

Ei.En.

Italy/Industrial Engineering

Buy

Recommendation unchanged

Share price: EUR 10.95

closing price as of 26/08/2010

Target price: EUR 15.50

Target Price unchanged

Reuters/Bloomberg

ELEN.MVLEIM IM

Market capitalisation (EURm)	53
Current N° of shares (m)	5
Free float	47%
Daily avg. no. trad. sh. 12 mth	6,946
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	14.77
Price low 12 mth (EUR)	10.68
Abs. perf. 1 mth	-3.95%
Abs. perf. 3 mth	-5.60%
Abs. perf. 12 mth	-7.12%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	149	157	173
EBITDA (m)	(4)	7	15
EBITDA margin	nm	4.6%	8.4%
EBIT (m)	(13)	(2)	5
EBIT margin	nm	nm	3.0%
Net Profit (adj.)(m)	3	(1)	3
ROCE	-8.5%	-1.2%	3.3%
Net debt/(cash) (m)	(69)	(67)	(67)
Net Debt/Equity	-0.4	-0.4	-0.4
Debt/EBITDA	17.1	-9.3	-4.6
Int. cover(EBITDA/Fin. int)	15.1	(31.0)	(48.4)
EV/Sales	0.3	0.3	0.2
EV/EBITDA	nm	5.5	2.7
EV/EBITDA (adj.)	nm	5.5	2.7
EV/EBIT	nm	nm	7.7
P/E (adj.)	nm	nm	19.6
P/BV	0.6	0.6	0.6
OpFCF yield	10.8%	33.0%	15.8%
Dividend yield	0.0%	0.3%	0.4%
EPS (adj.)	(1.09)	(0.13)	0.56
BVPS	18.71	18.58	19.10
DPS	0.00	0.04	0.04



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H1 10 preview

The facts: H1 10 results are due today.

H1 10 consolidate estimates: based on the good Q1 10 results and on the further expected positive trend in Q2, we forecast H1 sales trend to show a strong recovery compared to H1 09 due to the good performance of almost all groups subsidiaries (we remind investors that H1 sales growth of Cynosure was +13.3% Y/Y).

We expect the operating leverage to translate into a first improvement in the profitability.

The following table shows our sales and profitability forecast.

EL.EN GROUP: H1 10e CONSOLIDATE preview

	H1 09a	H1 10e	%Chg.
Sales	72.6	85.6	+18.0%
EBITDA	(4.5)	5.0	n.m.
Margin %	n.m.	5.8%	

Source: Company Data and BANCA AKROS estimates

H1 10 Ei.En group excluding Cynosure estimates: excluding Cynosure, we expect a sales recovery in double digit also for the group's divisions excluding Cynosure and, consequently, a proportional growth in the operating results.

The following table shows our sales and profitability forecast.

EL.EN GROUP: H1 10e EXCLUDING CYNOSURE preview

	H1 09a	H1 10e	%Chg.
Sales	49.0	58.8	+20.1%
EBITDA	0.2	4.4	n.m.
Margin %	n.m.	7.5%	

Source: Company Data and BANCA AKROS estimates

Conclusion & Action: buy recommendation and target price of EUR 15.5 per share confirmed, waiting to verify our estimates based on the results that will be published.

Disclaimer

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, Francesco Di Gregorio 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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Financial analysts 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, Francesco Di Gregorio and Marcello Renna (ordinary member of SIAT), who prepared this research, have gained considerable experience with Banca Akros and other authorised brokerage houses. Said financial analysts do not receive a bonus, salary or any other form of remuneration, whether directly or indirectly, from any earnings in any investment banking operation. Said financial analysts and their families do not hold financial instruments issued by the companies under examination nor are they directors, managers or advisors of the companies.

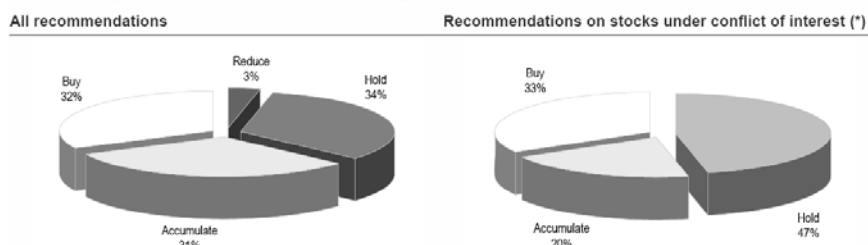
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Percentage of recommendations by the 30 June 2010



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