

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	0.96	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%
2015A	218	26	22	14.4	3.03	1.20	0.6	5.4	6.4	13.1	3.0%
2016E	229	26	22	14.4	3.04	1.32	0.6	5.2	6.3	13.1	3.3%
2017E	240	29	24	16.5	3.41	1.45	0.5	4.4	5.3	11.4	3.7%

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

Pr. Close 21/03/16 (€):	39.65
Tot Mkt Cap. (€ m):	191.3
Tot No. of Shares (m):	4,825
Min-Max pr.(52 wks €):	32.0 - 46.7
Bloomberg/	ELN IM/
Reuters:	ELEN.MI
-3M vol. avg.	5,898
Price Target (€)	54 (unch.)
Fair Value (€)	58(from 54)

Perf.	-3M	-6M	-1Y
Abs.	-2.5%	-4.3%	4.3%
Rel.	3.4%	-4.3%	4.6%

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.

Deep discount still there. Sector M&A support valuation

- 6%/10% 2016e/2017e earnings downgrade to stay on the conservative side.** On the back of the 2015 results and new company guidance, we are revising our 2016e estimates on ELEN reducing out 6% top line growth to 5% and our EBIT growth expectation from 12% to flat growth. Main reason behind the subdued guidance is, in our opinion, a caution attitude on price mix following two strong years. 2016e growth breakdown of 5% is now the result of further growth of Monalisa in USA and in new markets (we expect a 20% growth all in for that product) or app. some Eur 4m of additional sales, and by some 5% for the rest of the group medical/aesthetic sales of app. Eur 128m (some Eur 6m). We still expect a strong growth in industrial laser helped by fiscal incentives in Italy (+20% or some Eur 4m), a 7% decline in China industrial sales and a 6% growth in the residual industrial RoW turnover. Net net we are reducing 2016e/2017e adj. EPS by 6% and 10% respectively and we believe now to be in line with company guidance. Worth mentioning that in 2014/2015e guidance of +5%/+11% were widely exceeded ex-post (+14%/+21%). Generally speaking, we expect the company to be able to expand sales between 5% and 10% yearly always driven by innovations. In particular, 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: 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.
 - 2015 results touch better than expected. Company has about EUR 73m of cash equivalent assets.** Results (see table next page) were in our opinion a touch better than expected. Full year sales were higher than our forecasts driven likely by surgery with +108% (Aletti +90%). The latter explains likely also the higher than expected growth in the Medical division (+20% vs. Aletti +15%) while Industrial was about in line with expectations (+22% vs. Aletti +21%). In the quarter, despite the higher sales, gross margin and EBITDA, were in line with expectations, while EBIT, Pretax and net profit trough a combination of lower D&A, financial charges and tax rate were higher than our forecasts. Net cash was a touch higher than our forecasts. On the latter worth mentioning that the net cash position does not include Eur 10.5m invested in a financial product included in the non-current assets and the app. 5% stake in Cynosure (app. 1m shares) worth app. Eur 33m for total cash assets of about Eur 73m.
 - Shares net of cash trading at 64% discount vs. Cynosure on cash adj. PE despite being the technological supplier. Rofin-Sinar bought at 18x 2016e PE net of cash. OUTPERFORM PT EUR 54 (37% upside).** ELEN shares are trading at 8.2x net of the cash assets mentioned above. We still 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. The shares are trading at 67% discount toward Cynosure which is trading at an app. 2016e PE of 25x 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 expanded sales each year between 2002 and 2015. Moreover, we highlight the recent acquisition offer of Coherent on Rofin-Sinar at 18x 2016e adj. profits net of cash. Rofin-Sinar is major laser source producer mainly in mid to high power segment. As such, we confirm our PT of Eur 54 (37% upside) or an implied 2016e PE targets of 13x (from 12x), supported also by our steady growth DCF.
- 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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ELEN: New/Old forecasts (Eurm)

DIVISION	2014 a	2015 a	% Ch.	2016 e	% Ch.	'16 e old	% Ch.	2017 e	% Ch.	'17 e Old	% Ch.
Industrial Systems	50.7	62.7	23.7%	67.0	6.8%	63.7	1.6%	70.3	5.0%	66.9	5.0%
% total	28%	29%	2%	29%		28%		29%		28%	
E stetic	74.3	73.3	-1.3%	73.3	0.0%	76.1	3.9%	75.5	3.0%	78.4	3.0%
CO 2, Surgical	17.5	36.5	108%	41.0	12.3%	39.7	8.9%	44.9	9.6%	43.6	9.8%
Physiotherapy	7.6	7.6	1.3%	7.6	0.0%	7.2	-6.2%	7.6	0.0%	7.2	0.0%
D ental	0.5	0.6	10.2%	0.6	0.0%	0.5	-9.3%	0.6	0.0%	0.5	0.0%
Medical Laser	99.9	118.0	18.1%	122.5	3.8%	123.6	4.7%	128.6	5.0%	129.7	5.0%
% total	56%	54%	-2%	54%		54%	1%	54%		54%	0%
Services	29.4	37.0	25.9%	39.2	6.0%	39.5	6.8%	41.1	5.0%	41.4	5.0%
% total	16%	17%	4%	17%		17%	2%	17%		17%	0%
Total	180.0	217.7	20.9%	228.7	5.1%	226.8	4.2%	240.1	5.0%	238.1	5.0%

AREA	2014 a	2015 a	% Ch.	2016 e	% Ch.	'16 e old	% Ch.	2017 e	% Ch.	'17 e Old	% Ch.
Industria*	15.6	19.2	23.1%	23.0	20.0%	24.0	25.2%	24.2	5.0%	25.2	5.0%
Medical*	16.8	19.4	15.5%	20.4	5.0%	18.9	-2.6%	21.4	5.0%	19.8	5.0%
Italy	32.4	38.6	19.1%	43.4	12.5%	42.9	11.2%	45.6	5.0%	45.1	5.0%
% total	18.0%	17.7%		19.0%		18.9%		19.0%		18.9%	
RoEU	36.9	39.4	6.9%	40.3	2.1%	36.9	-6.4%	42.3	5.0%	38.7	5.0%
% total	20.5%	18.1%		17.6%		16.3%		17.6%		16.3%	
RoW	110.7	139.6	26.1%	145.0	3.8%	146.9	5.2%	152.2	5.0%	154.3	5.0%
% total	61.5%	64.2%		63.4%		64.8%		63.4%		64.8%	
ow North America*	21.5	37.5	74.4%	42.0	12.0%	43.5	16.1%	44.1	5.0%	45.7	5.0%
% total	11.9%	17.2%		18.4%		19.2%		18.4%		19.2%	
ow China*	32.0	39.8	24.4%	35.7	-10.4%	34.3	-13.8%	38.5	8.0%	36.0	5.0%
% total	17.8%	18.3%		15.6%		15.1%		16.0%		15.1%	
ow Japan*	26.5	25.3	-4.5%	26.6	5.0%	28.5	12.7%	27.9	5.0%	30.0	5.0%
% total	14.7%	11.6%		11.6%		12.6%		11.6%		12.6%	
ow Far East*	30.7	37.0	20.6%	40.7	10.0%	40.5	9.5%	41.7	2.4%	42.6	5.0%
Total	180.0	217.7	20.9%	228.7	5.1%	226.8	4.2%	240.1	5.0%	238.1	5.0%
% total	100%	100%		100%		100%	0%	100%		100%	0%

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

	2014 A	2015 A	% Ch.	2016 E	% Ch.	'16 e old	% Ch.	2017 E	% Ch.	'17 e Old	% Ch.
Sales	180.0	217.7	29%	228.7	5%	226.8	4%	240.1	5.0%	238.1	5%
Other revenues	5.5	3.9	-64%	4.1	5%	4.1	4%	4.3	5.0%	4.3	5%
VoP	185.5	221.6	21%	232.8	5%	230.8	4%	244.4	5.0%	242.4	5%
TOTAL Raw Mater.	(89.5)	(108.0)	24%	(115.6)	7%	(111.9)	4%	(121.0)	5%	(117.8)	5%
Other direct service	(14.2)	(17.2)	0%	(17.2)	0%	(17.2)	0%	(17.2)	0%	(17.2)	0%
Gross margin	81.8	96.3	21%	100.0	4%	101.7	6%	106.2	6.2%	107.4	6%
% sales	45.5%	44.3%		43.7%		44.9%		44.2%		45.1%	
Other op. costs	(25.7)	(28.5)	21%	(30.2)	6%	(29.1)	2%	(31.7)	5.0%	(30.5)	5%
COGS	(129.3)	(153.8)	21%	(163.0)	6%	(158.2)	3%	(170.0)	4.3%	(165.5)	5%
Added value	56.2	67.8	22%	69.8	3%	72.6	7%	74.4	6.7%	76.8	6%
% sales	31.2%	31.2%		30.5%		32.0%		31.0%		32.3%	
Labour costs	(38.2)	(42.1)	10%	(43.7)	4%	(43.5)	3%	(45.5)	4.0%	(44.8)	3%
EBITDA	18.0	25.7	53%	26.0	1%	29.2	14%	29.0	11.3%	32.1	10%
EBITDA Margin	10.0%	11.8%		11.4%		12.9%		12.1%		13.5%	
Depreciation	(4.1)	(4.2)	-35%	(4.5)	7%	(4.5)	7%	(4.6)	4%	(4.5)	0%
Amortisation	0.0	0.0	0.0%	0.0	0.0%	0.0	0.0%	0.0	0%	0.0	0%
D&A	(4.1)	(4.2)	-35%	(4.5)	7%	(4.5)	7%	(4.6)	4.0%	(4.5)	0%
EBIT*	13.8	21.5	107%	21.6	0%	24.7	15%	24.3	12.8%	27.6	12%
EBIT margin	7.7%	9.9%		9.4%		10.9%		10.1%		11.6%	
Forex	3.0	1.6	0%	1.4	0%	0.0		0.5	0%	0.0	
Associates	0.0	0.3	0%	0.3	0%	0.0		0.3	0%	0.0	
Oth. Non Op. Items	0.0	0.0	0%	0.0	0%	0.0		0.0	0%	0.0	
Net Fin. Inc./(costs)	1.6	(0.3)	0%	(0.3)	0%	0.0		(0.3)	0.0%	0.0	
Extraordinary items	5.9	0.0	0%	0.0	0%	0.0		0.0	0.0%	0.0	
Pre-tax profit	24.4	23.1	-22%	23.0	-1%	24.7	7%	24.9	8.1%	27.6	12%
Taxes	(6.4)	(7.1)	0%	(6.9)	-2%	(7.7)	8%	(6.7)	-2.7%	(7.7)	1%
Tax Rate	26.3%	30.6%		30.0%		31.0%		27.0%		28.0%	
Minorities	(1.5)	(1.7)	0%	(1.7)	0%	(1.7)	0%	(1.7)	0.0%	(1.7)	0%
Net Profit	16.5	14.4	0%	14.4	0%	15.4	7%	16.5	14.2%	18.2	19%
	2.40	3.03		3.04		3.23		3.47		3.83	
Net Debt/(Cash)	(47.1)	(29.8)		(32.6)		(34.1)		(39.6)		(44.3)	

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

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ELEN: Q4'15 Results (Eurm)

DIVISION	Q 4 '15 a	% Ch.	Q 4 '15 e	% Ch.	2014 a	2015 a	% Ch.	2015 e	% Ch.
Industrial System	18.1	14 %	16.9	6 %	50.7	62.7	23.7 %	61.4	21.2 %
% total	2.9 %		2.9 %		2.8 %	2.9 %	2 %	2.9 %	2 %
E s t e t i c	21.4	-6 %	22.0	-3 %	74.3	73.3	-1.3 %	73.9	-0.5 %
C O 2 , S u r g i c a l	11.0	86 %	7.8	33 %	17.5	36.5	###	33.3	90.0 %
P h y s i o t h e r a p y	2.7	17 %	2.3	-3 %	7.6	7.6	1.3 %	7.2	-5.0 %
D e n t a l	0.1	nm	0.0	nm	0.5	0.6	10.2 %	0.5	0.0 %
Medical Laser	35.2	14 %	32.1	4 %	99.9	118.0	18.1 %	114.9	15.0 %
% total	5.7 %		5.5 %		5.6 %	5.4 %	-2 %	5.4 %	-3 %
Services	8.4	-2 %	9.0	6 %	29.4	37.0	25.9 %	37.6	28.0 %
% total	1.4 %		1.6 %		1.6 %	1.7 %	4 %	1.8 %	8 %
Total	61.7	11.3 %	58.0	4.6 %	180.0	217.7	20.9 %	214.0	18.9 %

AREA	Q 4 '15 a	% Ch.	Q 4 '15 e	% Ch.	2014 a	2015 a	% Ch.	2015 e	% Ch.
I n d u s t r i a l *	6.1	21 %	6.9	37 %	15.6	19.2	23.1 %	20.0	4.3 %
M e d i c a l *	6.4	26 %	5.0	-2 %	16.8	19.4	15.5 %	18.0	-7.2 %
I t a l y	12.5	23 %	11.9	18 %	32.4	38.6	19.1 %	38.0	-1.5 %
% total	20.2 %		20.5 %		18.0 %	17.7 %		17.8 %	
R o E U	4.1	-6.5 %	10.0	-14 %	36.9	31.0	-16.0 %	36.9	19.0 %
% total	6.7 %		17.3 %		20.5 %	14.2 %		17.2 %	
R o W	45.1	34 %	36.0	7 %	110.7	148.1	33.7 %	139.0	-6.1 %
% total	73.1 %		62.2 %		61.5 %	68.0 %		65.0 %	
o w N o r t h A m e r i c	10.6	12 %	11.3	19 %	21.5	37.5	74.4 %	38.2	1.8 %
% total	17.2 %		19.5 %		11.9 %	17.2 %		17.8 %	
o w C h i n a *	11.5	28 %	8.5	-5 %	32.0	39.8	24.4 %	36.8	-7.5 %
% total	18.6 %		14.7 %		17.8 %	18.3 %		17.2 %	
o w J a p a n *	5.3	-23 %	7.2	4 %	26.5	25.3	-4.5 %	27.2	7.3 %
% total	8.6 %		12.4 %		14.7 %	11.6 %		12.7 %	
o w F a r E a s t *	17.6	115 %	9.0	10 %	30.7	45.5	48.0 %	36.9	###
Total	61.7	11.3 %	58.0	4.6 %	180.0	217.7	20.9 %	214.0	-1.7 %
% total	100 %		100 %		100 %	100 %		100 %	

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

	4 Q 15 a	% Ch.	4 Q 15 e	% Ch.	2014 A	2015 A	% Ch.	2015 E	% Ch.
Sales	61.7	11 %	58.0	5 %	180.0	217.7	2.9 %	214.0	1.9 %
Other revenues	(1.6)	33 %	(1.1)	-7 %	5.5	3.9	-6.4 %	4.4	-20 %
V o P	60.0	11 %	56.8	5 %	185.5	221.6	2.1 %	218.4	1.8 %
T A L R a w M a t e r .	(28.5)	0 %	(28.4)	0 %	(89.5)	(108.0)	24 %	(107.9)	2.1 %
r d i r e c t s e r v i c e s	(5.5)	0 %	(2.4)	0 %	(14.2)	(17.2)	0 %	(14.2)	0 %
G r o s s m a r g i n	26.1	6 %	26.1	6 %	81.8	96.3	2.1 %	96.3	1.8 %
% sales	42.3 %		44.9 %		45.5 %	44.3 %		45.0 %	
Other op. costs	(7.7)	3 %	(7.8)	4 %	(25.7)	(28.5)	2.1 %	(28.6)	12 %
C O G S	(41.7)	12 %	(38.6)	4 %	(129.3)	(153.8)	2.1 %	(150.7)	1.7 %
A d d e d v a l u e	18.4	8 %	18.2	7 %	56.2	67.8	2.2 %	67.7	2.0 %
% sales	29.8 %		31.5 %		31.2 %	31.2 %		31.6 %	
Labour costs	(12.0)	9 %	(11.9)	8 %	(38.2)	(42.1)	10 %	(42.1)	10 %
E B I T D A	6.4	6 %	6.3	5 %	18.0	25.7	53 %	25.6	43 %
EBITDA Margin	10.3 %		10.9 %		10.0 %	11.8 %		12.0 %	
D e p r e c i a t i o n	(1.1)	-15 %	(1.3)	9 %	(4.1)	(4.2)	-35 %	(4.5)	8 %
A m o r t i s a t i o n	0.0	0 %	0.0	0 %	0.0	0.0	0 %	0.0	0 %
D & A	(1.1)	-15 %	(1.3)	9 %	(4.1)	(4.2)	-35 %	(4.5)	8 %
E B I T A	5.3	11 %	5.0	4 %	13.8	21.5	107 %	21.2	53 %
EBIT A Margin	8.6 %		8.6 %		7.7 %	9.9 %		9.9 %	
Goodwill amortiz	0.0	0 %	0.0	0 %	0.0	0.0	0 %	0.0	0 %
E B I T *	5.3	11 %	5.0	4 %	13.8	21.5	107 %	21.2	53 %
EBIT margin	8.6 %		8.6 %		7.7 %	9.9 %		9.9 %	
Forex	(0.2)	0 %	(0.2)	0 %	3.0	0.7	0 %	0.7	0 %
Associates	0.0	0 %	0.0	0 %	0.0	0.3	0 %	0.1	0 %
Oth. Non Op. Iter	0.0	0 %	0.0	0 %	0.0	0.0	0 %	0.0	0 %
F i n a n c i a l i n c o m e	0.6	0 %	0.2	0 %	1.6	0.6	0 %	0.2	0 %
F i n a n c i a l c h a r g e s	0.0	0 %	0.0	0 %	0.0	0.0	0 %	0.0	0 %
Net Fin. Inc./(cos)	0.6	0 %	0.2	0 %	1.6	0.6	0 %	0.2	0 %
Extraordinary item	0.0	0 %	0.0	0 %	5.9	0.0	0 %	0.0	0 %
P r e - t a x p r o f i t	5.9	6 %	5.0	-11 %	24.4	23.1	-2.2 %	22.2	-9 %
Taxes					(6.4)	(7.1)	0 %	(6.9)	7 %
Tax Rate					26.3 %	30.6 %		31.0 %	
Minorities					(1.5)	(1.7)	0 %	(1.8)	24 %
N e t P r o f i t					16.5	14.4	0 %	13.5	-18 %
N e t D e b t / (C a s h)	(29.8)		(28.1)		(47.1)	(29.8)		(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)

	2015a Sales	% inc.	Abs. Inc.	2016e sales
Est Monalisa Sales	20.0	20%	4.0	24.0
Est. RoW. Med./A esth. Laser S	127.7	5%	6.3	134.0
Est. Italian Ind. Sales	19.2	20%	3.8	23.0
Est. China Ind. Sales	39.8	-7%	-2.8	37.0
Est. Ind. RoW. Ind. Sales	11.0	6%	0.7	11.6
TOT. SALES	217.7	5.5%	11.9	229.6

Source: Company Data, Banca Aletti & C. forecasts

ELEN Stub Value (EURm)

	16e Sales	16e Recur. EBITDA	16e EBITDA margin	16e EBIT	16e Net Pr.	EV/ Sales	EV/ EBITDA	EV/ EBIT	Implied PE net of cash assets	Mkt Cap.	Comments
Group	229	26.0	11.4%	21.6	14.4	0.8x	7.4x	8.9x	8.2x	191	
Net Cash/(Debt)										-30	2015e
Peripheral assets										-43	1m CYNO sh. + off bs cash
Group's equity value										118	

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

ELEN SOP (EURm)

	16e T/o	16e Recur. EBITDA	16e EBITDA margin	16e EBIT	16e Net Pr.	Implied EV/ Sales	Implied EV/ EBITDA	Implied EV/ EBIT	Target PE Exc. Cash	Cap Target	Comments
Group	229	26.0	11.4%	21.6	14.4	0.9x	7.9x	9.5x	13x	185	
Net Cash/(Debt)										30	2015e
Peripheral assets										43	1m CYNO sh. + off bs cash
Target Mkt Cap Inc. Cash Assets										258	
Ord. Share PT										54	
Price										39.65	
Upside/(Downside)										37%	
Net Cash/(Debt)										-30	2015e
Peripheral Debt										-43	1m CYNO sh. + off bs cash
Group's retirement provisions										3	2015e
Minorities										17	10x PE or 2x BV
Target EV										205	

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	241	0.6 x	0.6 x	n.a.	n.a.	n.a.	n.a.	25 x	15 x
ZELTIQ AESTHETICS INC	869	2.9 x	2.5 x	31 x	15 x	7.6 x	3.3 x	254 x	46 x
CUTERA INC	131	0.9 x	0.8 x	19 x	22 x	n.a.	n.a.	28 x	19 x
BIOLASE INC	83	1.5 x	1.4 x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CYNOSURE INC-A	833	2.0 x	1.8 x	13 x	10 x	1.7 x	1.4 x	31 x	23 x

* ratio calculated on current EV

Average	na	1.6 x	1.4 x	21 x	16 x	4.7 x	2.3 x	84 x	26 x
Median Total	na	1.5 x	1.4 x	19 x	15 x	4.7 x	2.3 x	29 x	21 x
Average Exc. Peaks (1)	na	1.5 x	1.4 x	19 x	15 x	n.a.	n.a.	29 x	21 x
Samples' Size	na	5	5	3 x	3 x	2 x	2 x	4 x	4 x
Max	na	2.9 x	2.5 x	31 x	22 x	7.6 x	3.3 x	254 x	46 x
Min	na	0.6 x	0.6 x	13 x	10 x	1.7 x	1.4 x	25 x	15 x

EI.En. (Aletti Estimates)	Eur 191m	0.6 x	0.5 x	5.2 x	4.4 x	6.3 x	5.3 x	13.1 x	11.4 x
Premium/(Discount) from (1)		-6.0%	-6.0%	-7.2%	-7.1%	n.a.	n.a.	-5.5%	-4.5%

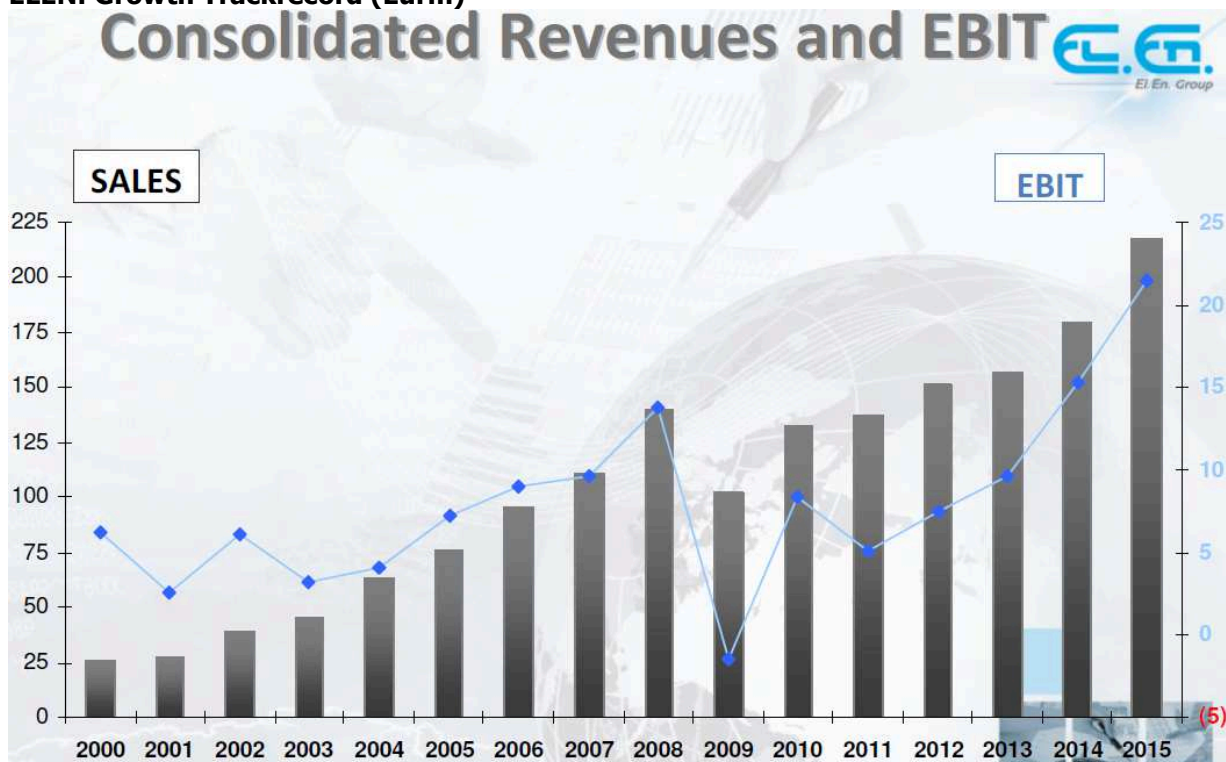
	Market Cap	EV/SALES		EV/EBITDA		EV/EBIT		P/E (adj.)	
		2016	2017	2016	2017	2016	2017	2016	2017
IPG PHOTONICS CORP	44 47	4.3 x	3.8 x	10.3 x	9.0 x	11.4 x	9.7 x	19.4 x	17.2 x
ROFIN-SINAR TECHNOLOG	893	1.5 x	1.3 x	10.3 x	8.4 x	13.3 x	10.7 x	21.2 x	18.7 x
PRIMA INDUSTRIE SPA	Eur 1 25m	0.6 x	0.5 x	6.3 x	4.9 x	10.8 x	7.4 x	14.6 x	9.2 x

Average	na	2.1 x	1.9 x	9.0 x	7.4 x	11.8 x	9.3 x	18.4 x	15.1 x
Median Total	na	1.5 x	1.3 x	10.3 x	8.4 x	11.4 x	9.7 x	19.4 x	17.2 x
Average Exc. Peaks (1)	na	1.5 x	1.3 x	10.3 x	8.4 x	11.4 x	9.7 x	19.4 x	17.2 x
Samples' Size	na	3	3	3	3	3	3	3	3
Max	na	4.3 x	3.8 x	10.3 x	9.0 x	13.3 x	10.7 x	21.2 x	18.7 x
Min	na	0.6 x	0.5 x	6.3 x	4.9 x	10.8 x	7.4 x	14.6 x	9.2 x

EI.En. (Aletti Estimates)	Eur 191m	0.6 x	0.5 x	5.2 x	4.4 x	6.3 x	5.3 x	13.1 x	11.4 x
Premium/(Discount) from (1)		-5.9%	-5.9%	-4.9%	-4.7%	-4.5%	-4.5%	-3.2%	-3.4%

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

ELEN: Growth Trackrecord (Eurm)



Source: ELEN presentation

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ELEN: DCF stable EBIT margin scenario (Eurm)

CASH FLOW CALCULATION	2016	2017	2018	2019	2020
EBIT	21.6	22.6	23.8	24.9	26.2
% Chg.	0%	5.0%	5.0%	5.0%	5.0%
EBIT Margin	9.4%	9.4%	9.4%	9.4%	9.4%
Taxes	-6.5	-6.1	-6.4	-6.7	-7.1
<i>Tax rate</i>	<i>30.0%</i>	<i>27.0%</i>	<i>27.0%</i>	<i>27.0%</i>	<i>27.0%</i>
NOPLAT	15.1	16.5	17.3	18.2	19.1
Depreciation & other provisions	4.5	4.6	4.8	5.0	5.2
Operating Cash Flow	19.6	21.2	22.2	23.2	24.3
Capex/Acquisitions	-8.0	-6.0	-4.8	-5.0	-5.2
Change in Net Working Capital	-3.3	-2.7	-3.3	-3.5	-3.6
Free Oper. CF (FOCF)	8.3	12.5	14.1	14.8	15.5

DCF EVALUATION	2016	2017	2018	2019	2020
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	8.3	11.5	11.9	11.6	11.2
Cumulated DFOCF	8.3	19.8	31.8	43.3	54.5

DCF Analysis (EURm)	
Perpetual Growth Rate	2.00%
WACC	8.5%
Terminal Value	241.7
Discounting Rate of Terminal V	0.72
Discounted Terminal Value	175
Cumulated DFOCF	55
Financial assets	43
Enterprise Value	272
Net Debt	30
Minorities mkt. value	(17)
Retirement provisions	(3)
Equity Value	282
Value per share (€)	58
Price as of 21/03/16 (€)	39.65
<i>Upside (downside)</i>	<i>47%</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* (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.

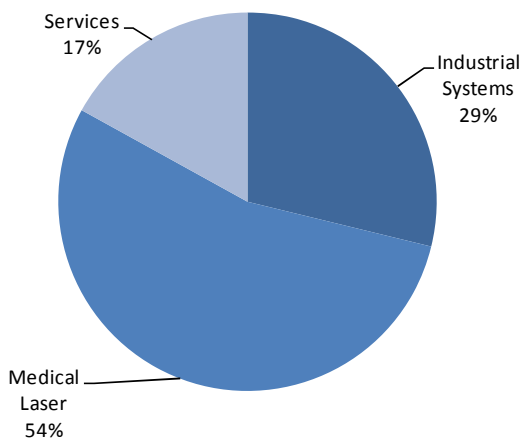
The *Industrial laser system* (29% of FY 2014 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

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

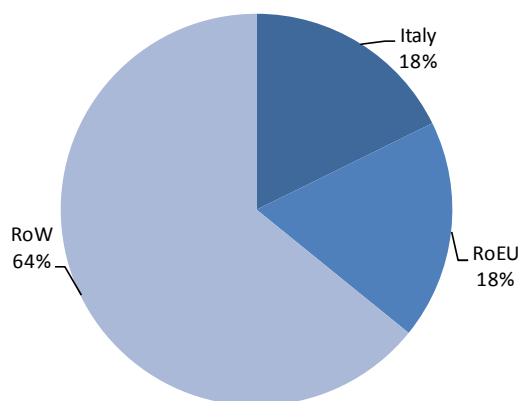
In FY 2015 the Group realized a total turnover of Eur 218m of which 18% generated in Italy, 18% in Europe (ex-Italy) and 64% in RoW. The Group has 965 employees and operates through 5 multi-disciplinary and multi-facility research centres located in Italy and Germany and 7 production facilities located 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

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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	22.77	11.68	11.94	11.97	12.76	15.90	21.89	39.65	39.65	39.65	
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	
Market Cap (adj.)	109.9	56.3	57.6	57.7	61.6	76.7	105.6	191.3	191.3	191.3	
Others	98.3	48.3	50.2	51.8	19.3	12.1	8.0	-23.0	-23.0	-23.0	
EV (adj.)	140.2	35.8	32.9	56.5	63.1	67.0	66.6	138.5	135.8	128.7	
PROFIT & LOSS (EUR m)											
Sales	140.0	101.8	132.6	137.4	151.2	157.4	180.0	217.7	228.7	240.1	10%
EBITDA	18.5	2.3	13.3	10.8	12.5	13.7	18.0	25.7	26.0	29.0	20%
Depreciation & Amortisation	-4.6	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.2	-4.5	-4.6	
EBIT	13.8	-1.5	8.4	5.1	7.5	9.6	13.8	21.5	21.6	24.3	25%
Net Financial Interest	-0.2	0.1	0.1	0.3	-1.4	-1.2	1.6	-0.3	-0.3	-0.3	
Other Financials	0.1	-0.7	-0.8	-0.7	2.2	-0.2	3.0	1.9	1.7	0.8	
Extraordinary Items	0.0	0.0	0.0	0.0	18.9	2.5	5.9	0.0	0.0	0.0	
Earning Before Tax	13.8	-2.0	7.7	4.8	27.2	10.7	24.4	23.1	23.0	24.9	-3%
Tax	-5.1	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-7.1	-6.9	-6.7	
<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>30%</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	14.4	16.5	-6%
Net Profit (adj.)	8.1	-3.1	2.2	0.7	5.2	4.5	11.4	14.4	14.4	16.5	12%
PER SHARE DATA (EUR)											
EPS	1.681	-0.638	0.456	0.151	4.809	1.256	3.415	2.980	2.989	3.414	-6%
EPS (adj.)	1.707	-0.647	0.463	0.154	1.104	0.957	2.398	3.026	3.035	3.467	12%
CFPS	2.638	0.137	1.486	1.338	5.854	2.118	4.273	3.843	3.915	4.376	-4%
BVPS	20.039	18.692	19.511	19.628	23.276	26.583	29.628	35.428	37.217	39.310	12%
DPS	0.300	0.000	0.200	0.000	0.500	0.500	1.000	1.200	1.320	1.452	15%
KEY MARKET RATIOS											
EV/Sales	1.00	0.35	0.25	0.41	0.42	0.43	0.37	0.64	0.59	0.54	
EV/EBITDA	7.6	15.7	2.5	5.2	5.0	4.9	3.7	5.4	5.2	4.4	
EV/EBIT	10.1	-24.6	3.9	11.1	8.4	7.0	4.8	6.4	6.3	5.3	
P/E (adj)	13.3	-18.0	25.8	77.9	11.6	16.6	9.1	13.1	13.1	11.4	
P/CF	8.6	85.4	8.0	8.9	2.2	7.5	5.1	10.3	10.1	9.1	
P/BV	1.1	0.6	0.6	0.6	0.5	0.6	0.7	1.1	1.1	1.0	
Dividend Yield (Gross)	1.3%	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	3.0%	3.3%	3.7%	
MARGINS AND RATIOS											
Sales growth	nm	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	20.9%	5.1%	5.0%	
EBITDA growth	nm	-88%	485%	-19%	16%	10%	31%	43%	1%	11%	
EBIT growth	nm	-111%	-673%	-39%	47%	28%	44%	56%	0%	13%	
EPS (adj.) growth	nm	-138%	-172%	-67%	nm	-13%	151%	26%	0%	14%	
EBITDA margin	13.2%	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	11.8%	11.4%	12.1%	
EBIT margin	9.9%	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	9.4%	10.1%	
ROCE	7.2%	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	9.5%	9.2%	10.5%	
NFP/EBITDA	-0.8	-3.9	-0.8	-0.1	-1.4	-1.6	-2.6	-1.2	-1.3	-1.4	
Interest Cover	104.8	n.a.	n.a.	n.a.	9.2	11.6	n.a.	101.1	102.5	114.0	
Payout Ratio	18%	0%	44%	0%	10%	40%	29%	40%	44%	43%	
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%	4.0%	7.0%	
CASH FLOW (EUR m)											
Net Profit (reported) + Minorities	8.7	-2.9	4.0	2.1	24.2	6.4	18.0	16.1	16.1	18.1	
Non cash items	4.5	4.4	5.7	6.4	2.9	4.4	1.1	2.3	2.8	3.8	
Cash Flow	13.1	1.5	9.7	8.5	27.1	10.8	19.1	18.4	18.9	22.0	
Change in Net Working Capital	na	na	na	na	16.9	3.7	-1.1	-10.3	-3.3	-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	7.6	13.3	
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	-5.8	-6.4	
Others (incl.Capital Increase)	na	na	na	na	na	-3.1	-1.0	-3.9	-0.7	-0.7	
Free Cash Flow	na	na	na	na	na	4.3	22.2	-19.2	1.1	6.3	
BALANCE SHEET (EUR m)											
Net Tangible Assets	na	na	na	na	21.4	21.9	26.9	32.6	36.2	37.5	
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	101.3	102.7	
Net Working Capital	na	na	na	na	52.1	48.4	49.5	59.9	63.1	65.8	
Total Net Assets	na	na	na	na	115.2	121.4	111.3	157.6	164.4	168.4	
Shareholders Equity	na	na	na	na	112.3	128.3	143.0	170.9	179.6	189.7	
Minorities equity	na	na	na	na	11.7	6.0	7.6	8.6	9.5	10.5	
Net Debt	-15.0	-8.8	-10.0	-1.2	-17.8	-21.8	-47.1	-29.8	-32.6	-39.6	
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.

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

DATE	RATING	TP	MKT PRICE
22/03/2016	OUTPERFORM	54.0	39.65
18/02/2016	OUTPERFORM	54.0	39.00

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.

NOT RATED: NO RATING OR TARGET PRICE ASSIGNED ALTHOUGH THE ISSUERS IS OR MAY BE COVERED BY THE EQUITY RESEARCH OFFICE

SUSPENSION OF COVERAGE: SITUATION WHERE THE COVERAGE IS SOSPENDED INDEFINITELY FOR COMMERCIAL REASONS (EXAMPLES OF THIS MIGHT BE LACK OF INTEREST FROM INSTITUTIONAL INVESTORS, LACK OF LIQUIDITY), OR TEMPORARILY TO COMPLY WITH APPLICABLE REGULATIONS AND/OR BANCA ALETTI'S POLICIES IN CERTAIN SITUATION OF CONFLICT OF INTERESTS, INCLUDING WHEN BANCO POPOLARE IS ACTING IN AN ADVISORY CAPACITY OR INVOLVED IN ANY TERM IN STRATEGIC TRANSACTION INVOLVING THE ISSUERS

RATINGS DISTRIBUTION

BANCA ALETTI & C. S.P.A. EQUITY RESEARCH DEPARTMENT'S DISTRIBUTION OF STOCK RATINGS AS AT JANUARY 1st, 2016 IS AS FOLLOWS:

	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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VALUATION METHODOLOGIES

THE BANCA ALETTI EQUITY RESEARCH DEPARTMENT OBTAINS A FAIR VALUE FOR THE COMPANIES UNDER COVERAGE USING A RANGE OF VALUATION METHODS, OF WHICH THE MOST PREVALENT ARE THE DISCOUNTED CASH FLOWS METHOD (DCF) DIVIDEND DISCOUNT MODEL (DDM) AND MULTIPLE-BASED MODELS (E.G. EV/SALES, EV/EBITDA, EV/EBIT, P/E, P/BV.). THE ANALYSTS ARE NEVERTHELESS FREE TO USE ALTERNATIVE OFFICIAL VALUATION METHODOLOGIES, WHERE DEEMED NECESSARY.

THE ASSIGNED TARGET PRICE MAY DIFFER FROM THE FAIR VALUE OBTAINED ABOVE, AS IT ALSO TAKES INTO ACCOUNT OVERALL MARKET/SECTOR CONDITIONS (E.G. RISK PREMIUM), CORPORATE/MARKET EVENTS, AND CORPORATE SPECIFICS (I.E. HOLDING DISCOUNTS, LIQUIDITY) REASONABLY CONSIDERED TO BE POSSIBLE DRIVERS OF THE COMPANY'S SHARE PRICE PERFORMANCE. THESE FACTORS MAY ALSO BE ASSESSED USING THE METHODOLOGIES INDICATED ABOVE.

ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS TO PREVENT CONFLICTS OF INTEREST

THIS RESEARCH HAS BEEN PUBLISHED IN ACCORDANCE WITH OUR CONFLICT MANAGEMENT POLICY. TO ENSURE THE INDEPENDENCE AND THE IMPARTIALITY OF ITS FINANCIAL ANALYSTS' JUDGMENT, EMPLOYED IN THE EQUITY RESEARCH DEPARTMENT (AS FOLLOW DEPARTMENT), INVOLVED WITH THE RESEARCH, ANALYSIS, COMPANIES VALUATION AND/OR FINANCIAL INSTRUMENTS, AND WITH INVESTMENT RECOMMENDATIONS DISTRIBUTED TO PROFESSIONAL INVESTORS, BANCA ALETTI HAS ADOPTED THE FOLLOWING ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS:

- 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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