

EL.EN.\*

OUTPERFORM

## Italy: Industrial Good &amp; services

	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	0.96	0.50	0.4	4.9	7.0	16.6	3.1%
2014**	180	18	14*	11.4*	2.40	1.00	0.4	3.7	4.8	9.1	4.6%
2015E	214	26	21	13.5	2.84	1.10	0.6	5.4	6.6	13.8	2.8%
2016E	227	29	25	15.4	3.23	1.21	0.6	4.5	5.4	12.1	3.1%
2017E	238	32	28	18.2	3.78	1.33	0.5	3.8	4.4	10.2	3.4%

Source: Company data and Banca Aletti & C S.p.A. estimates; Note: historical multiples calculated on average yearly prices; \*\*14 EBIT and net profit adjusted figures

<b>Pr. Close 18/02/16 (€):</b>	<b>39.00</b>
Tot Mkt Cap. (€ m):	188.2
Tot No. of Shares (m):	4,825
Min-Max pr.(52 wks €):	29.4 - 46.7
Bloomberg/	ELN IM/
Reuters:	ELEN.MI
-3M vol. avg.	7,625
<b>Price Target (€)</b>	<b>54.0</b>
<b>Fair Value (€)</b>	<b>54.0</b>

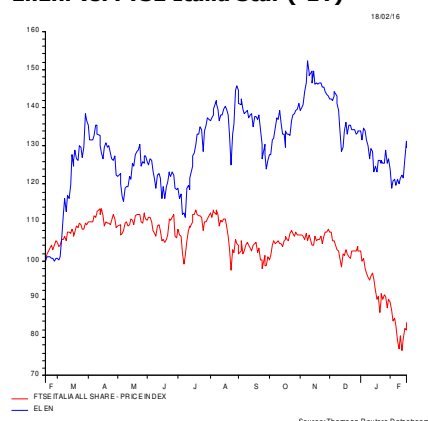
Perf.	-3M	-6M	-1Y
Abs.	-11.2%	-7.0%	29.7%
Rel.	-1.3%	3.6%	24.1%

## Major shareholders:

Cangioli Andrea	13.5%
SMIL di Alberto Pecci & C.	10.8%
Clementi Gabriele	9.9%
Bazzocchi Barbara	6.4%
Immobiliare Del Ciliegio	7.5%
Praude AM	2.6%
Invesco	2.2%
<b>Free float</b>	<b>47.0%</b>

Source: Consob

## El.En. vs. FTSE Italia Star (-1Y)



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\* Banca Aletti acts as Corporate Broker.

## Trading at less than 8x 2016e PE net of cash assets.

- 2015e guidance should be slightly exceeded. 2016e volumes should further expand by 6% in 2016e. Sales indirectly helped by stronger USD. Conservative guidance expected for 2016e.** We expect EL.EN. (Elen) to close 2015e with sales at app. Eur 214m or +19% yoy driven mostly by volumes and to lower extent forex (app. +16%/+3% respectively). Growth is distributed in both divisions with industrial and medical devices expected to expand by 19% and 15% respectively while services should also contribute with an expected +35%. After having reported +28%/+20%/+37% in the same divisions in 9M'15 (+25% group), we expect Q4'15e to report a more moderate growth (+5%) to reflect also for the more difficult comparison base especially in surgery. We highlight investors that most of 2015e growth in medical is driven by the new Monalisa Touch product which is being sold by Cynosure in USA and which had already a strong rump up in sales in Q4'14. In 2016e, we expect top line to expand by 6% to reflect for further growth of Monalisa in USA and in new markets (we expect a 20% growth all in for that product) which we estimate in some additional Eur 4m, in a strong growth in industrial laser helped by fiscal incentives in Italy (+20% or some Eur 4m) and by some 6% for the rest of the group medical/aesthetic sales of app. Eur 125m (some Eur 7m). The residual industrial sales (app. Eur 50m) should decline by 5% to reflect a 7% potential fall in Chinese sales. Finally it is worth mentioning that sales should be indirectly supported by the stronger USD, as main Elen competitors have USD based production costs. Longer term we expect the company to be able to expand sales between 5% and 10% yearly always driven by innovations. In particular, we expect the company to release a conservative sales guidance for 2016e of around +5%. However, we highlight that in 2014/2015e guidance of +5%/+11% were widely exceeded ex-post (+14%/+19%e).
  - 2015e EBITDA +44% (Q4'15e EBITDA +5%). 2016e EBITDA should further expand by 15%.** We expect Q4'15e EBITDA to expand by 5% and by 43% at a full year basis. In the 9M'15 EBITDA growth was +62% on +25% sales growth. We expect a similar leverage into 2016e with EBITDA growth of +15%. We remind investors that 2015e comparison assume 2014 non-recurring included in the extraordinary line.
  - Company has about Eur 72m of cash equivalent assets.** We expect the company to close 2015e with some Eur 29m of net cash. However, to this amount we need to add app. Eur 10m included in the financial assets and app. Eur 33m of 1m Cynosure shares for a total of Eur 72m cash assets.
  - Shares net of cash trading at 66% discount vs. Cynosure on cash adj. PE despite being the technological supplier. OUTPERFORM PT EUR 54 (38% upside).** Elen shares net of cash are trading at 7.6x net of the cash assets mentioned above. We believe the reason behind it is a lack of knowledge of the sheer size of the undervaluation by the market due to its small cap status combined with some uncertainties on the cash re-investment options. Given the small contribution to profits of the industrial business and the loss making situation of some peers, the more immediate comp in our opinion is Cynosure which is trading at an app. 2016e PE of 22x adj. of app. Eur 150m of net cash. This is by far an excessive discount considering that Elen is a supplier of Cynosure in the laser technology and that, barring 2009, Elen is a company with an impressive growth track-record (see chart next pages) being able to expand sales each year between 2002 and 2015e. As such, we believe that a preliminary fairer multiple should be 12x 2016e earnings or a PT of Eur 54 (38% upside).
- Main risks/opportunities: Weaker/stronger USD; fall/increase in consumer demand; lower/higher credit availability; superior/lower peers' technology; lower tax rate from the patent box.**

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- **2015e guidance should be slightly exceeded. 2016e volumes should further expand by 6% in 2016e. Sales indirectly helped by stronger USD. Conservative sales guidance expected for 2016e.** We expect Elen to close 2015e with sales at app. Eur 214m or +19% yoy driven mostly by volumes and to a lower extent by forex (app. +16%/+3% respectively). Growth is distributed in both divisions with industrial and medical devices expected to expand by 21% and 15% respectively while services should also contribute with an expected +28%. After having reported +28%/+20%/+37% in the same divisions in 9M'15 (+25.2% group), we expect Q4'15e to report a more moderate growth of +6%/+4%/+6% (+4.6% group) respectively to reflect also for the more difficult comparison base especially in the surgical segment. We highlight investors that most of 2015e growth in medical is driven by the new Mona Lisa Touch product which is being sold by Cynosure in USA and which had already a strong rump up in sales in Q4'14. In 2016e, we expect top line to expand by 6% to reflect for 1) further growth of Mona Lisa in USA and in the new markets (we assume an all in 20% growth) or an additional Eur 4m, 2) in a strong growth in industrial laser helped by fiscal incentives in Italy (+20% or some Eur 4m) and 3) by some 6% for the rest of the group medical/aesthetic sales of app. Eur 125m (some Eur 7m). The residual industrial sales (app. Eur 50m) should be down by 5% to reflect a potential decline in the Chinese industrial laser sales (-7%). Finally it is worth mentioning that sales should be indirectly supported by the stronger USD, as main Elen competitors have USD based production costs. Longer term we expect the company to be able to expand sales between 5% and 10% yearly always driven by innovations. In particular, we expect the company to release a conservative sales guidance for 2016e of around +5%. However, we highlight that 2014/2015e guidances of +5%/+11% respectively were widely exceeded ex-post (+14%/+19%e).
- **1)** Worth explaining the relevance of Mona Lisa Touch and other products in our Elen growth assumptions. Mona Lisa Touch is an innovative medical laser machine that treats women vagina atrophy, a condition which affects many women post menopause. The effectiveness of the therapy seems very important with clinical trials in the San Raffaele hospital in Milan, showing a 70%-90% success rate in eliminating the problem. The device received FDA approval in 2014 and since that year the company signed a distribution agreement for the USA only, with Cynosure. First deliveries were in 2014 but the bulk of the growth was in 2015e, where we assume that most of the expected 90% yearly growth comes from the Mona Lisa Touch sold in the USA. As of today we estimate the Mona Lisa Touch to be a Eur 20m business. More in particular, Mona Lisa Touch is now one of the main 2016e growth prospects mentioned by Cynosure during its conference calls. On top of that we need to add the growth resulting from the distribution in new markets for which approval has been recently granted. All in all we expect Mona Lisa to growth by 20% in 2016e or app. Eur 4m of additional sales.
- **2)** The second major element of growth should come from the industrial side of the business thanks to new law introduced in September in Italy which allows for a fiscal depreciation rate of capex of 140% for assets value instead of the nominal 100%. In 2015e, better terms for leasing, tax credits in place since 2014 but expiring in 30/06/2015, and better financing terms thanks to the "Sabatini Law" is spurring capex investments in Italy (+21% UCIMU on '15e domestic deliveries vs. +4% initially expected) and this is reflected in Elen Italian industrial laser sales of app. +24% in 9M'15 (we derive the figure from Elen quarterly presentation graphs). We expect the new law introduced in September 2015 to further improve sentiment and support 2016e sales in the Italian market (+20% Aletti vs. UCIMU +8%) or adding some Eur 4m of sales. The residual industrial sales (app. Eur 42m) should decline with China expected to fall by 7% and RoW about flat.
- **3)** We expect Elen residual business in the medical/aesthetic sector (app. Eur 133m sales) to growth by app. 6% in 2016e or Eur 7m additional sales. This reflects on one hand secular growth trends in the sector (+14% see market section in company profile) and the pipeline of new products just launched in 2015e or coming in 2016e. The list includes: "Discovery Pico" the most powerful dual wavelength picoseconds medical laser in the world, launched progressively in Europe since Q2'15 and after having received FDA approval in December 2015, in USA from 2016e; "Motus AX" a new hair removal machines which on top of being 1/3 smaller than the previous version it allows a 40% energy saving as well as better patient experience as far as discomfort is concerned.
- Longer term we expect the company to be able to expand sales between 5% and 10% yearly always driven by innovations. There are many areas in which the company is working on but the most promising in term of time to market and potential, in our opinion are the following: 1) new pathologies application for CO2 laser products; 2) Fat removal, a market where it is not currently present, dominated by the Zeltiq's freezing fat technology, and on which Elen is aiming to introduce competitive products;
- **2015e EBITDA +43% (Q4'15e EBITDA +5%). 2016e EBITDA should further expand by 15%. Rule of thumb EBITDA leverage should be 2x/3x top line growth.** We expect Q4'15e and full year 2015e EBITDA to expand by 5% and by 43% respectively. In the 9M'15 EBITDA growth was +62% on +25% sales growth. We expect a similar leverage into 2016e with EBITDA growth of +15% vs. top line growth of +6%. 2016e net profit should growth by about the EBITDA rate as we do not expect forex contribution below EBIT. However, a stabilisation of minorities from China should help. We remind investors that 2015e comparison assume 2014 non-recurring included in the extraordinary line. The main variables in Elen profitability are: 1) the mix with industrial laser having a lower gross margin than medical/aesthetic; 2) the forex with the CNY being the most import translational currency, followed by the JPY which is more export driven given that sales to the local subsidiary are made in Euro. Finally, worth mentioning that the USD is only an indirect exposure trough export (app. we estimate Eur 30m net of costs) and the fact that most competitors are USD costs based companies.
- **Company has about Eur 72m of cash equivalent assets.** We expect the company to close 2015e with some Eur 29m of net cash. However, to this amount we need to add app. Eur 10m included in the financial assets and app. Eur 33m of 1m Cynosure shares for a total of Eur 72m cash assets.
- **Shares net of cash trading at 66% discount vs. Cynosure on cash adj. PE despite being the technological supplier. OUTPERFORM PT EUR 54 (38% upside).** Elen shares net of cash are trading at 7.6x 2016e net of the Eur 72m of cash assets mentioned above. We believe the reason behind it is a lack of knowledge of the sheer size of the undervaluation by the market due to its small cap status combined with some uncertainties on the cash re-investment options. Given the small contribution to profits of the industrial business and the loss making situation of some peers, the more immediate comp in our opinion is Cynosure which is trading at an app. 2016e PE of 22x net of app. Eur 150m net cash (27x PE nominally – see comps table in next pages). This is by far an excessive discount considering that Elen is a supplier of Cynosure in the laser technology and that, barring 2009, Elen is a company with an impressive growth track-record (see chart next pages) being able to expand sales each year between 2002 and 2015e. As such, we believe that a preliminary fairer multiple should be 12x 2016e earnings or a PT of Eur 54 (38% upside). Worth mentioning that assuming a 5% top line growth over 2016e-2020e and EBIT growth of 5% i.e. no margin expansion post 2016e or exit EBIT margin of 10.9% (the peak was apparently in 2008 at 9.9% but sales were 2/3 of today), with 8.5% WACC (to reflect the net cash) and g at 2%, the FV would be Eur 65 or 67% upside.

## ELEN: Sales Assumptions (Eurm)

DIVISION	Q1 '14a	%Ch.	Q2 '14a	%Ch.	Q3 '14a	%Ch.	Q4 '14a	%Ch.	Q1 '15a	%Ch.	Q2 '15a	%Ch.	Q3 '15a	%Ch.	Q4 '15e	%Ch.
Industrial Systems	9.1	13%	12.5	18%	13.1	54%	16.0	5%	12.7	39%	17.5	39%	14.4	10%	16.9	6%
% total	24%		29%		30%		29%		26%		30%		29%		29%	
Estetic	15.9	41%	17.3	-20%	18.4	22%	22.7	8%	16.7	5%	19.3	12%	15.8	-14%	22.0	-3%
CO2, Surgical	3.6	61%	4.0	25%	4.1	116%	5.9	32%	8.0	122%	9.7	146%	7.8	90%	7.8	33%
Physiotherapy	2.1	18%	1.7	8%	1.4	-6%	2.3	17%	1.9	-9%	1.6	-3%	1.3	-4%	2.3	-3%
Dental	0.3	32%	0.1	-59%	0.1	-75%	0.0	-98%	0.18	-38%	0.1	-26%	0.2	nm	0.0	nm
Medical Laser	21.9	14%	23.1	0%	24.0	28%	30.9	12%	26.8	22%	30.8	33%	25.2	5%	32.1	4%
% total	58%		54%		54%		56%		55%		53%		51%		55%	
Services	6.5	5%	7.2	11%	7.1	20%	8.5	12%	9.0	38%	10.1	40%	9.5	33%	9.0	6%
% total	17%		17%		16%		15%		19%		17%		19%		16%	
<b>Total</b>	<b>37.6</b>	<b>12.1%</b>	<b>42.8</b>	<b>6.2%</b>	<b>44.2</b>	<b>33.1%</b>	<b>55.4</b>	<b>10.1%</b>	<b>48.5</b>	<b>29.1%</b>	<b>58.4</b>	<b>36.3%</b>	<b>49.1</b>	<b>11.1%</b>	<b>58.0</b>	<b>4.6%</b>

AREA	Q1 '14a	%Ch.	Q2 '14a	%Ch.	Q3 '14a	%Ch.	Q4 '14a	%Ch.	Q1 '15a	%Ch.	Q2 '15a	%Ch.	Q3 '15a	%Ch.	Q4 '15e	%Ch.
Industrial*	4.0	0%	3.9	0%	2.8	0%	5.0	0%	3.2	-19%	4.8	24%	5.1	85%	6.9	37%
Medical*	4.6	0%	3.7	0%	3.4	0%	5.1	0%	4.3	-7%	5.3	44%	3.4	-1%	5.0	-2%
Italy	8.6	28.3%	7.5	-6.9%	6.2	6%	10.1	2%	7.5	-12%	10.1	34%	8.5	38%	11.9	18%
% total	22.8%		17.6%		14.0%		18.3%		15.5%		17.3%		17.4%		20.5%	
RoEU	7.6	-7.7%	8.8	8.6%	8.9	40%	11.7	12%	9.1	20%	10.4	19%	7.4	-17%	10.0	-14%
% total	20.2%		20.4%		20.0%		21.1%		18.8%		17.8%		15.0%		17.3%	
RoW	21.4	15.0%	26.5	9.9%	29.2	39%	33.6	12%	31.9	49%	37.9	43%	33.2	14%	36.0	7%
% total	57.0%		61.9%		66.0%		60.6%		65.7%		64.9%		67.7%		62.2%	
ow North America*	4.5		3.6		3.9		9.5		10.1	124%	8.4	133%	8.4	115%	11.3	19%
% total	12.0%		8.4%		8.8%		17.2%		20.8%		14.4%		17.1%		19.5%	
ow China*	5.8		5.6		11.7		9.0		7.8	36%	8.2	48%	12.3	5%	8.5	-5%
% total	15.3%		13.0%		26.5%		16.2%		16.1%		14.0%		25.0%		14.7%	
ow Japan*	5.1		6.2		8.3		6.9		6.1	20%	6.4	3%	7.5	-10%	7.2	4%
% total	13.6%		14.5%		18.8%		12.4%		12.6%		11.0%		15.3%		12.4%	
ow Far East*	6.1		11.2		5.3		8.2		7.9	30%	14.9	33%	5.1	-4%	9.0	10%
<b>Total</b>	<b>37.6</b>	<b>12.1%</b>	<b>42.8</b>	<b>6.2%</b>	<b>44.2</b>	<b>33.1%</b>	<b>55.4</b>	<b>10.0%</b>	<b>48.5</b>	<b>29.1%</b>	<b>58.4</b>	<b>36.3%</b>	<b>49.1</b>	<b>11.1%</b>	<b>58.0</b>	<b>4.6%</b>
% total	100%		100%		100%		100%		100%		100%		100%		100%	

Source: Company Data, Banca Aletti & C. forecasts; \*Aletti Estimates

## ELEN: P&L Quarterly (Eurm)

	1Q14a	%Ch.	2Q14a	%Ch.	3Q14a	%Ch.	9M14a	%Ch.	4Q14a	%Ch.	1Q15a	%Ch.	2Q15a	%Ch.	3Q15a	%Ch.	9M15a	%Ch.	4Q15e	%Ch.
Sales	37.6	12%	42.8	6%	44.2	33%	124.6	16%	55.4	10%	48.5	29%	58.4	36%	49.1	11%	156.0	25%	58.0	5%
Other revenues	3.5	40%	1.6		1.6		6.7	17%	(1.2)	-43%	1.3	-64%	1.3	-17%	2.9	83%	5.5	-18%	(1.1)	-7%
VoP	41.1	14%	44.4	10%	45.8	26%	131.3	16%	54.2	12%	49.8	21%	59.7	34%	52.1	14%	161.5	23%	56.8	5%
Gross margin	18.3	9%	19.8	1%	19.2	24%	57.3	11%	24.6	8%	22.2	21%	25.8	31%	22.2	15%	70.2	23%	26.1	6%
% sales	48.7%		46.1%		43.4%		46.0%		44.4%		45.8%		44.3%		45.1%		45.0%		44.9%	
Other op. costs	(5.7)	-6%	(6.8)	2%	(5.6)	7%	(18.1)	1%	(7.5)	-1%	(6.9)	21%	(7.7)	14%	(6.1)	9%	(20.8)	15%	(7.8)	4%
COGS	(28.5)	12%	(31.4)	15%	(32.2)	23%	(92.2)	17%	(37.1)	12%	(34.5)	21%	(41.6)	32%	(36.1)	12%	(112.1)	22%	(38.6)	4%
Added value	12.6	18%	13.0	0%	13.6	33%	39.1	16%	17.1	13%	15.3	22%	18.1	40%	16.0	18%	49.4	26%	18.2	7%
% sales	33.5%		30.3%		30.7%		31.4%		30.8%		31.5%		31.1%		32.6%		31.7%		31.5%	
Labour costs	(9.1)	7%	(9.4)	3%	(8.7)	9%	(27.2)	6%	(11.1)	15%	(10.0)	10%	(10.9)	16%	(9.2)	6%	(30.1)	11%	(11.9)	8%
EBITDA	3.4	65%	3.6	-7%	4.9	117%	11.9	46%	6.0	9%	5.3	53%	7.2	101%	6.8	38%	19.3	62%	6.3	5%
EBITDA Margin	9.2%		8.4%		11.1%		9.6%		10.8%		10.9%		12.4%		13.8%		12.4%		10.9%	
D&A	(1.3)	14%	(0.7)	-30%	(0.9)	-25%	(2.9)	-14%	(1.2)	56%	(0.8)	-35%	(1.3)	76%	(1.0)	10%	(3.1)	7%	(1.3)	9%
EBIT*	2.2	126%	2.9	2%	4.0	268%	9.0	87%	4.8	1%	4.4	107%	5.9	108%	5.8	44%	16.2	79%	5.0	4%
EBIT margin	5.7%		6.7%		9.1%		7.3%		8.6%		9.2%		10.2%		11.8%		10.4%		8.6%	
Forex	0.0		0.5		3.3		3.8		(0.8)		1.3		0.1		(0.5)		0.9		(0.2)	
Associates	0.0		0.0		0.0		0.0		0.0		0.1		0.0		0.0		0.1		0.0	
Oth. Non Op. Items	0.1		(0.1)		0.0		0.0		0.0		0.0		0.0		0.0		0.0		0.0	
Net Fin. Inc./(costs)	(0.1)		0.0		0.1		(0.0)		1.6		0.5		(0.7)		0.2		0.0		0.2	
Extraordinary items	6.0		(0.0)		(0.0)		5.9		0.0		0.0		0.0		0.0		0.0		0.0	
Pre-tax profit	8.1	379%	3.3	92%	7.4	183%	18.7	212%	5.6	20%	6.3	-22%	5.4	65%	5.5	-26%	17.2	-8%	5.0	-11%
Net Debt/(Cash)	(43.1)		(43.0)		(42.7)		(42.7)		(47.1)		(34.6)		(24.8)		(23.1)		(23.1)		(28.1)	

Source: Company Data; Banca Aletti & C. forecasts; \*2014 EBIT numbers are adjusted for Eur 4.5m cap. gain on Cynosure shares disposal and Eur 1.5m write back on expected litigation costs

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**ELEN: 2016e Sales Growth Drivers (Eurm)**

Sales b/d	2015e T/€	% Growth	Inc. Sales Eurm	2016e T/o
Est. Monalisa sales	20	20%	4	24
Est. Italian Ind. Sales	20	20%	4	24
Est. China Ind. Sales	37	-7%	-3	34
Est. RoW Ind. Sales	5	0%	0	5
Other Med./Aesth. Sa	133	6%	7	140
<b>TOTAL SALES</b>	<b>214</b>	<b>6%</b>	<b>13</b>	<b>227</b>

Source: Banca Aletti &amp; C. forecasts

**ELEN: Yearly Sales assumptions (Eurm)**

DIVISION	2013	2014a	% Ch.	2015e	% Ch.	2016e	% Ch.	2017e	% Ch.
Industrial Systems	42.3	50.7	19.7%	61.4	21.2%	63.7	3.7%	66.9	5.0%
% total	27%	28%		29%	2%	28%		28%	
Estetic	69.0	74.3	7.7%	73.9	-0.5%	76.1	3.0%	78.4	3.0%
CO2, Surgical	11.8	17.5	49.2%	33.3	90.0%	39.7	19.2%	43.6	9.8%
Physiotherapy	6.8	7.6	10.4%	7.2	-5.0%	7.2	0.0%	7.2	0.0%
Dental	1.1	0.5	-53.0%	0.5	0.0%	0.5	0.0%	0.5	0.0%
Medical Laser	88.8	99.9	12.6%	114.9	15.0%	123.6	7.5%	129.7	5.0%
% total	56%	56%		54%	-3%	54%		54%	
Services	26.3	29.4	11.8%	37.6	28.0%	39.5	5.0%	41.4	5.0%
% total	17%	16%		18%	8%	17%		17%	
<b>Total</b>	<b>157.4</b>	<b>180.0</b>	<b>14.4%</b>	<b>214.0</b>	<b>18.9%</b>	<b>226.8</b>	<b>6.0%</b>	<b>238.1</b>	<b>5.0%</b>

AREA	2013	2014a	% Ch.	2015e	% Ch.	2016e	% Ch.	2017e	% Ch.
Industrial*	13.6	15.6	14.9%	20.0	28.4%	24.0	20.0%	25.2	5.0%
Medical*	17.0	16.8	-1.2%	18.0	7.1%	18.9	5.0%	19.8	5.0%
<b>Italy</b>	<b>30.6</b>	<b>32.4</b>	<b>6.0%</b>	<b>38.0</b>	<b>17.4%</b>	<b>42.9</b>	<b>12.9%</b>	<b>45.1</b>	<b>5.0%</b>
% total	19.4%	18.0%		17.8%		18.9%		18.9%	
<b>RoEU</b>	<b>33.0</b>	<b>36.9</b>	<b>11.7%</b>	<b>36.9</b>	<b>0.0%</b>	<b>36.9</b>	<b>0.0%</b>	<b>38.7</b>	<b>5.0%</b>
% total	21.0%	20.5%		17.2%		16.3%		16.3%	
<b>RoW</b>	<b>93.8</b>	<b>110.7</b>	<b>18.0%</b>	<b>139.0</b>	<b>25.6%</b>	<b>146.9</b>	<b>5.7%</b>	<b>154.3</b>	<b>5.0%</b>
% total	59.6%	61.5%		65.0%		64.8%		64.8%	
ow North America'	21.5	21.5	0.0%	38.2	77.6%	43.5	14.0%	45.7	5.0%
% total	13.7%	11.9%		17.8%		19.2%		19.2%	
ow China*	22.0	32.0	45.5%	36.8	15.1%	34.3	-6.8%	36.0	5.0%
% total	14.0%	17.8%		17.2%		15.1%		15.1%	
ow Japan*	23.0	26.5	15.2%	27.2	2.5%	28.5	5.0%	30.0	5.0%
% total	14.6%	14.7%		12.7%		12.6%		12.6%	
ow Far East*	27.3	30.7	12.5%	36.9	20.0%	40.5	10.0%	42.6	5.0%
<b>Total</b>	<b>157.4</b>	<b>180.0</b>	<b>14.4%</b>	<b>214.0</b>	<b>18.9%</b>	<b>226.8</b>	<b>6.0%</b>	<b>238.1</b>	<b>5.0%</b>
% total	100%	100%		100%		100%		100%	

Source: Company Data, Banca Aletti &amp; C. forecasts; \*Aletti estimates

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## ELEN: P&L Yearly (EurM)

	2013A	% Ch.	2014A	% Ch.	2015E	% Ch.	2016E	% Ch.	2017E	% Ch.
<b>Sales</b>	<b>157.4</b>	<b>4.1%</b>	<b>180.0</b>	<b>14%</b>	<b>214.0</b>	<b>19%</b>	<b>226.8</b>	<b>6%</b>	<b>238.1</b>	<b>5.0%</b>
Other revenues	3.6	50.5%	5.5	54%	4.4	-20%	4.7	6%	4.9	5.0%
V oP	161.0	6.0%	185.5	15%	218.4	18%	231.4	6%	243.0	5.0%
<b>Gross margin</b>	<b>74.5</b>	<b>3.5%</b>	<b>81.8</b>	<b>10%</b>	<b>96.3</b>	<b>18%</b>	<b>103.9</b>	<b>8%</b>	<b>109.6</b>	<b>5.6%</b>
% sales	47.4%		45.5%		45.0%		45.8%		46.1%	
Other op. costs	(25.7)	-1%	(25.7)	0%	(28.6)	12%	(30.3)	6%	(31.8)	5.0%
COGS	(112.1)	6.1%	(129.3)	15%	(150.7)	17%	(157.9)	5%	(165.2)	4.6%
<b>Added value</b>	<b>48.9</b>	<b>5.8%</b>	<b>56.2</b>	<b>15%</b>	<b>67.7</b>	<b>20%</b>	<b>73.5</b>	<b>9%</b>	<b>77.8</b>	<b>5.8%</b>
% sales	31.1%		31.2%		31.6%		32.4%		32.7%	
Labour costs	(35.2)	4.4%	(38.2)	9%	(42.1)	10%	(44.1)	5%	(45.4)	3.0%
<b>EBITDA</b>	<b>13.7</b>	<b>9.6%</b>	<b>18.0</b>	<b>31%</b>	<b>25.6</b>	<b>43%</b>	<b>29.5</b>	<b>15%</b>	<b>32.4</b>	<b>10.0%</b>
EBITDA Margin	8.7%		10.0%		12.0%		13.0%		13.6%	
D&A	(4.2)	-17.6%	(4.1)	0%	(4.5)	8%	(4.8)	7%	(4.8)	
<b>EBIT*</b>	<b>9.6</b>	<b>28.0%</b>	<b>13.8</b>	<b>44%</b>	<b>21.2</b>	<b>53%</b>	<b>24.7</b>	<b>17%</b>	<b>27.7</b>	<b>11.9%</b>
EBIT margin	6.1%		7.7%		9.9%		10.9%		11.6%	
Forex	0.0		3.0		0.7		0.0		0.0	
Associates	(0.5)		0.0		0.1		0.0		0.0	
Oth. Non Op. Item	0.2		0.0		0.0		0.0		0.0	
Net Fin. Inc./(cost)	(1.2)	-13.4%	1.6		0.2		0.2		0.2	
Extra ordinary item	2.5		5.9		0.0		0.0		0.0	
<b>Pre-tax profit</b>	<b>10.7</b>	<b>-60.7%</b>	<b>24.4</b>	<b>128%</b>	<b>22.2</b>	<b>-9%</b>	<b>24.9</b>	<b>12%</b>	<b>27.9</b>	<b>11.9%</b>
Taxes	(4.28)	44.8%	(6.4)	50%	(6.9)	7%	(7.7)	12%	(7.8)	1.0%
Tax rate	40.0%		26.3%		31.0%		31.0%		28.0%	
Minorities	(0.3)	-66.4%	(1.5)	337%	(1.8)	24%	(1.8)		(1.8)	
<b>Net profit</b>	<b>6.1</b>	<b>-73.9%</b>	<b>16.5</b>	<b>172%</b>	<b>13.5</b>	<b>-18%</b>	<b>15.4</b>	<b>14%</b>	<b>18.2</b>	<b>18.7%</b>
Net margin	3.9%		9.2%		6.3%		6.8%		7.7%	
<b>Net Debt/(Cash)</b>	<b>(21.8)</b>		<b>(47.1)</b>		<b>(28.1)</b>		<b>(34.1)</b>		<b>(44.3)</b>	

Source: Company Data; Banca Aletti & C. forecasts; \*2014 EBIT numbers are adjusted for Eur 4.5m cap. gain on Cynosure shares disposal and Eur 1.5m write back on expected litigation costs

## ELEN Stub Value (EURm)

	16e	16e	16e	16e	16e	EV/	EV/	EV/	Implied	Mkt	
	16e	Recur.	EBITD	16e	Net	EV/	EV/	EV/	PE net	Cap.	Comments
Group	Sales	EBITD	A	EBIT	Pr.	Sales	A	EBIT	of cash		
Group	227	29.5	13.0%	24.7	15.4	0.8x	6.4x	7.6x	7.6x	188	
Net Cash/(Debt)										-28	2015e
Peripheral as sets										-43	1m CYNO sh. + off bs cash
Group's equity value										117	

Source: Company Data, Banca Aletti & C. forecasts;

## ELEN SOP (EURm)

	16e	16e	16e	16e	16e	Implie	Implie	Target	Cap		
	16e	Recur.	EBITD	16e	Net	d EV/	d EV/	PE Exc.	Targe	Comments	
Group	T/o	EBITD	A	EBIT	Pr.	Sales	A	Cash	t		
Group	227	29.5	13.0%	24.7	15.4	0.9x	7.0x	8.3x	12.0x	184	
Net Cash/(Debt)										28	2015e
Peripheral as sets										43	1m CYNO sh. + off bs cash
<b>Target Mkt Cap Inc. Cash Assets</b>										<b>255</b>	
<b>Ord. Share PT</b>										<b>54</b>	
Price										39.00	
Upside/(Downside)										38%	
Net Cash/(Debt)										-28	2015e
Peripheral Debt										-43	1m CYNO sh. + off bs cash
Group's retirement provisions										4	2015e
Minorities										18	10x PE or 2x BV
<b>Target EV</b>										<b>206</b>	

Source: Company Data, Banca Aletti & C. forecasts;

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## ELEN: Comps Table

	Market Cap	EV/SALES*		EV/EBITDA*		EV/EBIT*		P/E (adj.)	
		2016	2017	2016	2017	2016	2017	2016	2017
SYNERON MEDICAL LTD	230	0.6 x	0.5 x	n.a.	n.a.	n.a.	n.a.	18 x	11 x
ZELTIQ AESTHETICS INC	721	2.4 x	2.0 x	22 x	13 x	42 x	18 x	107 x	39 x
CUTERA INC	126	0.9 x	0.8 x	18 x	20 x	n.a.	n.a.	30 x	20 x
BIOLASE INC	44	0.6 x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CYNOSURE INC-A	757	1.7 x	1.6 x	11 x	9 x	15 x	12 x	28 x	20 x

\* ratio calculated on current EV

Average	na	1.2 x	1.2 x	17 x	14 x	29 x	15 x	46 x	23 x
Median Total	na	0.9 x	1.2 x	18 x	13 x	29 x	15 x	29 x	20 x
<b>Average Exc. Peaks (1)</b>	na	<b>1.1 x</b>	<b>1.2 x</b>	<b>18 x</b>	<b>13 x</b>	<b>n.a.</b>	<b>n.a.</b>	<b>29 x</b>	<b>20 x</b>
Samples' Size	na	5	4	3 x	3 x	2 x	2 x	4 x	4 x
Max	na	2.4 x	2.0 x	22 x	20 x	42 x	18 x	107 x	39 x
Min	na	0.6 x	0.5 x	11 x	9 x	15 x	12 x	18 x	11 x

<b>EI.En. (Aletti Estimates)</b>	<b>Eur 188 m</b>	<b>0.6 x</b>	<b>0.5 x</b>	<b>4.5 x</b>	<b>3.8 x</b>	<b>5.4 x</b>	<b>4.4 x</b>	<b>12.1 x</b>	<b>10.2 x</b>
<b>Premium/(Discount) from (1)</b>		<b>-45%</b>	<b>-56%</b>	<b>-74%</b>	<b>-71%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-58%</b>	<b>-50%</b>

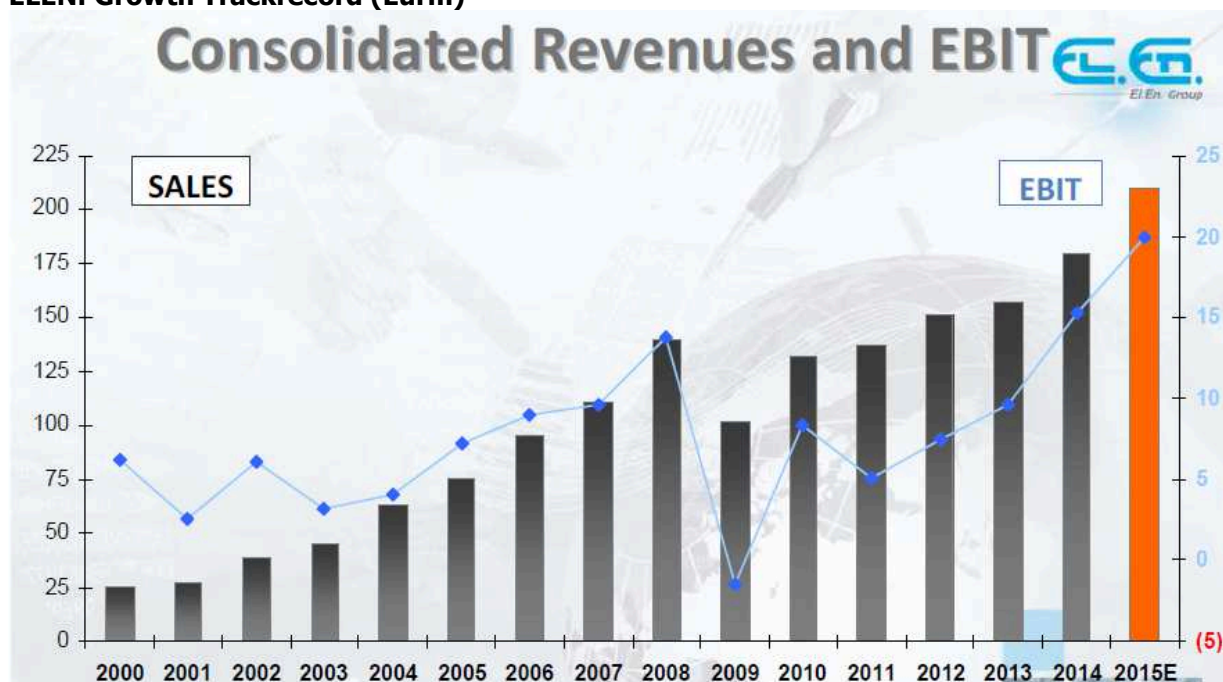
	Market Cap	EV/SALES		EV/EBITDA		EV/EBIT		P/E (adj.)	
		2016	2017	2016	2017	2016	2017	2016	2017
IPG PHOTONICS CORP	3918	3.6 x	3.2 x	8.7 x	7.6 x	9.6 x	8.2 x	16.6 x	15.0 x
ROFIN-SINAR TECHNOLOG	532	0.9 x	0.8 x	6.3 x	5.0 x	8.1 x	6.3 x	13.6 x	12.4 x
PRIMA INDUSTRIE SPA	Eur112m	0.5 x	0.4 x	4.6 x	3.6 x	6.7 x	5.0 x	7.4 x	5.6 x

Average	na	1.7 x	1.5 x	6.6 x	5.4 x	8.2 x	6.5 x	12.5 x	11.0 x
Median Total	na	0.9 x	0.8 x	6.3 x	5.0 x	8.1 x	6.3 x	13.6 x	12.4 x
<b>Average Exc. Peaks (1)</b>	na	<b>0.9 x</b>	<b>0.8 x</b>	<b>6.3 x</b>	<b>5.0 x</b>	<b>8.1 x</b>	<b>6.3 x</b>	<b>13.6 x</b>	<b>12.4 x</b>
Samples' Size	na	3	3	3	3	3	3	3	3
Max	na	3.6 x	3.2 x	8.7 x	7.6 x	9.6 x	8.2 x	16.6 x	15.0 x
Min	na	0.5 x	0.4 x	4.6 x	3.6 x	6.7 x	5.0 x	7.4 x	5.6 x

<b>EI.En. (Aletti Estimates)</b>	<b>Eur 188 m</b>	<b>0.6 x</b>	<b>0.5 x</b>	<b>4.5 x</b>	<b>3.8 x</b>	<b>5.4 x</b>	<b>4.4 x</b>	<b>12.1 x</b>	<b>10.2 x</b>
<b>Premium/(Discount) from (1)</b>		<b>-34%</b>	<b>-33%</b>	<b>-28%</b>	<b>-24%</b>	<b>-34%</b>	<b>-30%</b>	<b>-11%</b>	<b>-18%</b>

Source: Company Data; Banca Aletti & C. forecasts

## ELEN: Growth Trackrecord (Eurm)



Source: El.En presentation

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**ELEN: DCF stable EBIT margin scenario (Eurm)**

<b>CASH FLOW CALCULATION</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
EBIT	24.7	25.9	27.2	28.6	30.0
% Chg.	17%	5.0%	5.0%	5.0%	5.0%
EBIT Margin	10.9%	10.9%	10.9%	10.9%	10.9%
Taxes	-7.7	-7.3	-7.6	-8.0	-8.4
<i>Tax rate</i>	<i>31.0%</i>	<i>28.0%</i>	<i>28.0%</i>	<i>28.0%</i>	<i>28.0%</i>
<b>NOPLAT</b>	<b>17.1</b>	<b>18.7</b>	<b>19.6</b>	<b>20.6</b>	<b>21.6</b>
Depreciation & other provisions	4.8	4.8	4.8	4.8	4.8
<b>Operating Cash Flow</b>	<b>21.8</b>	<b>23.4</b>	<b>24.4</b>	<b>25.4</b>	<b>26.4</b>
Capex/Acquisitions	-4.8	-4.8	-4.8	-4.8	-4.8
Change in Net Working Capital	-3.9	-3.4	-3.6	-3.8	-4.0
<b>Free Oper. CF (FOCF)</b>	<b>13.2</b>	<b>15.2</b>	<b>16.0</b>	<b>16.8</b>	<b>17.6</b>
<b>DCF EVALUATION</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
WACC	8.48%	8.48%	8.48%	8.48%	8.48%
Discount factor	1.00	0.92	0.85	0.78	0.72
Disc. Free Operating Cash Flow	13.2	14.1	13.6	13.2	12.7
<b>Cumulated DFOCF</b>	<b>13.2</b>	<b>27.2</b>	<b>40.8</b>	<b>54.0</b>	<b>66.7</b>

<b>DCF Analysis (EURm)</b>	
Perpetual Growth Rate	2.00%
WACC	8.5%
Terminal Value	275.3
Discounting Rate of Terminal V	0.72
<b>Discounted Terminal Value</b>	<b>198.8</b>
<b>Cumulated DFOCF</b>	<b>66.7</b>
Financial assets	43.1
<b>Enterprise Value</b>	<b>308.6</b>
Net Debt	28.1
Minorities mkt. value	(18.4)
Retirement provisions	(3.7)
<b>Equity Value</b>	<b>314.7</b>
<b>Value per share (€)</b>	<b>65.21</b>
Price as of 17/02/16 (€)	39.00
<i>Upside (downside)</i>	<i>67.2%</i>

Source: Banca Aletti & C. forecasts

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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* (56% 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.

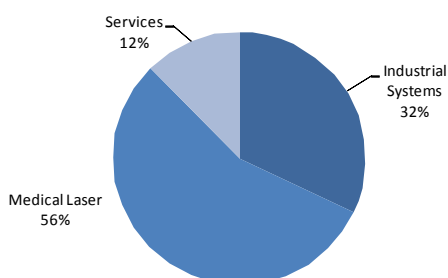
The *Industrial laser system* (32% of FY 2014 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

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

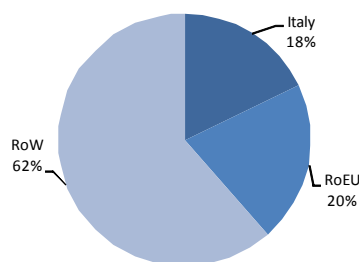
In FY 2014 the Group realized a total turnover of Eur 180m of which 18% generated in Italy, 20% in Europe (ex-Italy) and 62% in RoW. The Group today has about 951 employees and operates through 5 multi-disciplinary and multi-facility research centres located in Italy and Germany and 7 production facilities 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 2014



Sales breakdown by Area 2014



Source: Company data

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## EL.EN.: Aletti Summary

EV CALCULATIONS (EUR m)	2008A	2009A	2010A	2011A	2012A	2013A	2014A	2015E	2016E	2017E	CAGR 14/17e
Price of ordinary share	22.77	11.68	11.94	11.97	12.76	15.90	21.89	39.00	39.00	39.00	
Total ord. shares outst. (000)	4,825	4,825	4,825	4,825	4,825	4,825	4,825	4,825	4,825	4,825	
<b>Market Cap (adj.)</b>	<b>109.9</b>	<b>56.3</b>	<b>57.6</b>	<b>57.7</b>	<b>61.6</b>	<b>76.7</b>	<b>105.6</b>	<b>188.2</b>	<b>188.2</b>	<b>188.2</b>	
Others	98.3	48.3	50.2	51.8	19.3	12.1	8.0	-21.1	-21.1	-21.1	
EV (adj.)	140.2	35.8	32.9	56.5	63.1	67.0	66.6	139.0	133.0	122.8	
<b>PROFIT &amp; LOSS (EUR m)</b>											
<b>Sales</b>	<b>140.0</b>	<b>101.8</b>	<b>132.6</b>	<b>137.4</b>	<b>151.2</b>	<b>157.4</b>	<b>180.0</b>	<b>214.0</b>	<b>226.8</b>	<b>238.1</b>	<b>10%</b>
<b>EBITDA</b>	<b>18.5</b>	<b>2.3</b>	<b>13.3</b>	<b>10.8</b>	<b>12.5</b>	<b>13.7</b>	<b>18.0</b>	<b>25.6</b>	<b>29.5</b>	<b>32.4</b>	<b>28%</b>
Depreciation & Amortisation	-4.6	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.5	-4.8	-4.8	
<b>EBIT</b>	<b>13.8</b>	<b>-1.5</b>	<b>8.4</b>	<b>5.1</b>	<b>7.5</b>	<b>9.6</b>	<b>13.8</b>	<b>21.2</b>	<b>24.7</b>	<b>27.7</b>	<b>34%</b>
Net Financial Interest	-0.2	0.1	0.1	0.3	-1.4	-1.2	1.6	0.2	0.2	0.2	
Other Financials	0.1	-0.7	-0.8	-0.7	2.2	-0.2	3.0	0.8	0.0	0.0	
Extraordinary Items	0.0	0.0	0.0	0.0	18.9	2.5	5.9	0.0	0.0	0.0	
<b>Earning Before Tax</b>	<b>13.8</b>	<b>-2.0</b>	<b>7.7</b>	<b>4.8</b>	<b>27.2</b>	<b>10.7</b>	<b>24.4</b>	<b>22.2</b>	<b>24.9</b>	<b>27.9</b>	<b>1%</b>
Tax	-5.1	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-6.9	-7.7	-7.8	
<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>31%</i>	<i>28%</i>	
Minorities	-0.5	-0.2	-1.8	-1.4	-1.0	-0.3	-1.5	-1.8	-1.8	-1.8	
<b>Net Profit (reported)</b>	<b>8.1</b>	<b>-3.1</b>	<b>2.2</b>	<b>0.7</b>	<b>23.2</b>	<b>6.1</b>	<b>16.5</b>	<b>13.5</b>	<b>15.4</b>	<b>18.2</b>	<b>-3%</b>
Net Profit (adj.)	8.1	-3.1	2.2	0.7	5.2	4.5	11.4	13.5	15.4	18.2	16%
<b>PER SHARE DATA (EUR)</b>											
EPS	1.681	-0.638	0.456	0.151	4.809	1.256	3.415	2.792	3.182	3.778	-3%
<b>EPS (adj.)</b>	<b>1.707</b>	<b>-0.647</b>	<b>0.463</b>	<b>0.154</b>	<b>1.104</b>	<b>0.957</b>	<b>2.398</b>	<b>2.835</b>	<b>3.232</b>	<b>3.837</b>	<b>16%</b>
CFPS	2.638	0.137	1.486	1.338	5.854	2.118	4.273	3.716	4.169	4.764	-1%
BVPS	20.039	18.692	19.511	19.628	23.276	26.583	29.628	31.420	33.503	36.071	6%
<b>DPS</b>	<b>0.300</b>	<b>0.000</b>	<b>0.200</b>	<b>0.000</b>	<b>0.500</b>	<b>0.500</b>	<b>1.000</b>	<b>1.100</b>	<b>1.210</b>	<b>1.331</b>	<b>10%</b>
<b>KEY MARKET RATIOS</b>											
EV/Sales	1.00	0.35	0.25	0.41	0.42	0.43	0.37	0.65	0.59	0.52	
<b>EV/EBITDA</b>	<b>7.6</b>	<b>15.7</b>	<b>2.5</b>	<b>5.2</b>	<b>5.0</b>	<b>4.9</b>	<b>3.7</b>	<b>5.4</b>	<b>4.5</b>	<b>3.8</b>	
EV/EBIT	10.1	-24.6	3.9	11.1	8.4	7.0	4.8	6.6	5.4	4.4	
<b>P/E (adj)</b>	<b>13.3</b>	<b>-18.0</b>	<b>25.8</b>	<b>77.9</b>	<b>11.6</b>	<b>16.6</b>	<b>9.1</b>	<b>13.8</b>	<b>12.1</b>	<b>10.2</b>	
P/CF	8.6	85.4	8.0	8.9	2.2	7.5	5.1	10.5	9.4	8.2	
P/BV	1.1	0.6	0.6	0.6	0.5	0.6	0.7	1.2	1.2	1.1	
Dividend Yield (Gross)	1.3%	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	2.8%	3.1%	3.4%	
<b>MARGINS AND RATIOS</b>											
Sales growth	nm	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	18.9%	6.0%	5.0%	
EBITDA growth	nm	-88%	485%	-19%	16%	10%	31%	43%	15%	10%	
EBIT growth	nm	-111%	-673%	-39%	47%	28%	44%	53%	17%	12%	
EPS (adj.) growth	nm	-138%	-172%	-67%	nm	-13%	151%	18%	14%	19%	
EBITDA margin	13.2%	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	12.0%	13.0%	13.6%	
EBIT margin	9.9%	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	10.9%	11.6%	
ROCE	7.2%	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	10.4%	11.7%	13.4%	
<b>NFP/EBITDA</b>	<b>-0.8</b>	<b>-3.9</b>	<b>-0.8</b>	<b>-0.1</b>	<b>-1.4</b>	<b>-1.6</b>	<b>-2.6</b>	<b>-1.1</b>	<b>-1.2</b>	<b>-1.4</b>	
Interest Cover	104.8	n.a.	n.a.	n.a.	9.2	11.6	n.a.	n.a.	n.a.	n.a.	
Payout Ratio	18%	0%	44%	0%	10%	40%	29%	39%	38%	35%	
NWC on Sales	na	na	na	na	34.4%	30.8%	27.5%	30.3%	30.3%	30.3%	
OpFCF/Mkt. Cap.	na	na	na	na	67.3%	14.7%	9.5%	-2.1%	6.4%	8.8%	
<b>CASH FLOW (EUR m)</b>											
Net Profit (reported) + Minorities	8.7	-2.9	4.0	2.1	24.2	6.4	18.0	15.3	17.2	20.1	
Non cash items	4.5	4.4	5.7	6.4	2.9	4.4	1.1	3.6	4.8	4.8	
<b>Cash Flow</b>	<b>13.1</b>	<b>1.5</b>	<b>9.7</b>	<b>8.5</b>	<b>27.1</b>	<b>10.8</b>	<b>19.1</b>	<b>18.9</b>	<b>21.9</b>	<b>24.8</b>	
Change in Net Working Capital	na	na	na	na	16.9	3.7	-1.1	-15.3	-3.9	-3.4	
Capex	na	na	na	na	-2.5	-3.2	-8.0	-7.5	-6.0	-4.8	
<b>Oper. Free Cash Flow (OpFCF)</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>41.4</b>	<b>11.3</b>	<b>10.0</b>	<b>-3.9</b>	<b>12.1</b>	<b>16.6</b>	
Disposals/(Acquisitions)	na	na	na	na	na	0.0	16.2	-10.4	0.0	0.0	
Dividends	-5.3	-1.6	-0.2	-1.4	-0.4	-3.9	-2.9	-4.8	-5.3	-5.8	
Others (incl. Capital Increase)	na	na	na	na	na	-3.1	-1.0	-0.7	-0.7	-0.6	
<b>Free Cash Flow</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>4.3</b>	<b>22.2</b>	<b>-19.8</b>	<b>6.1</b>	<b>10.1</b>	
<b>BALANCE SHEET (EUR m)</b>											
Net Tangible Assets	na	na	na	na	21.4	21.9	26.9	30.0	31.2	31.2	
Net Intangible Assets	na	na	na	na	3.4	3.4	3.6	3.6	3.6	3.6	
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	41.6	41.6	41.6	
<b>Total Fixed Assets</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>63.2</b>	<b>73.0</b>	<b>61.8</b>	<b>75.2</b>	<b>76.5</b>	<b>76.5</b>	
Net Working Capital	na	na	na	na	52.1	48.4	49.5	64.9	68.7	72.2	
Total Net Assets	na	na	na	na	115.2	121.4	111.3	140.1	145.2	148.6	
<b>Shareholders Equity</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>112.3</b>	<b>128.3</b>	<b>143.0</b>	<b>151.6</b>	<b>161.6</b>	<b>174.0</b>	
Minorities equity	na	na	na	na	11.7	6.0	7.6	8.7	9.8	11.0	
<b>Net Debt</b>	<b>-15.0</b>	<b>-8.8</b>	<b>-10.0</b>	<b>-1.2</b>	<b>-17.8</b>	<b>-21.8</b>	<b>-47.1</b>	<b>-28.1</b>	<b>-34.1</b>	<b>-44.3</b>	
Provisions	na	na	na	na	3.3	3.1	3.7	3.7	3.7	3.7	
Others liabilities	na	na	na	na	5.7	5.8	4.2	4.2	4.2	4.2	

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

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

DATE	RATING	TP	MKT PRICE
18/02/2016	OUTPERFORM	54.0	39.0

### 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

IN CERTAIN OCCASIONS, THE RELATIVE PERFORMANCE MAY FALL OUTSIDE OF THESE RANGES BECAUSE OF MARKET PRICE MOVEMENTS AND/OR OTHER SHORT TERM VOLATILITY OR TRADING PATTERNS. SUCH INTERIM FROM THE SPECIFIED RANGES MIGHT NOT REQUIRE A CHANGE IN RATING.

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	OUTPERFORM	IN LINE	UNDERPERFORM	Not Rated
% ON ALETTI UNIVERSE	43%	41%	16%	0%
OF WHICH INV. BANKING CLIENTS	100%	0%	0%	0%

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### **ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS TO PREVENT CONFLICTS OF INTEREST**

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- 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, CLARNESS AND IMPARTIALITY OF THE PRODUCED STUDIES AND BE INFLUENCED BY THE SPECIFIC INTERESTS OF THE BANK RELATED TO A PARTICULAR SUBJECT OR FINANCIAL INSTRUMENT;
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- 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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