

**EL.EN.****BUY**

SECTOR: Industrials

Price (Eu):

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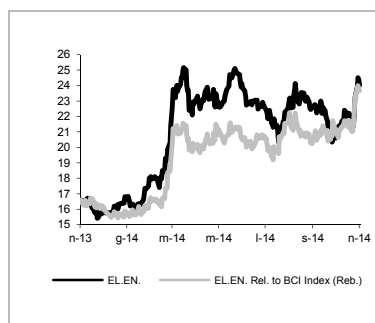
Target Price (Eu):

**33.00**

## Buoyant Quarterly Results; 2014 Guidance Raised, Upgrade to BUY

- Buoyant quarterly results, positive cash generation.** El.En posted a 33.1% YoY increase in sales in 3Q14, a quarter with traditionally low seasonality. Sales reached Eu44.2mn, 24.6% above our forecast. Sales grew by 54.4% in the Industrial division due to buoyant Chinese demand for cutting laser systems, and by 27.9% in the Medical division due to strong sales of laser systems for surgery applications in Far Eastern markets; after-sales services went up 19.6% YoY. EBIT came to Eu4.0mn from Eu1.1mn in 3Q13 (and vs. our Eu1.4mn estimate). The EBIT margin went from 3.3% in 3Q13 to 9.2% in 3Q14 (one of the best ever results since 2009): strong operating leverage (on services cost and personnel expenses) more than offset a less profitable revenue mix (as sales in China carry a lower gross margin). Pre-tax profit came to Eu7.4mn in 3Q14 from Eu2.6mn in 3Q13 (and vs. our Eu1.4mn forecast) as the company booked significant FOREX gains due to the strengthening of the USD. Finally, the net cash position increased QoQ from Eu40.1mn as at June 2014 to Eu42.7mn as at September 2014.
- 3Q results build on positive 1H trends.** In 9M14 sales increased 16.4% YoY to Eu124.6mn, EBIT more than doubled to Eu10.5mn, the EBIT margin moved from 4.5% in 9M13 to 8.5% in 9M14 (the release of reserves held for the Asclepion-Palomar patent dispute contributed Eu1.5mn). Finally, pre-tax profit stood at Eu18.7mn, boosted by a Eu4.5mn capital gain from the sale of Cynosure shares and by Eu3.3mn of FOREX gains.
- 2014 guidance lifted, estimates revised significantly upwards.** Management stated: "The very good 3Q14 performance ...allows us to set a FY14 revenue growth target of 10%, improving the previously released 5% target". Following the release of 3Q14 results that significantly beat our expectations, we have revised our estimates upwards. For FY14, we forecast sales growth of 10.7% (from 5.7% previously) to Eu174.3mn, an EBIT margin of 8.7% (from 7.1%), and net profit of Eu15.3mn (from Eu9.9mn previously, as we included Eu3.3mn of FOREX gains). Implicitly, we are forecasting slightly negative sales and flattish EBITDA growth in 4Q14 due to a tough comparison base. The net cash position is expected to come to Eu41.0mn at year-end. Looking forward, we expect sales to grow by 6.3% in 2015 and by 5.6% in 2016, and profitability to improve marginally but constantly (by some 20bps per year at EBIT level). Based on no FOREX gains, the small yield from available net cash, and a stable tax rate (around 37%), our EPS estimates went up by 91.0% in 2015 and 92.7% in 2016.
- Upgrade to BUY, target price increased to Eu33.0.** We are upgrading the stock to BUY: El.En benefits from its exposure to the structurally growing medical and aesthetic treatment sectors, where it enjoys a very competitive product and technology offer. Furthermore, in the industrial laser systems business, industrialisation in fast-growing markets such as Brazil and China, where El.En boasts a direct manufacturing presence, should stimulate growth. Our valuation, based on an SoP that adds the value of El.En net of minorities to the market value of El.En's 4.5% stake in Cynosure, yields Eu33.0 per share (from Eu26.80 previously) mostly as a result of new higher estimates. The stock remains clearly undervalued; strategic use of cash (such as with the recent acquisition of a 19.5% stake in the American distributor Quanta Aesthetic Lasers) and/or active management of the residual stake in Cynosure (as has been the case this year) might lead to a further re-rating.

### EL.EN. - 12m Performance



Eu/USD: 1.33 2014; 1.25 2014/15

RATING: from OUTPERFORM to BUY

TARGET PRICE (Eu): from 26.80 to 33.00

Change in EPS est:	2014E	2015E
	54.3%	91.0%

### STOCK DATA

Reuters code:	ELEN.MI
Bloomberg code:	ELN IM

Performance	1m	3m	12m
Absolute	15.6%	7.5%	45.3%
Relative	12.1%	10.0%	44.4%
12 months H/L:	25.15/15.42		

### SHAREHOLDER DATA

No. of Ord. shares (mn):	5
Total No. of shares (mn):	5
Mkt Cap Ord (Eu mn):	115
Total Mkt Cap (Eu mn):	115
Mkt Float - ord (Eu mn):	49
Mkt Float (in %):	42.7%
Main shareholder:	
Cangioli Andrea	13.4%

### BALANCE SHEET DATA

	2014
Book value (Eu mn):	139
BVPS (Eu):	28.71
P/BV:	0.8
Net Financial Position (Eu mn):	41
Enterprise value (Eu mn):	59

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on the last page of this report

Key Figures	2012A	2013A	2014E	2015E	2016E
Sales (Eu mn)	151	157	174	185	196
Ebitda (Eu mn)	13	14	18	19	21
Net profit (Eu mn)	23	6	15	9	10
EPS - New (Eu)	0.651	1.260	3.170	1.836	2.004
EPS - Old (Eu)		1.260	2.054	0.961	1.040
DPS (Eu)	0.500	0.500	1.046	0.606	0.661
Ratios & Multiples	2012A	2013A	2014E	2015E	2016E
P/E	36.7	19.0	7.5	13.0	11.9
Div. Yield	2.1%	2.1%	4.4%	2.5%	2.8%
EV/Ebitda	6.5	5.3	3.4	3.2	2.8
ROCE	6.5%	8.8%	13.9%	13.6%	14.0%

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**EL.EN. - KEY FIGURES**

		<b>2012A</b>	<b>2013A</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
	Fiscal year end	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	151	157	174	185	196
	EBITDA	13	14	18	19	21
	EBIT	7	10	15	15	16
	Financial income (charges)	(1)	(1)	4	0	1
	Associates & Others	(0)	2	4	0	0
	Pre-tax profit (Loss)	6	11	23	15	17
	Taxes	(3)	(4)	(7)	(6)	(6)
	Tax rate (%)	-48.5%	-40.0%	-28.6%	-37.0%	-37.0%
	Minorities & discontinue activities	20	(0)	(1)	(1)	(1)
	Net profit	23	6	15	9	10
	Total extraordinary items					
	Ebitda excl. extraordinary items	13	14	18	19	21
Ebit excl. extraordinary items	7	10	14	15	16	
Net profit restated	2	4	10	9	10	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	5	5	5	5	5
	EPS stated fd	4.809	1.260	3.170	1.836	2.004
	EPS restated fd	0.651	1.260	3.170	1.836	2.004
	BVPS fd	23.278	26.588	28.712	29.942	31.340
	Dividend per share (ord)	0.500	0.500	1.046	0.606	0.661
	Dividend per share (sav)					
Dividend pay out ratio (%)	10.4%	39.7%	33.0%	33.0%	33.0%	
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	6	9	19	14	15
	Change in NWC	17	2	(4)	(4)	(3)
	Capital expenditure	(3)	(0)	(10)	(10)	(5)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	(16)	(9)	5	1	7
	Acquisitions, divestments & others	(36)	(21)	17	3	0
	Dividend	(0)	(4)	(2)	(5)	(3)
	Equity financing/Buy-back	1	(4)	0	0	0
Change in Net Financial Position	(35)	4	19	(2)	4	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	57	67	49	55	55
	Net working capital	52	50	54	58	61
	Long term liabilities	(3)	(4)	1	1	1
	Net capital employed	106	112	105	113	117
	Net financial position	18	22	41	39	43
	Group equity	124	134	146	152	160
	Minorities	12	6	7	8	9
Net equity	112	128	139	144	151	
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	115	115	115	115	115
	Adjustments (associate & minorities)	16	21	16	16	16
	Net financial position	18	22	41	39	43
	Enterprise value	82	73	59	61	57
<b>RATIOS(%)</b>	EBITDA margin*	8.3%	8.7%	10.0%	10.3%	10.5%
	EBIT margin*	4.9%	6.1%	7.8%	8.0%	8.2%
	Gearing - Debt/equity	-14.4%	-16.2%	-28.1%	-25.7%	-26.8%
	Interest cover on EBIT	5.5	8.1	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	6.5%	8.8%	13.9%	13.6%	14.0%
	ROE*	22.4%	5.1%	11.5%	6.3%	6.5%
	EV/CE	0.7	0.7	0.5	0.6	0.5
	EV/Sales	0.5	0.5	0.3	0.3	0.3
	EV/Ebit	10.9	7.6	4.3	4.1	3.5
Free Cash Flow Yield	-15.9%	-9.8%	4.6%	0.7%	6.6%	
<b>GROWTH RATES (%)</b>	Sales	10.1%	4.1%	10.7%	6.3%	5.6%
	EBITDA*	15.7%	9.8%	27.4%	8.6%	7.9%
	EBIT*	46.7%	28.2%	41.9%	8.8%	8.8%
	Net profit	nm	-73.8%	151.5%	-42.1%	9.1%
	EPS restated	nm	93.6%	151.5%	-42.1%	9.1%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## Results

El.En posted a 33.1% YoY increase in sales in 3Q14, a quarter with traditionally low seasonality. Sales reached Eu44.2mn, 24.6% above our forecast. Sales grew by 54.4% in the Industrial division due to buoyant Chinese demand for cutting laser systems, and by 27.9% in the Medical division due to strong sales of laser systems for surgery applications in Far Eastern markets; after-sales services went up 19.6% YoY.

EBIT came to Eu4.0mn from Eu1.1mn in 3Q13 (and vs. our Eu1.4mn estimate). The EBIT margin went from 3.3% in 3Q13 to 9.2% in 3Q14 (one of the best ever results since 2009): strong operating leverage (on services cost and personnel expenses) more than offset a less profitable revenue mix (as sales in China carry a lower gross margin). Pre-tax profit came to Eu7.4mn in 3Q14 from Eu2.6mn in 3Q13 (and vs. our Eu1.4mn forecast) as the company booked significant FOREX gains due to the strengthening of the USD.

Finally, the net cash position increased QoQ from Eu40.1mn as at June 2014 to Eu42.7mn as at September 2014.

In 9M14 sales increased 16.4% YoY to Eu124.6mn, EBIT more than doubled to Eu10.5mn, the EBIT margin moved from 4.5% in 9M13 to 8.5% in 9M14 (the release of reserves held for the Asclepion-Palomar patent dispute contributed Eu1.5mn). Finally, pre-tax profit stood at Eu18.7mn, boosted by a Eu4.5mn capital gain from the sale of Cynosure shares and by Eu3.3mn of FOREX gains.

<b>El.En. Results</b>		<b>(€ mn)</b>	<b>3Q13A</b>	<b>3Q14A</b>	<b>3Q14E</b>	<b>A v E</b>	<b>9M13A</b>	<b>9M14A</b>	<b>FY13A</b>	<b>FY14E</b>
<b>Sales</b>		<b>33.2</b>	<b>44.2</b>	<b>35.5</b>	<b>24.6%</b>		<b>107.0</b>	<b>124.6</b>	<b>157.4</b>	<b>174.3</b>
	YoY growth %		33.1%	6.9%			16.4%		10.7%	
<b>EBITDA</b>		<b>2.3</b>	<b>4.9</b>	<b>2.7</b>	<b>82.2%</b>		<b>8.2</b>	<b>12.0</b>	<b>13.7</b>	<b>17.5</b>
	Ebitda margin %	6.8%	11.1%	7.6%		7.7%	9.6%	8.7%	10.0%	
	YoY growth %		117.2%	19.2%			45.8%		27.4%	
Total D&A		(1.2)	(0.9)	(1.3)			(3.4)	(1.4)	(4.2)	(2.4)
<b>EBIT</b>		<b>1.1</b>	<b>4.0</b>	<b>1.4</b>	<b>189.1%</b>		<b>4.8</b>	<b>10.5</b>	<b>9.6</b>	<b>15.1</b>
	Ebit margin %	3.3%	9.2%	3.9%		4.5%	8.5%	6.1%	8.7%	
	YoY growth %		267.3%	27.0%			117.8%		57.6%	
Net financials & Participations		1.5	3.3	0.0			1.2	8.2	1.1	8.0
<b>Pretax Profit</b>		<b>2.6</b>	<b>7.4</b>	<b>1.4</b>	<b>427.5%</b>		<b>6.0</b>	<b>18.7</b>	<b>10.7</b>	<b>23.1</b>
	Pretax margin %	7.9%	16.7%	3.9%		5.6%	15.0%	6.8%	13.3%	
	YoY growth %		183.1%	-46.3%			212.6%		116.3%	
Taxes								(4.3)	(6.6)	
tax rate								-40.0%	-28.6%	
Minorities and disc. Operations								(0.3)	(1.2)	
<b>Group net profit</b>								<b>6.1</b>	<b>15.3</b>	
	YoY growth %								151.5%	

Source: Company data and Intermonte Sim

## Estimates

According to our forecasts, El.En's sales are expected to reach Eu195.7mn in 2016, posting a 2013-16 CAGR of 7.5%.

The Medical Division (CAGR 2013-16 +6.5%) might benefit from structurally growing demand for medical and aesthetic treatments by a population which is on average growing older and increasingly keen to reduce the effects of aging. El.En has built a very competitive product and technology offer.

The Industrial Division (CAGR 2013-16 +9.4%) might benefit from the industrialisation of fast-growing emerging countries where there is a need for manufacturers to equip themselves with flexible and innovative technologies like laser technologies for manufacturing. El.En has already established a stable manufacturing presence in Brazil and China.

Finally, the after-sales services business is expected to post a 8.0% 2013-16 CAGR, broadly in line with that of consolidated sales.

As far as profitability is concerned, El.En's EBIT is expected to come to Eu16.1mn in 2016, or 8.2% of sales, from 6.1% in 2013. Our estimates are based on a USD/EUR exchange rate of 1.25, which should have a positive impact on El.En's competitive positioning given that several competitors are based in the US and therefore have a cost base denominated in USD dollars. We have also factored into our model slightly increasing depreciation.

Finally, we expect group net profit to post a 2013-2016 CAGR of 16.7%, reaching Eu9.7mn in 2016, based on:

- A stable tax rate of around 37%;
- Slightly positive net financial income given El.En's net cash position;
- No gains/losses from FOREX;
- Minority interests stable at around 7.5% of net profit before minorities.

Looking at the balance sheet, we expect:

- net working capital as a percentage of sales to remain stable at around 31% between 2014 and 2016;
- net fixed assets to increase to Eu35.4mn in 2016 as we have now incorporated the investment in a new plant in China;
- group net equity to reach Eu151.2mn in 2016 following Eu22.9mn of retained earnings, net of Eu10.9mn paid as dividends (e.g. we estimate a stable 33% dividend pay-out rate);
- net cash to stand at Eu42.8mn at the end of 2016 from Eu21.8mn at the end of 2013 (Eu23.0mn coming from the sale of Cynosure shares).

**El.En. Income statement estimates**

<b>(€ mn)</b>		<b>2012A</b>	<b>2013A</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>	<b>CAGR13-16E</b>
<b>Sales</b>		<b>151.2</b>	<b>157.4</b>	<b>174.3</b>	<b>185.3</b>	<b>195.7</b>	<b>7.5%</b>
	YoY growth %	10.1%	4.1%	10.7%	6.3%	5.6%	
<b>EBITDA</b>		<b>12.5</b>	<b>13.7</b>	<b>17.5</b>	<b>19.0</b>	<b>20.5</b>	<b>14.3%</b>
	Ebitda margin %	8.3%	8.7%	10.0%	10.3%	10.5%	
	YoY growth %	15.7%	9.8%	27.4%	8.6%	7.9%	
Total D&A		(5.0)	(4.2)	(2.4)	(4.2)	(4.4)	
	<i>of which non-recurrent</i>			1.5			
EBIT Reported		7.5	9.6	15.1	14.8	16.1	
	Ebit margin %	4.9%	6.1%	8.7%	8.0%	8.2%	
<b>EBIT Adjusted</b>		<b>7.5</b>	<b>9.6</b>	<b>13.6</b>	<b>14.8</b>	<b>16.1</b>	<b>18.9%</b>
	Ebit margin %	4.9%	6.1%	7.8%	8.0%	8.2%	
	YoY growth %	46.7%	28.2%	41.9%	8.8%	8.8%	
Net financial charges		(1.4)	(1.7)	3.6	0.4	0.5	
Other income			2.8	4.4			
	<i>of which non-recurrent</i>		2.5	4.5			
<b>Pretax Profit</b>		<b>6.1</b>	<b>10.7</b>	<b>23.1</b>	<b>15.2</b>	<b>16.6</b>	<b>15.8%</b>
Taxes		(3.0)	(4.3)	(6.6)	(5.6)	(6.1)	
	tax rate	-48.5%	-40.0%	-28.6%	-37.0%	-37.0%	
<i>Income from continued op.</i>		<i>3.1</i>	<i>6.4</i>				
<i>Income from discontinued op.</i>		<i>26.7</i>	<i>0.0</i>				
<b>Net Profit before minority interest</b>		<b>29.8</b>	<b>6.4</b>	<b>16.5</b>	<b>9.6</b>	<b>10.5</b>	<b>17.6%</b>
<i>Minority interest from continued op.</i>		<i>(1.0)</i>	<i>(0.3)</i>	<i>(1.2)</i>	<i>(0.7)</i>	<i>(0.8)</i>	
<i>Minority interest from discontinued op.</i>		<i>(5.6)</i>	<i>0.0</i>				
<i>Reported Group Net Profit</i>		23.2	6.1	15.3	8.9	9.7	
		n.m.	-73.8%	151.5%	-42.1%	9.1%	
<b>Adjusted Group Net Profit*</b>		<b>2.1</b>	<b>3.6</b>	<b>9.9</b>	<b>8.9</b>	<b>9.7</b>	<b>39.3%</b>
	Net margin %	1.4%	2.3%	5.7%	4.8%	4.9%	
	YoY growth %	n.m.	68.1%	175.5%	-10.2%	9.1%	

Source: Company data and Intermonte SIM estimates

In 2012, Adjusted Group Net Profit includes the income from continued operations only.

In 2013, Adjusted Group Net Profit includes the income from continued operations only, and was also restated for revaluation of Cynosure's investment.

In 2014, Adjusted Group Net Profit was restated for the release of reserves held for the Asclepion-Palomar patent dispute (Eu1.5mn, or Eu1.0mn after tax), and for the capital gain from the sale of Cynosure shares (Eu4.4mn). It includes FOREX gains (Eu3.3mn).

Changes to our old 2014-16 EPS estimates come from:

- higher sales in 2014 (3Q14 results surprised on the upside and management lifted its guidance) and almost unchanged growth rates expected for 2015 (+6.3%) and 2016 (+5.6%);
- improved assumptions on margins, as on average we have increased our EBITDA and EBIT margin forecasts by 110bps and by 130bps respectively in the 2014 to 2016 period;
- lower depreciation;
- slightly higher net financial income;
- lower minority interests (estimated equal to roughly 7.5% of net income before minority interest).

<b>El.En. Change in estimates</b>				
<b>(€ mn)</b>	<b>2013A</b>	<b>2014E</b>	<b>2015E</b>	<b>2016E</b>
<b>Sales new</b>	<b>157.4</b>	<b>174.3</b>	<b>185.3</b>	<b>195.7</b>
Sales old		166.3	174.9	184.8
<b>% change</b>		<b>4.8%</b>	<b>6.0%</b>	<b>5.9%</b>
<b>EBITDA new</b>	<b>13.7</b>	<b>17.5</b>	<b>19.0</b>	<b>20.5</b>
EBITDA old		15.0	16.0	17.1
<b>% change</b>		<b>16.7%</b>	<b>18.8%</b>	<b>19.9%</b>
<b>EBIT new</b>	<b>9.6</b>	<b>15.1</b>	<b>14.8</b>	<b>16.1</b>
EBIT old		11.8	11.0	11.8
<b>% change</b>		<b>28.0%</b>	<b>34.5%</b>	<b>36.4%</b>
<b>Pretax Profit new</b>	<b>10.7</b>	<b>23.1</b>	<b>15.2</b>	<b>16.6</b>
Pretax Profit old		15.8	10.5	11.3
<b>% change</b>		<b>46.4%</b>	<b>44.8%</b>	<b>46.9%</b>
<b>Group Net profit new</b>	<b>6.1</b>	<b>15.3</b>	<b>8.9</b>	<b>9.7</b>
Group Net Profit old		9.9	4.6	5.0
<b>% change</b>		<b>54.3%</b>	<b>91.0%</b>	<b>92.7%</b>

Source: Company data and Intermonte Sim estimates

## Valuation

### El.En. - Valuation summary

	<i>Method</i>	<i>€ mn</i>	<i>€ per share</i>	<i>previous (01/09/14)</i>	<i>change</i>
El.En	DCF, net of minorities	137.5	28.5	23.3	22.5%
Stake in Cynosure	market value	21.8	4.5	3.5	29.1%
<b>Total Equity Value</b>		<b>159.4</b>	<b>33.0</b>	<b>26.8</b>	<b>23.2%</b>
El.En Share Price			24.0	23.6	1.9%
<b>potential upside</b>			<b>37.5%</b>	<b>13.7%</b>	

Source: Intermonte Sim

### El.En multiples at our DCF fair value

	2013	2014	2015	2016
P/E	22.6	9.0	15.5	14.2
EV/Sales	0.65	0.59	0.56	0.53
EV/Ebitda	7.5	5.9	5.4	5.0
EV/Ebit	10.7	6.8	7.0	6.4

Source: Intermonte Sim

### El.En multiples at current market prices

	2013	2014	2015	2016
P/E	15.5	6.1	10.6	9.7
EV/Sales	0.46	0.34	0.34	0.31
EV/Ebitda	5.3	3.4	3.3	2.9
EV/Ebit	7.6	3.9	4.3	3.7

Source: Intermonte Sim

**EL.EN. Peer Group - Absolute Performances**

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>EL.EN.</b>	<b>23.9</b>	<b>EUR</b>	<b>115.4</b>	<b>15.6%</b>	<b>7.5%</b>	<b>1.9%</b>	<b>52.8%</b>	<b>45.3%</b>	<b>47.1%</b>
AMADA CO.	1,033.0	JPY	385,360.6	17.8%	4.8%	7.3%	15.0%	14.9%	132.1%
COHERENT INC.	57.3	USD	1,429.4	-0.9%	-5.4%	-0.5%	-25.0%	-13.0%	36.2%
CYMER	---	USD	---	---	---	---	---	---	---
FIDIA	3.0	EUR	15.3	5.0%	0.5%	1.4%	22.0%	17.6%	30.4%
GSI GROUP	12.2	USD	416.3	6.1%	-1.1%	0.5%	9.5%	12.6%	67.2%
PRIMA INDUSTRIE	13.5	EUR	141.8	10.5%	23.0%	4.1%	41.6%	42.5%	43.9%
ROFIN-SINAR TECH	26.7	USD	746.9	27.8%	14.3%	17.1%	-0.1%	11.7%	39.0%
<b>Mean performance</b>				<b>11.7%</b>	<b>6.2%</b>	<b>4.5%</b>	<b>16.5%</b>	<b>18.8%</b>	<b>56.6%</b>
<b>Italy Fixed</b>	19,216.7	EUR	251,189	2.8%	-1.4%	-6.9%	1.3%	2.8%	29.4%

Source: FactSet

**EL.EN. Peer Group - Multiple Comparison**

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	EV/Ebitda	EV/Ebitda	EV/Ebit	EV/Ebit	P/E	P/E	Div Yield	Div Yield
				2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
<b>EL.EN.</b>	<b>23.9</b>	<b>EUR</b>	<b>115.4</b>	<b>0.3</b>	<b>0.3</b>	<b>3.4</b>	<b>3.2</b>	<b>4.3</b>	<b>4.1</b>	<b>7.5</b>	<b>13.0</b>	<b>4.4%</b>	<b>2.5%</b>
AMADA CO.	1,033.0	JPY	385,360.6	1.3	1.2	9.9	9.9	12.8	11.5	22.1	19.4	2.4%	2.6%
COHERENT INC.	57.3	USD	1,429.4	1.4	1.3	8.1	6.9	11.3	8.8	17.5	14.6		
CYMER		USD											
FIDIA	3.0	EUR	15.3	0.4	0.3	7.1	5.0	10.0	7.2	24.0	18.0	0.0%	0.0%
GSI GROUP	12.2	USD	416.3							18.5	15.1		
PRIMA INDUSTRIE	13.5	EUR	141.8	0.7	0.6	6.2	4.9	8.9	6.6	12.4	9.0	0.0%	0.0%
ROFIN-SINAR TECH	26.7	USD	746.9	1.2	1.0	12.2	7.4	17.9	9.4	30.3	17.4	0.0%	0.0%
<b>Median</b>				<b>0.9</b>	<b>0.8</b>	<b>7.6</b>	<b>6.0</b>	<b>10.6</b>	<b>8.0</b>	<b>18.5</b>	<b>15.1</b>	<b>0.0%</b>	<b>0.0%</b>

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

**EI.En. Peer Group - Absolute Performances**

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>Cynosure</b>	<b>28.6</b>	<b>USD</b>	<b>619.0</b>	<b>38.2%</b>	<b>30.4%</b>	<b>40.1%</b>	<b>13.8%</b>	<b>23.2%</b>	<b>23.7%</b>
<b>EI.En</b>	<b>23.9</b>	<b>Euro</b>	<b>115.3</b>	<b>16.3%</b>	<b>7.4%</b>	<b>1.8%</b>	<b>52.1%</b>	<b>45.3%</b>	<b>47.1%</b>
Syneron Medical Ltd	8.1	USD	297.6	20.1%	7.1%	5.2%	-9.1%	-6.3%	32.5%
Cutera, Inc.	8.5	USD	121.7	8.6%	15.6%	18.0%	14.4%	22.6%	18.8%
BIOLASE, Inc.	1.9	USD	110.8	4.6%	11.4%	39.0%	-6.7%	58.2%	35.7%
<b>Medical avg</b>				<b>11.1%</b>	<b>11.4%</b>	<b>20.7%</b>	<b>-0.5%</b>	<b>24.8%</b>	<b>29.0%</b>
<b>Italy FTSE Mib</b>				<b>1.3%</b>	<b>-3.5%</b>	<b>-9.2%</b>	<b>-2.0%</b>	<b>-0.8%</b>	<b>26.6%</b>

Source: Factset

**EI.En. Peer Group - Multiple Comparison**

Stock	Price	Ccy	Mkt cap	EV/Sales	EV/Sales	P/E 2014	P/E 2015	EV/EBITDA	EV/EBITDA
				2014	2015	2014	2015	2014	2015
<b>EI.En</b>	<b>23.9</b>	<b>EUR - Euro</b>	<b>115.3</b>	<b>0.34</b>	<b>0.33</b>	<b>7.3</b>	<b>12.6</b>	<b>3.2</b>	<b>3.0</b>
Syneron Medical Ltd	8.1	USD	297.6	1.0	0.9	49.2	21.1	13.5	10.2
Cynosure	28.6	USD	619.0	1.7	1.5	25.0	18.2	21.8	9.0
Cutera, Inc.	8.5	USD	121.7	0.9	0.8			25.4	16.0
BIOLASE, Inc.	1.9	USD	110.8	2.1	1.8				
<b>Medical avg</b>				<b>1.4</b>	<b>1.2</b>	<b>37.1</b>	<b>19.6</b>	<b>21.8</b>	<b>10.2</b>

Source: Factset consensus estimates for peer group, Intermonte estimates for EI.En



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#### **DETAILS ON STOCKS RECOMMENDATION**

Stock NAME	ELEN.		
Current Recomm:	BUY	Previous Recomm:	BUY
Current Target (Eu):	33.00	Previous Target (Eu):	33.00
Current Price (Eu):	23.91	Previous Price (Eu):	24.50
Date of report:	21/11/2014	Date of last report:	18/11/2014

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