

EL.EN.***OUTPERFORM (unchanged)**

Italy: Industrial, Aesthetic and Medical Laser

	Sales	EBITDA	EBIT	Net Profit	EPS adj	DPS	EV/Sales	EV/EBITDA	EV/EBIT	P/E	Yield
	Eur m	Eur m	Eur m	Eur m	Eur	Eur	x	x	x	x	%
2013A	157	14	10	6.1	0.24	0.13	0.4	4.9	7.0	16.8	3.1%
2014A*	180	18	14*	11.4*	0.59	0.25	0.4	3.7	4.8	9.2	4.6%
2015A	218	26	22	14.4	0.75	0.30	0.6	4.8	5.7	12.7	3.2%
2016E**	233	29	25	39.1	0.86	0.33	0.9	6.7	7.8	15.7	2.4%
2017E	244	32	28	19.1	0.99	0.36	0.8	5.9	6.8	13.6	2.7%

Source: Company data and Banca Aletti & C S.p.A. estimates; Note: historical multiples calculated on average yearly prices; *EBIT and net profit adj.; ** Net profit adj.

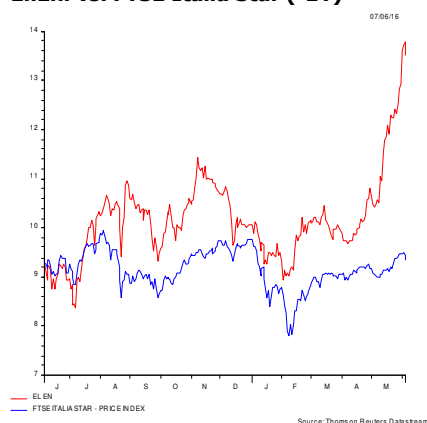
Pr. Close 06/06/16 (€):	13.53
Tot Mkt Cap. (€ m):	261.1
Tot No. of Shares (m):	19,300
Min-Max pr.(52 wks €):	8.4 – 14.3
Bloomberg/	ELN IM/
Reuters:	ELEN.MI
-3M vol. avg.	32,584
Price Target (€)	15.5 (from 14)
Fair Value (€)	17.5 (from 15)

Perf.	-3M	-6M	-1Y
Abs.	32.3%	24.7%	45.5%
Rel.	28.1%	28.4%	44.8%

Major shareholders:

Cangioli Andrea	15.17%
Pecci Alberto	10.77%
Clementi Gabriele	9.92%
Bazzocchi Barbara	9.78%
Immobiliare Del Ciliegio	7.51%
Praude AM	2.79%
Invesco	2.20%
Free float	41.9%

Source: Consob

El.En. vs. FTSE Italia Star (-1Y)**Andrea Bonfà (HOR)**

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*Banca Aletti acts as Corporate Broker.

Update of Price Target following stock split

- Please find here our new price targets and EPS adjusted estimate for the 1 to 4 stock split.

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EL.EN.: Company profile

Business. El.En. (Electronic Engineering) controls a group of companies operating in the field of manufacturing, research and development, distribution and sales of laser systems. The Group – market leader in Italy and among the top operators in Europe – conducts its activities in two major sectors that of laser system for medicine and aesthetics and that of laser system for industrial uses.

The *Medical laser equipment* (54% of FY 2014 sales) are employed in area concerned with general well-being and a healthy body, in fields such as dermatology, cosmetics, physiotherapy, dentistry and gynecology. It markets its devices in over 80 countries and can count on over 40 distributors in the international markets, with branches in France, Germany, Japan and the USA, and a network of agents in Italy.

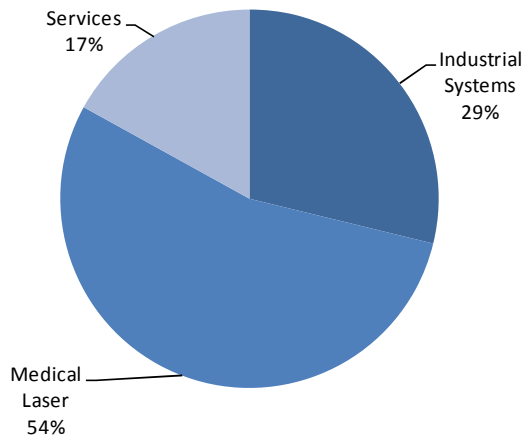
The *Industrial laser system* (29% of FY 2014 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

Besides the main company activity of selling laser systems, there is also a *post sales customer assistance* (12% of FY 2014 sales).

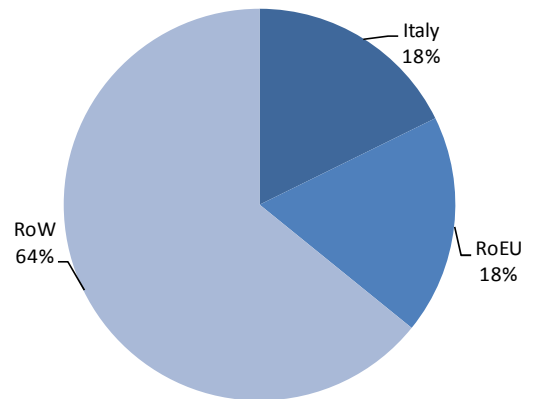
In FY 2015 the Group realized a total turnover of Eur 218m of which 18% generated in Italy, 18% in Europe (ex-Italy) and 64% in RoW. The Group has 965 employees and operates through 5 multi-disciplinary and multi-facility research centres located in Italy and Germany and 7 production facilities located in Italy, Germany, China and Brazil. The sales organization is differentiated by geographical market and by product ranges. The Group operates worldwide and today can count on a capillary presence in the international market, with over thirty firms working in Italy and a network of international distributors.

Market. According to BCC research, in 2014 the *medical laser market* was worth USD 2.2bn (+12% YoY) and is expected to grow to USD 4.2bn by 2019E (+13.8% CAGR in the period 2014-2019E). As concerning the forecast for the market of laser systems, according Optech Consulting is expected to exceed Eur 6.2bn in FY 2020E with a +7.6% CAGR in the period 2016-2020E.

Sales breakdown by Division 2015



Sales breakdown by Area 2015



Source: Company data

EL.EN.: Aletti Summary

EV CALCULATIONS (EUR m)	2008A	2009A	2010A	2011A	2012A	2013A	2014A	2015A	2016E	2017E	CAGR 14/17e
Price of ordinary share	5.69	2.92	2.98	2.99	3.19	3.98	5.47	9.49	13.53	13.53	
Total ord. shares outst. (000)	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	
Market Cap (adj.)	109.9	56.3	57.6	57.7	61.6	76.7	105.6	183.2	261.1	261.1	
Others	98.3	48.3	50.2	51.8	19.3	12.1	8.0	-29.9	9.8	9.8	
EV (adj.)	140.2	35.8	32.9	56.5	63.1	67.0	66.6	123.4	198.0	188.5	
PROFIT & LOSS (EUR m)											
Sales	140.0	101.8	132.6	137.4	151.2	157.4	180.0	217.7	232.8	244.5	11%
EBITDA	18.5	2.3	13.3	10.8	12.5	13.7	18.0	25.7	29.4	32.1	28%
Depreciation & Amortisation	-4.6	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.2	-4.2	-4.3	
EBIT	13.8	-1.5	8.4	5.1	7.5	9.6	13.8	21.5	25.2	27.7	35%
Net Financial Interest	-0.2	0.1	0.1	0.3	-1.4	-1.2	1.6	-0.3	0.5	0.5	
Other Financials	0.1	-0.7	-0.8	-0.7	2.2	-0.2	3.0	1.9	0.3	0.3	
Extraordinary Items	0.0	0.0	0.0	0.0	18.9	2.5	5.9	0.0	23.0	0.0	
Earning Before Tax	13.8	-2.0	7.7	4.8	27.2	10.7	24.4	23.1	49.0	28.5	42%
Tax	-5.1	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-7.1	-8.3	-7.7	
<i>Tax rate</i>	<i>37%</i>	<i>n.m.</i>	<i>49%</i>	<i>56%</i>	<i>11%</i>	<i>40%</i>	<i>26%</i>	<i>31%</i>	<i>17%</i>	<i>27%</i>	
Minorities	-0.5	-0.2	-1.8	-1.4	-1.0	-0.3	-1.5	-1.7	-1.7	-1.7	
Net Profit (reported)	8.1	-3.1	2.2	0.7	23.2	6.1	16.5	14.4	39.1	19.1	54%
Net Profit (adj.)	8.1	-3.1	2.2	0.7	5.2	4.5	11.4	14.4	16.6	19.1	21%
PER SHARE DATA (EUR)											
EPS	0.420	-0.159	0.114	0.038	1.202	0.314	0.854	0.745	2.023	0.992	54%
EPS (adj.)	0.422	-0.160	0.115	0.038	0.273	0.237	0.593	0.748	0.861	0.996	21%
CFPS	0.659	0.034	0.371	0.335	1.464	0.530	1.068	0.961	2.239	1.216	45%
BVPS	5.010	4.673	4.878	4.907	5.819	6.646	7.407	8.857	10.580	11.242	20%
DPS	0.075	0.000	0.050	0.000	0.125	0.125	0.250	0.300	0.330	0.363	15%
KEY MARKET RATIOS											
EV/Sales	1.00	0.35	0.25	0.41	0.42	0.43	0.37	0.57	0.85	0.77	
EV/EBITDA	7.6	15.7	2.5	5.2	5.0	4.9	3.7	4.8	6.7	5.9	
EV/EBIT	10.1	-24.6	3.9	11.1	8.4	7.0	4.8	5.7	7.8	6.8	
P/E (adj)	13.5	-18.2	26.1	78.8	11.7	16.8	9.2	12.7	15.7	13.6	
P/CF	8.6	85.4	8.0	8.9	2.2	7.5	5.1	9.9	6.0	11.1	
P/BV	1.1	0.6	0.6	0.6	0.5	0.6	0.7	1.1	1.3	1.2	
Dividend Yield (Gross)	1.3%	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	3.2%	2.4%	2.7%	
MARGINS AND RATIOS											
Sales growth	nm	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	20.9%	7.0%	5.0%	
EBITDA growth	nm	-88%	485%	-19%	16%	10%	31%	43%	15%	9%	
EBIT growth	nm	-111%	-673%	-39%	47%	28%	44%	56%	17%	10%	
EPS (adj.) growth	nm	-138%	-172%	-67%	nm	-13%	151%	26%	15%	16%	
EBITDA margin	13.2%	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	11.8%	12.6%	13.1%	
EBIT margin	9.9%	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	10.8%	11.3%	
ROCE	7.2%	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	9.5%	14.1%	13.2%	
NFP/EBITDA	-0.8	-3.9	-0.8	-0.1	-1.4	-1.6	-2.6	-1.2	-2.5	-2.6	
Interest Cover	104.8	n.a.	n.a.	n.a.	9.2	11.6	n.a.	101.1	n.a.	n.a.	
Payout Ratio	18%	0%	44%	0%	10%	40%	29%	40%	16%	37%	
NWC on Sales	na	na	na	na	34.4%	30.8%	27.5%	27.5%	27.6%	27.4%	
OpFCF/Mkt. Cap.	na	na	na	na	67.3%	14.7%	9.5%	0.0%	12.3%	6.2%	
CASH FLOW (EUR m)											
Net Profit (reported) + Minorities	8.7	-2.9	4.0	2.1	24.2	6.4	18.0	16.1	40.7	20.8	
Non cash items	4.5	4.4	5.7	6.4	2.9	4.4	1.1	2.3	3.9	4.0	
Cash Flow	13.1	1.5	9.7	8.5	27.1	10.8	19.1	18.4	44.6	24.9	
Change in Net Working Capital	na	na	na	na	16.9	3.7	-1.1	-10.3	-4.4	-2.7	
Capex	na	na	na	na	-2.5	-3.2	-8.0	-8.0	-8.0	-6.0	
Oper. Free Cash Flow (OpFCF)	na	na	na	na	41.4	11.3	10.0	0.0	32.2	16.1	
Disposals/(Acquisitions)	na	na	na	na	na	0.0	16.2	-10.4	16.7	0.0	
Dividends	-5.3	-1.6	-0.2	-1.4	-0.4	-3.9	-2.9	-4.8	-5.8	-6.4	
Others (incl. Capital Increase)	na	na	na	na	na	-3.1	-1.0	-3.9	-0.3	-0.6	
Free Cash Flow	na	na	na	na	na	4.3	22.2	-19.2	42.8	9.2	
BALANCE SHEET (EUR m)											
Net Tangible Assets	na	na	na	na	21.4	21.9	26.9	32.6	19.8	21.4	
Net Intangible Assets	na	na	na	na	3.4	3.4	3.6	3.9	3.9	3.9	
Goodwill	na	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	
Net Financial Assets & Others	na	na	na	na	38.3	47.7	31.2	61.3	61.3	61.3	
Total Fixed Assets	na	na	na	na	63.2	73.0	61.8	97.8	84.9	86.6	
Net Working Capital	na	na	na	na	52.1	48.4	49.5	59.9	64.3	67.0	
Total Net Assets	na	na	na	na	115.2	121.4	111.3	157.6	149.2	153.6	
Shareholders Equity	na	na	na	na	112.3	128.3	143.0	170.9	204.2	217.0	
Minorities equity	na	na	na	na	11.7	6.0	7.6	8.6	10.0	11.1	
Net Debt	-15.0	-8.8	-10.0	-1.2	-17.8	-21.8	-47.1	-29.8	-72.9	-82.4	
Provisions	na	na	na	na	3.3	3.1	3.7	3.4	3.4	3.4	
Others liabilities	na	na	na	na	5.7	5.8	4.2	4.5	4.5	4.5	

Source: Company data and Banca Aletti & C S.p.A. estimates; * Note: historical multiples calculated on average yearly prices. Historical prices adj. for 1 to 4 stock split

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EL.EN.: RATINGS HISTORY IN THE LAST 12 MONTHS

DATE	RATING	Old TP	New TP*	Old MKT PRICE	New MKT PRICE*
07/06/2016	OUTPERFORM	na	15.5	na	13.53
13/05/2016	OUTPERFORM	62.0	15.5	43.80	10.95
28/04/2016	OUTPERFORM	56.0	14.0	42.25	10.56
22/03/2016	OUTPERFORM	54.0	13.5	39.65	9.91
18/02/2016	OUTPERFORM	54.0	13.5	39.00	9.75

*Note: Historical price targets and market prices adjusted for the 1 to 4 stock split

STOCK RATINGS

THE "OUTPERFORM", "IN LINE" AND "UNDERPERFORM" RECOMMENDATIONS ARE BASED ON THE NEXT 12 MONTHS EXPECTED RELATIVE STOCK PERFORMANCE, INCLUSIVE OF THE DIVIDEND PAID OUT BY THE STOCK'S ISSUER, COMPARED TO THE PERFORMANCE OF THE MARKET INDEX SHOWN IN THE CHART ON THE FRONT PAGE OF THIS REPORT.

EXPLANATION OF THE RATING SYSTEM:

OUTPERFORM: STOCK ESTIMATED TO OUTPERFORM THE MARKET BY MORE THAN 10% OVER A NEXT 12 MONTHS PERIOD

IN LINE: STOCK PERFORMANCE ESTIMATED AT BETWEEN -10% AND +10% COMPARED TO THE MARKET OVER A NEXT 12 MONTHS PERIOD

UNDERPERFORM: STOCK ESTIMATED TO UNDERPERFORM THE MARKET BY HIGHER THAN 10% OVER A 12 MONTHS PERIOD

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	OUTPERFORM	IN LINE	UNDERPERFORM	Not Rated
% ON ALETTI UNIVERSE	54%	32%	14%	0%
OF WHICH INV. BANKING CLIENTS	100%	0%	0%	0%

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- THE DEPARTMENT HIERARCHICALLY RESPONDS TO THE GENERAL MANAGER OF THE BANK AND EXCLUSIVELY AND DIRECTLY RESPONDS TO HIM;
- THE EXISTING HIERARCHICAL RELATIONSHIP BETWEEN GENERAL MANAGER AND THE DEPARTMENT OR EACH ONE OF ITS FINANCIAL ANALYST(S) MEMBERS ARE SUBJECT TO PRINCIPLES OF PROFESSIONALISM AND TRANSPARENCY;
- THE CURRENT GENERAL AND/OR SPECIFIC GUIDANCE GIVEN BY THE GENERAL MANAGER TO THE DEPARTMENT SHOULD NOT RESULT IN CONTRAST WITH THE EXISTING LEGISLATIVE OBJECTIVES OF COMPLETENESS, CLEARNESS AND IMPARTIALITY OF THE PRODUCED STUDIES AND BE INFLUENCED BY THE SPECIFIC INTERESTS OF THE BANK RELATED TO A PARTICULAR SUBJECT OR FINANCIAL INSTRUMENT;
- THE REQUESTS OR THE COMMERCIAL COLLABORATIONS IN FAVOUR OF OTHER STRUCTURES OF THE SAME BANK OR THE GROUP TO WHICH THE BANK IS PERTINENT, WHICH, BY PRINCIPLE, COULD POTENTIALLY RESULT IN A CONFLICT OF INTEREST ACCORDING TO THE EXISTING REGULATIONS, CAN BE ORDERED TO THE DEPARTMENT OR A SINGLE ANALYST ONLY BY THE GENERAL MANAGER;
- IN THE RELATIONS WITH THE OTHER STRUCTURES OF THE BANK OR THE GROUP TO WHICH THE BANK BELONGS TO, THE DEPARTMENT OR EACH COMPONENTS OF THE SAME MUST RETAIN THEMSELVES FROM SEARCHING, RECEIVING OR FURNISH INFORMATION THAT MIGHT INVALIDATE THE INDEPENDENCE AND/OR THE IMPARTIALITY OF JUDGMENT OF THE RESEARCH COMMENT AND/OR RECOMMENDATIONS OF INVESTMENTS OR FAVOUR AN ASYMMETRIC DISTRIBUTION OF THE INFORMATION EITHER INSIDE OR OUTSIDE THE BANK OF OR THE GROUP. THE DEPARTMENT AND EACH COMPONENTS OF THE SAME MUST STICK TO THE PRINCIPLES AND BEHAVIOUR RULES FOR A CORRECT CARRY OUT OF THE FINANCIAL ANALYST ACTIVITIES;
- THE REMUNERATION OF THE FINANCIAL ANALYST(S) AND OF DEPARTMENT EMPLOYEES IS NOT TIED, DIRECTLY OR INDIRECTLY, TO INVESTMENT BANKING TRANSACTIONS AND/OR TO THE BUSINESS RELATIONSHIP DEVELOPMENT WITH ISSUERS UNDER FINANCIAL ANALYSIS.

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