,5%	122,6%
Net operating profit	(221)	-1,5%	828	10,5%	
Net financial income (charges)	103	0,7%	175	2,2%	-41,5%
Operating profit	(119)	-0,8%	1.003	12,7%	
Value adjustments (Devaluations)	732	4,9%	0	0,0%	
Extraordinary income (Charges)	(1)	-0,0%	(13)	-0,2%	-89,0%
Earning before taxes	612	4,1%	990	12,5%	-38,1%

Tab. 2 – Profit and Loss Account of the El.En Group for the first quarter of shown in comparative form with the results for the preceding period excluding Cynosure from the area of consolidation.

Profit and loss account - without Cynosure Inc.	31/03/2003	Inc.%	31/03/2002	Inc.%	Var.%
Net turnover from sales and services	8.159	81,5%	7.630	96,6%	6,9%
Variation in stock of finished goods and WIP	1.694	16,9%	234	3,0%	625,1%
Other revenues and income	153	1,5%	34	0,4%	351,4%
Value of production	10.006	100,0%	7.898	100,0%	26,7%
Costs for raw materials	5.016	50,1%	4.107	52,0%	22,2%
Variation in stock of raw material	(348)	-3,5%	(736)	-9,3%	-52,7%
Other direct services	1.180	11,8%	901	11,4%	31,0%
Gross margin	4.157	41,5%	3.626	45,9%	14,6%
Other operating services and charges	1.521	15,2%	1.133	14,3%	34,2%
Added value	2.637	26,4%	2.493	31,6%	5,7%
For staff costs	1.756	17,5%	1.313	16,6%	33,8%
Gross operating profit	881	8,8%	1.181	14,9%	-25,4%
Depreciation, amortisation and other accruals	381	3,8%	353	4,5%	8,2%
Net operating profit	499	5,0%	828	10,5%	-39,7%
Net financial income (charges)	110	1,1%	175	2,2%	-37,2%
Operating profit	609	6,1%	1.003	12,7%	-39,3%
Value adjustments (Devaluations)	(2)	-0,0%	0	0,0%	
Extraordinary income (Charges)	5	0,1%	(13)	-0,2%	
Earning before taxes	613	6,1%	990	12,5%	-38,1%