

## El.En.

Italy/Industrial Engineering

## Buy

Recommendation unchanged

Share price: EUR 11.89

closing price as of 12/02/2010

Target price: EUR 15.70

vs Target Price: EUR 16.70

Reuters/Bloomberg ELEN.MVLEIN IM

Market capitalisation (EURm) 57

Current N° of shares (m) 5

Free float 47%

Daily avg. no. trad. sh. 12 mth 8,561

Daily avg. trad. vol. 12 mth (m) 0

Price high 12 mth (EUR) 14.77

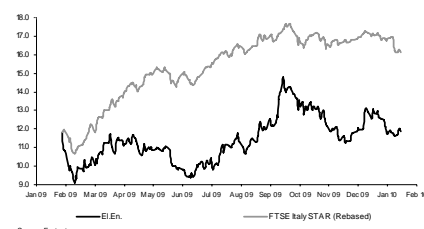
Price low 12 mth (EUR) 9.08

Abs. perf. 1 mth -5.26%

Abs. perf. 3 mth -8.54%

Abs. perf. 12 mth -13.84%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	150	158	180
EBITDA (m)	(4)	(4)	6
EBITDA margin	nm	nm	3.4%
EBIT (m)	(13)	(12)	(2)
EBIT margin	nm	nm	nm
Net Profit (adj.)(m)	5	(1)	2
ROCE	-8.0%	-7.4%	-1.2%
Net debt/(cash) (m)	(69)	(49)	(42)
Net Debt/Equity	-0.4	-0.3	-0.2
Debt/EBITDA	18.1	12.0	-7.0
Int. cover(EBITDA/Fin. int)	14.0	(2.7)	3.9
EV/Sales	0.4	0.4	0.4
EV/EBITDA	nm	nm	12.4
EV/EBITDA (adj.)	nm	nm	12.4
EV/EBIT	nm	nm	nm
P/E (adj.)	12.2	nm	30.4
P/BV	0.6	0.6	0.6
OpFCF yield	16.0%	-12.0%	-0.9%
Dividend yield	0.0%	1.7%	1.7%
EPS (adj.)	0.98	(0.31)	0.39
BVPS	20.72	20.41	20.60
DPS	0.00	0.20	0.20



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## FY 09 results in line with our estimates

The facts: El.En. published its FY 09 results last Friday.

▪ **FY 09 El.En group consolidate results:** FY 09 sales down by 32.2% Y/Y; this negative trend was due to the continuing difficult scenario in the group's reference sectors. In order to face the sales drop, the group performed some actions aimed at reducing the operative costs; however, the effects of the actions have not been able to reduce fixed cost sufficiently enough to offset the decrease in sold volumes; furthermore, group's margins will be negatively impacted by the valuation allowance against deferred tax assets and the inventory write-downs that pulled down FY 09 Cynosure results.

## EL.EN GROUP: FY 09 CONSOLIDATE results

	FY 08a	FY 09a	%Chg.	Akros Estimates	Vs Estimates
Sales	221.7	150.4	-32.2%	146.2	+2.9%
EBIT	20.6	(12.6)	n.m.	(13.1)	n.m.
Margin %	8.7%	n.m.		n.m.	

Source: Company Data and Banca Akros estimates

▪ **FY 09 El.En group results excluding Cynosure:** though registering a loss, FY 09 consolidated results, excluding Cynosure, were better compared to the full yconsolidate results, which were affected by the severe economic downturn in the US, the main market for Cynosure. The group registered a lower decrease in revenues and a lower impact from fixed costs on revenues, thus limiting the operating loss to EUR -1.4m with respect to EUR -12.6m reported in the full area of consolidation.

## EL.EN GROUP: FY 09 EXCLUDING CYNOSURE results

	FY 08a	FY 09a	%Chg.	Akros Estimates	Vs Estimates
Sales	140.0	103.0	-26.4%	100.1	+2.9%
EBIT	13.8	(1.4)	n.m.	(0.8)	n.m.
Margin %	9.9%	n.m.		n.m.	

Source: Company Data and Banca Akros Estimates

▪ **FY 10 outlook:** since the recovery signs are still very few to indicate a strong sales inversion trend, the management said that they are not able, at the moment to accurately forecast sales and profitability trend for 2010; therefore, they limit themselves to forecast the return to profitability during the current year thanks to a slight increase in sales and to an effective cost control.

**Conclusion & Action:** due to the continue stock's undervaluation, we confirm our Buy recommendation. Nevertheless, based on the weak results and the low business visibility, we reduce our target price from EUR 16.70 to EUR 15.70.

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This research has been prepared by Andrea Devita, Marco Cavalleri, Luigi Tramontana, Claudio Giacomello, Paola Saglietti, Gabriele Gambarova, Dario Michi, Enrico Filippi, Giada Cabrino (all members of AIAF), Francesco Previtera, Francesco Sala and Marcello Renna (ordinary member of SIAT), who are financial analysts with Banca Akros SpA ("Banca Akros"), which is responsible for the preparation of the research.

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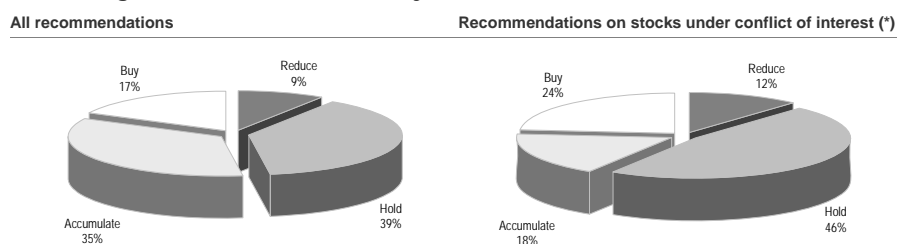
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Percentage of recommendations by the 31 December 2009



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