

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	0.24	0.13	0.4	4.9	7.0	16.8	3.1%
2014A*	180	18	14*	11.4*	0.59	0.25	0.4	3.7	4.8	9.2	4.6%
2015A	218	26	22	14.4	0.75	0.30	0.6	4.8	5.7	12.7	3.2%
2016E**	243	30	26	16.6	0.86	0.33	1.4	11.3	13.1	24.4	1.6%
2017E	260	34	29	20.1	1.04	0.36	1.2	9.6	11.1	20.0	1.7%

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

Pr. Close 14/11/16 (€):	21.00
Tot Mkt Cap. (€ m):	405.3
Tot No. of Shares (m):	19,300
Min-Max pr.(52 wks €):	8.9 - 23.1
Bloomberg/	ELN IM/
Reuters:	ELEN.MI
-3M vol. avg.	62,004
Price Target (€)	23 (from 18)
Fair Value (€)	23 (from 18)

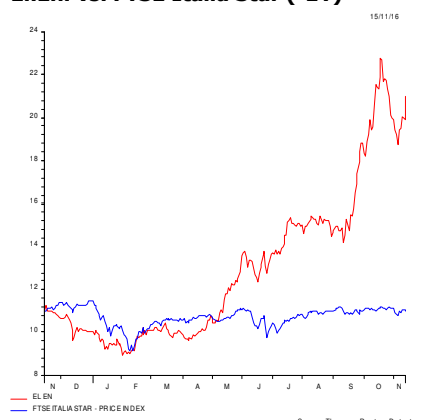
Perf.	-3M	-6M	-1Y
Abs.	37.5%	82.1%	90.5%
Rel.	37.5%	79.1%	90.6%

Major shareholders:

Cangioli Andrea	15.17%
Pecci Alberto	10.43%
Clementi Gabriele	9.92%
Bazzocchi Barbara	9.78%
Immobiliare Del Ciliegio	7.51%
Kempen Capital Mgt	5.01%
Invesco	2.88%
Praude AM	2.80%
Free float	36.5%

Source: Bloomberg

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



Andrea Bonfà (HOR)

Phone: +39 0243358.194
andrea.bonfa@alettibank.it

*Banca Aletti acts as Corporate Broker.

More confident on 2017e prospects

- 2016e EBIT guidance looks conservative. Fine tuning of 2017e estimates: +4% on EPS.** With the Q2'16 results, the company increased its sales/EBIT guidance from +5%/+10% to +10%/+15% converging into our profitability forecasts. After Q3'16e the implied guidance would entail a fall in EBIT in Q4'16e which we consider extremely unlikely. As such and in the light of the reassuring Q3'16 cc indications, we have upgraded our 2016e forecasts to +12% and +19% Sales/EBIT from +10%/+17% respectively. The small upgrade at EBIT level is offset by some higher minorities leaving our 2016e bottom line forecast unchanged. As far as 2017e is concerned we believe that the company can now achieve a better sales growth of +7% from 5% which is app. the reference markets' growth. The stronger expansion should allow the company to achieve a EBIT growth of +15% assuming a rule of thumb of app. 2x. This entails an EPS upgrade of +4%. The higher top line growth should derive from a stronger growth in the industrial sector in both Italy and China which are currently enjoying strong momentum. Italy is benefiting from fiscal incentive which should continue and even being enhanced in 2017e while China is benefiting from a right positioning and new production capacity.
- Coherent acquisition of Rofin - Sinar might trigger some higher sales in industrial. Longer terms prospects in terms of new products and R&D remains interesting.** In 2017e we have not included some potential fall-out effects of the acquisition of Rofin-Sinar by Coherent which might spur the search from Rofin's clients of new laser source suppliers with potential higher sales in industrial. As far as the medium/long term is concerned, in our opinion the most interesting R&D evolution is the incontinence application for the Mona Lisa Touch which is being co-studied and co-financed with Cynosure as well as new products on the fat reduction segment.
- Q3'16 results reassuring.** Q3'16 results (see table next page) were reassuring, despite the nominal lower than expected operational leverage, with results ahead of our conservative expectations. Industrial grew by far much more than expected at 42%, driven by Italy and China while Medical laser grew driven by aesthetic with +13% in the quarter. The latter is reassuring due to the fact that surgical, the main growth driver of growth in the last 18 months thanks to the Mona Lisa Touch, was 7% negative in the quarter. However, we remind investor that aesthetic is by far bigger than surgical and as such of the utmost importance. Growth in aesthetic was helped by the launch of new products like the Motus AX (hair removal), Discovery Pico (tattoo removal) and Mediostar (professional aesthetic - hair removal). Below EBIT there is the capital gain of the last stake in Cynosure while net cash, which was slightly better than expected, does not include some Eur 10m of long term financial assets.
- OUTPERFORM CONFIRMED. PT EUR 23 from Eur 18 (10% UPSIDE). More confident on 2017e growth.** With 9M'16 already in the bag, we consider 2016e substantially achieved and as such, it is time to concentrate on 2017e growth. ELEN shares on our new '17e forecasts, are trading at 15.7x 2017e net profit net of the cash assets (see our SOP in next page). The shares trade at a still large 28% discount toward Cynosure 2017e net cash adjusted PE of 21.8x. We believe that such a discount is unjustified in the light of ELEN being a supplier of Cynosure in the laser technology and having similar EBIT margins. As such, we consider fairer a 20% discount to reflect the lower liquidity or an arbitrary TP of 17.5x 2017e earnings. **OUTPERFORM CONFIRMED PT EUR 23 FROM EUR 18. 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.**

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

ELEN: New/Old forecasts

DIVISION	2015 a	2016 e	%Ch.	'16e old	% Ch.	2017 e	%Ch.	'17e Old	%Ch.
Industrial System :	62.7	74.3	18.5%	72.8	16.1%	81.7	10.0%	76.4	5.0%
% total	29%	31%		30%		31%		30%	
Estetic	73.3	79.9	9.0%	79.2	8.0%	83.9	5.0%	81.5	3.0%
CO2, Surgical	36.5	36.8	1.0%	37.9	3.8%	39.2	6.3%	41.8	10.4%
Physiotherapy	7.6	9.2	20.0%	8.4	10.0%	9.2	0.0%	8.4	0.0%
Dental	0.6	0.6	0.0%	0.6	0.0%	0.6	0.0%	0.6	0.0%
Medical Laser	118.0	126.5	7.2%	126.0	6.8%	132.8	5.0%	132.3	5.0%
% total	54%	52%		53%	-3%	51%		53%	0%
Services	37.0	42.5	15.0%	40.7	10.0%	45.9	8.0%	42.7	5.0%
% total	17%	17%		17%	0%	18%		17%	0%
Total	217.7	243.3	11.8%	239.5	10.0%	260.5	7.1%	251.4	5.0%

	2015 A	2016 E	%Ch.	'16e old	% Ch.	2017 E	%Ch.	'17e Old	%Ch.
Sales	217.7	243.3	12%	239.5	10%	260.5	7.1%	251.4	5%
Other revenues	3.9	4.4	12%	4.3	10%	4.7	7.1%	4.5	5%
VoP	221.6	247.7	12%	243.8	10%	265.1	7.1%	255.9	5%
Gross margin	96.3	105.5	9%	103.6	8%	112.6	6.8%	108.7	5%
% sales	44.3%	43.4%		43.3%		43.3%		43.3%	
Other op. costs	(28.5)	(30.6)	7%	(29.9)	5%	(31.8)	4.0%	(31.1)	4%
COGS	(153.8)	(172.8)	12%	(170.1)	11%	(184.3)	6.7%	(178.3)	5%
Added value	67.8	74.9	10%	73.6	9%	80.8	8.0%	77.6	5%
% sales	31.2%	30.8%		30.7%		31.0%		30.9%	
Labour costs	(42.1)	(45.1)	7%	(44.2)	5%	(47.0)	4.2%	(45.6)	3%
E BITDA	25.7	29.8	16%	29.4	14%	33.8	13.6%	32.0	9%
E BITDA Margin	11.8%	12.2%		12.3%		13.0%		12.7%	
D&A	(4.2)	(4.3)	2%	(4.2)	0%	(4.5)	5.6%	(4.3)	4%
E BIT	21.5	25.5	19%	25.2	17%	29.3	14.9%	27.7	10%
E BIT margin	9.9%	10.5%		10.5%		11.3%		11.0%	
Forex	1.6	0.0	0%	0.0		0.0	0%	0.0	
Associates	0.3	0.3	0%	0.3		0.3	0%	0.3	
Net Fin. Inc./(cost)	(0.3)	0.5	0%	0.5		0.5	0.0%	0.5	
Extraordinary item	0.0	23.0	0%	23.0		0.0	0.0%	0.0	
Pre-tax profit	23.1	49.4	114%	49.1	112%	30.2	-38.9%	28.5	-4.2%
Net Debt/(Cash)	(29.8)	(79.6)		(76.4)		(89.5)		(83.5)	

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

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

ELEN: Q3/9M Results

DIVISION	Q3 '15a	Q3 '16a	%Ch.	Q3 '16e	%Ch.	9M 15a	9M 16a	%Ch.	9M 16e	%Ch.
Industrial Systems	14.4	20.5	42%	16.0	11%	44.6	56.2	26%	51.7	16%
% total	29%	35%		31%		29%	31%		30%	
Estetic	15.8	17.8	13%	17.5	10%	51.9	57.4	11%	57.1	10%
CO2, Surgical	7.8	7.3	-7%	7.5	-4%	25.5	26.3	3%	26.6	4%
Physiotherapy	1.3	1.9	39%	1.4	4%	4.9	5.9	21%	5.5	11%
Dental	0.2	0.1	-33%	0.2	-3%	0.5	0.5	12%	0.6	25%
Medical Laser	25.2	27.1	7%	26.6	5%	82.8	90.3	9%	89.8	8%
% total	51%	46%		51%		53%	50%		52%	
Services	9.5	11.8	24%	9.5	0%	28.6	33.1	16%	30.8	8%
% total	19%	20%		18%		18%	18%		18%	
Total	49.1	59.4	20.9%	52.1	6.1%	156.0	179.6	15.1%	172.3	10.4%

<i>Eurm</i>	3Q15a	3Q16a	%Ch.	3Q16e	%Ch.	9M 15a	9M 16a	%Ch.	9M 16e	%Ch.
Sales	49.1	59.4	21%	52.1	6%	156.0	179.6	15%	172.3	10%
Other revenues	2.9	0.9	-71%	3.0	3%	5.5	3.6	-34%	5.8	5%
VoP	52.1	60.3	16%	55.1	6%	161.5	183.2	13%	178.1	10%
Gross margin	22.2	25.4	14%	23.1	4%	70.2	78.6	12%	76.3	9%
% sales	45.1%	42.7%		44.2%		45.0%	43.8%		44.3%	
Other op. costs	(6.1)	(7.4)	21%	(6.4)	3%	(20.8)	(22.9)	10%	(21.8)	5%
COGS	(36.1)	(42.3)	17%	(38.4)	7%	(112.1)	(127.5)	14%	(123.6)	10%
Added value	16.0	17.9	12%	16.7	4%	49.4	55.7	13%	54.5	10%
% sales	32.6%	30.2%		32.1%		31.7%	31.0%		31.6%	
Labour costs	(9.2)	(10.5)	14%	(9.7)	6%	(30.1)	(32.8)	9%	(32.0)	6%
EBITDA	6.8	7.4	9%	6.9	3%	19.3	23.0	19%	22.5	17%
EBITDA Margin	13.8%	12.5%		13.3%		12.4%	12.8%		13.1%	
D&A	(1.0)	(1.2)	20%	(1.0)	-1%	(3.1)	(3.2)	2%	(3.0)	-4%
EBIT	5.8	6.2	8%	6.0	3%	16.2	19.8	22%	19.5	21%
EBIT margin	11.8%	10.5%		11.5%		10.4%	11.0%		11.3%	
Forex	-0.5	(0.0)		(0.0)		0.9	(0.5)		(0.5)	
Associates	0.02	0.0		0.1		0.0	(0.1)		0.0	
Net Fin. Inc./costs	0.2	(0.2)		(0.0)		0.0	(0.2)		0.0	
Extraordinary items	0.0	0.0		(0.0)		0.0	23.0		23.0	
Pre-tax profit	5.5	6.0	10%	6.0	10%	17.2	42.0	145%	42.0	144%
Net Debt/(Cash)	(23.1)	(72.2)		(70.0)		(23.1)	(72.2)		(70.0)	

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

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

ELEN Stub Value (EURm)

	17e			17e			Implied PE			Mkt Cap.	Comments	
	17e Sales	Recur. EBITDA	EBITDA margin	17e EBIT	EBIT margin	Net Pr. Adj.	EV/ Sales	EV/ EBITDA	EV/ EBIT			net of cash assets
Group	260	33.8	13.0%	29.3	11.3%	20.1	1.56x	12.0x	13.8x	15.7x	405	
Net Cash/(Debt)											-80	2016e
Peripheral assets											-10	Off balance sheet
Group's equity value											315	

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

ELEN SOP (EURm)

	17e			17e			Implied			Mkt Cap Target	Comments	
	17e Sales	Recur. EBITDA	EBITDA margin	17e EBIT	EBIT margin	Net Pr. Adj.	Implied EV/ Sales	Implied EV/ EBITDA	Implied EV/ EBIT			Target PE Exc. Cash
Group	260	33.8	13.0%	29.3	11.3%	20.1	1.4x	11.0x	12.7x	17.5x	352	
Net Cash/(Debt)											80	2016e
Peripheral assets											10	Off balance sheet
Target Mkt Cap Inc. Cash Assets											442	
Ord. Share PT											23.0	
Price											21.00	
Upside/(Downside)											10%	
Net Cash/(Debt)											-80	2016e
Peripheral Debt											-10	Off balance sheet
Group's retirement provisions											2	2015
Minorities											17	10x PE or 2x BV
Implied EV											371	

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

ELEN: Comps Table

	Market Cap	EV/SALES *		EV/EBITDA *		EV/EBIT *		P/E (adj.)	
		2016	2017	2016	2017	2016	2017	2016	2017
BIOLASE INC	109	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CUTERA INC	174	1.2 x	1.1 x	2.1 x	1.4 x	2.2 x	1.1 x	2.5 x	1.8 x
CYNOSURE INC-A	927	1.9 x	1.7 x	1.3 x	1.0 x	1.9 x	1.3 x	3.3 x	2.4 x
SYNERON MEDICAL LTD	253	0.7 x	0.6 x	1.1 x	0.7 x	n.a.	n.a.	2.6 x	1.8 x
ZELTIQ AESTHETICS INC	1468	4.3 x	3.6 x	5.5 x	2.9 x	17.4 x	4.5 x	n.a.	8.9 x

* ratio calculated on current EV

Average		2.0 x	1.7 x	2.5 x	1.5 x	7.2 x	2.3 x	2.8 x	3.7 x
Median Total		1.5 x	1.4 x	1.7 x	1.2 x	2.2 x	1.3 x	2.6 x	2.1 x
Average Exc. Peaks (1)		1.5 x	1.4 x	1.7 x	1.2 x	2.2 x	1.3 x	2.6 x	2.1 x
Samples' Size		4	4	4	4	3	3	3	4
Max		4.3 x	3.6 x	5.5 x	2.9 x	17.4 x	4.5 x	3.3 x	8.9 x
Min		0.7 x	0.6 x	1.1 x	0.7 x	1.9 x	1.1 x	2.5 x	1.8 x

EI.En. (Aletti Estimates)	Eur405m	1.4 x	1.2 x	11.3 x	9.6 x	13.1 x	11.1 x	24.4 x	20.0 x
Premium/(Discount) from (1)		-10%	-9%	-34%	-20%	-40%	-12%	-7%	-4%

	Market Cap	EV/SALES		EV/EBITDA		EV/EBIT		P/E (adj.)	
		2016	2017	2016	2017	2016	2017	2016	2017
IPG PHOTONICS CORP	4688	4.4 x	3.8 x	10.8 x	9.2 x	12.3 x	10.2 x	20.2 x	17.7 x
PRIMA INDUSTRIE SPA	Eur150m	0.6 x	0.6 x	6.8 x	5.5 x	11.4 x	8.4 x	14.3 x	10.6 x

Average		2.5 x	2.2 x	8.8 x	7.3 x	11.8 x	9.3 x	17.2 x	14.1 x
Median Total		2.5 x	2.2 x	8.8 x	7.3 x	11.8 x	9.3 x	17.2 x	14.1 x
Average		2.5 x	2.2 x	8.8 x	7.3 x	11.8 x	9.3 x	17.2 x	14.1 x
Samples' Size		2	2	2	2	2	2	2	2
Max		4.4 x	3.8 x	10.8 x	9.2 x	12.3 x	10.2 x	20.2 x	17.7 x
Min		0.6 x	0.6 x	6.8 x	5.5 x	11.4 x	8.4 x	14.3 x	10.6 x

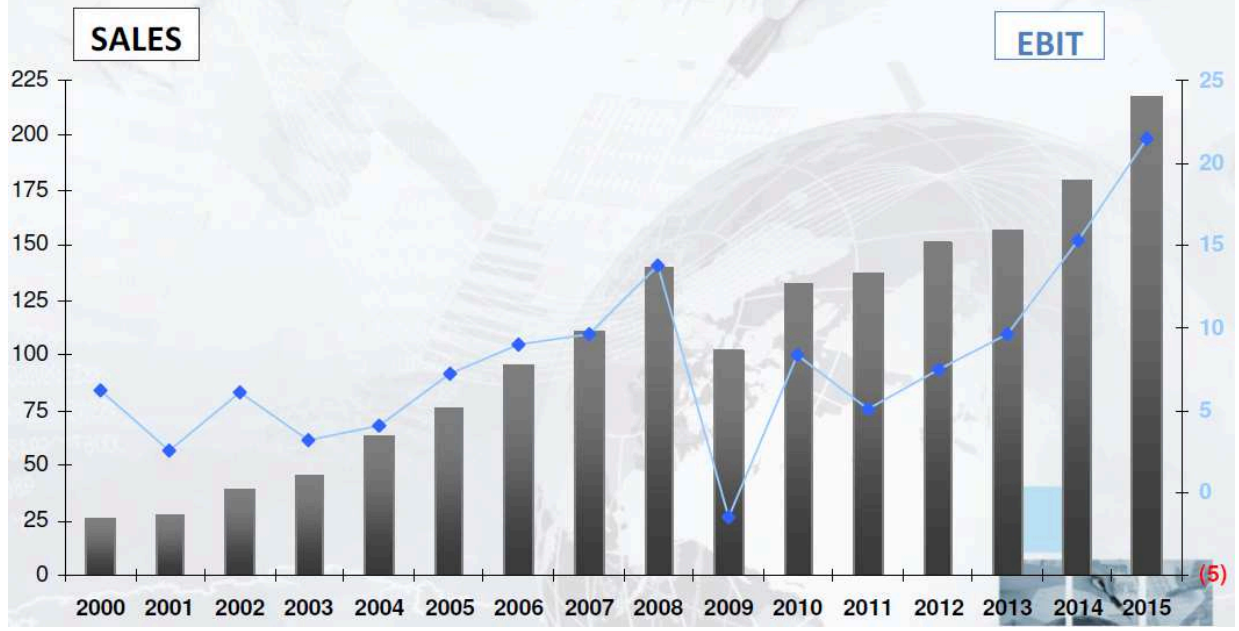
EI.En. (Aletti Estimates)	Eur405m	1.4 x	1.2 x	11.3 x	9.6 x	13.1 x	11.1 x	24.4 x	20.0 x
Premium/(Discount) from (1)		-45%	-43%	28%	31%	11%	20%	41%	42%

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

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

ELEN: Growth Trackrecord (Eurm)

Consolidated Revenues and EBIT



Source: ELEN presentation

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

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 2015 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.

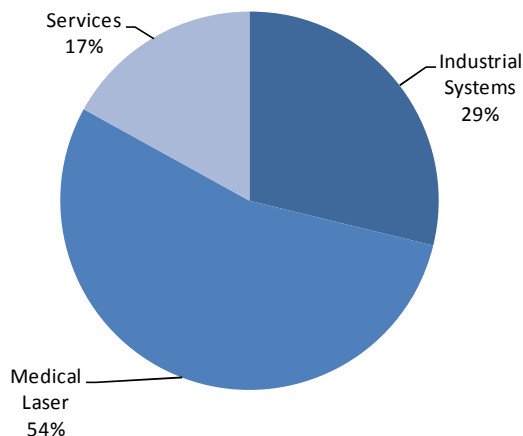
The *Industrial laser system* (29% of FY 2015 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

Besides the main company activity of selling laser systems, there is also a *post sales customer assistance* (12% of FY 2015 sales).

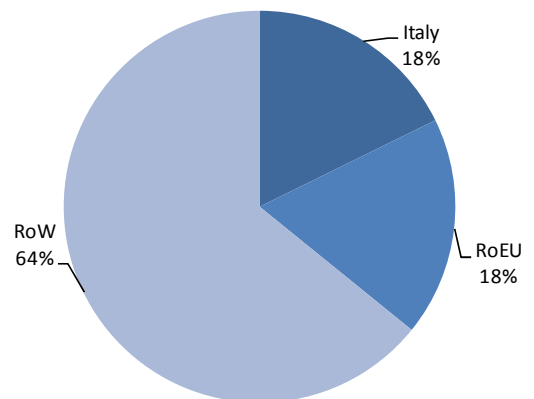
In FY 2015 the Group realized a total turnover of Eur 218m of which 18% generated in Italy, 18% in Europe (ex-Italy) and 64% in RoW. The Group has 965 employees and operates through 5 multi-disciplinary and multi-facility research centres located in Italy and Germany and 7 production facilities located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

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

EL.EN.: Aletti Summary

EV CALCULATIONS (EUR m)	2008A	2009A	2010A	2011A	2012A	2013A	2014A	2015A	2016E	2017E	CAGR 15/17e
Price of ordinary share	5.69	2.92	2.98	2.99	3.19	3.98	5.47	9.49	21.00	21.00	
Total ord. Shares outst. (000)	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	
Market Cap (adj.)	109.9	56.3	57.6	57.7	61.6	76.7	105.6	183.2	405.3	405.3	
Others	98.3	48.3	50.2	51.8	19.3	12.1	8.0	-29.9	9.8	9.8	
EV (adj.)	140.2	35.8	32.9	56.5	63.1	67.0	66.6	123.4	335.5	325.5	
PROFIT & LOSS (EUR m)											
Sales	140.0	101.8	132.6	137.4	151.2	157.4	180.0	217.7	243.3	260.5	9%
EBITDA	18.5	2.3	13.3	10.8	12.5	13.7	18.0	25.7	29.8	33.8	15%
Depreciation & Amortisation	-4.6	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.2	-4.3	-4.5	
EBIT	13.8	-1.5	8.4	5.1	7.5	9.6	13.8	21.5	25.5	29.3	17%
Net Financial Interest	-0.2	0.1	0.1	0.3	-1.4	-1.2	1.6	-0.3	0.5	0.5	
Other Financials	0.1	-0.7	-0.8	-0.7	2.2	-0.2	3.0	1.9	0.3	0.3	
Extraordinary Items	0.0	0.0	0.0	0.0	18.9	2.5	5.9	0.0	23.0	0.0	
Earning Before Tax	13.8	-2.0	7.7	4.8	27.2	10.7	24.4	23.1	49.4	30.2	14%
Tax	-5.1	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-7.1	-8.4	-8.2	
<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>17%</i>	<i>27%</i>	
Minorities	-0.5	-0.2	-1.8	-1.4	-1.0	-0.3	-1.5	-1.7	-1.9	-1.9	
Net Profit (reported)	8.1	-3.1	2.2	0.7	23.2	6.1	16.5	14.4	39.1	20.1	18%
Net Profit (adj.)	8.1	-3.1	2.2	0.7	5.2	4.5	11.4	14.4	16.6	20.1	18%
PER SHARE DATA (EUR)											
EPS	0.420	-0.159	0.114	0.038	1.202	0.314	0.854	0.745	2.024	1.044	18%
EPS (adj.)	0.422	-0.160	0.115	0.038	0.273	0.237	0.593	0.748	0.862	1.048	18%
CFPS	0.659	0.034	0.371	0.335	1.464	0.530	1.068	0.961	2.245	1.276	15%
BVPS	5.010	4.673	4.878	4.907	5.819	6.646	7.407	8.857	10.581	11.295	13%
DPS	0.075	0.000	0.050	0.000	0.125	0.125	0.250	0.300	0.330	0.363	10%
KEY MARKET RATIOS											
EV/Sales	1.00	0.35	0.25	0.41	0.42	0.43	0.37	0.57	1.38	1.25	
EV/EBITDA	7.6	15.7	2.5	5.2	5.0	4.9	3.7	4.8	11.3	9.6	
EV/EBIT	10.1	-24.6	3.9	11.1	8.4	7.0	4.8	5.7	13.1	11.1	
P/E (adj)	13.5	-18.2	26.1	78.8	11.7	16.8	9.2	12.7	24.4	20.0	
P/CF	8.6	85.4	8.0	8.9	2.2	7.5	5.1	9.9	9.4	16.5	
P/BV	1.1	0.6	0.6	0.6	0.5	0.6	0.7	1.1	2.0	1.9	
Dividend Yield (Gross)	1.3%	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	3.2%	1.6%	1.7%	
MARGINS AND RATIOS											
Sales growth	nm	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	20.9%	11.8%	7.1%	
EBITDA growth	nm	-88%	485%	-19%	16%	10%	31%	43%	16%	14%	
EBIT growth	nm	-111%	-673%	-39%	47%	28%	44%	56%	19%	15%	
EPS (adj.) growth	nm	-138%	-172%	-67%	nm	-13%	151%	26%	15%	22%	
EBITDA margin	13.2%	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	11.8%	12.2%	13.0%	
EBIT margin	9.9%	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	10.5%	11.3%	
ROCE	7.2%	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	9.5%	12.5%	14.5%	
NFP/EBITDA	-0.8	-3.9	-0.8	-0.1	-1.4	-1.6	-2.6	-1.2	-2.7	-2.6	
Interest Cover	104.8	n.a.	n.a.	n.a.	9.2	11.6	n.a.	101.1	n.a.	n.a.	
Payout Ratio	18%	0%	44%	0%	10%	40%	29%	40%	16%	35%	
NWC on Sales	na	na	na	na	34.4%	30.8%	27.5%	27.5%	23.8%	23.6%	
OpFCF/Mkt. Cap.	na	na	na	na	67.3%	14.7%	9.5%	0.0%	9.6%	4.1%	
CASH FLOW (EUR m)											
Net Profit (reported) + Minorities	8.7	-2.9	4.0	2.1	24.2	6.4	18.0	16.1	41.0	22.0	
Non cash items	4.5	4.4	5.7	6.4	2.9	4.4	1.1	2.3	3.9	4.2	
Cash Flow	13.1	1.5	9.7	8.5	27.1	10.8	19.1	18.4	44.9	26.2	
Change in Net Working Capital	na	na	na	na	16.9	3.7	-1.1	-10.3	2.0	-3.6	
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	38.9	16.6	
Disposals/(Acquisitions)	na	na	na	na	na	0.0	16.2	-10.4	16.7	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	-0.9	-3.9	-0.3	-0.7	
Free Cash Flow	na	na	na	na	na	4.3	22.3	-19.2	49.5	9.6	
BALANCE SHEET (EUR m)											
Net Tangible Assets	na	na	na	na	21.4	21.9	26.9	32.6	19.7	21.2	
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	84.8	86.3	
Net Working Capital	na	na	na	na	52.1	48.4	49.5	59.9	57.9	61.5	
Total Net Assets	na	na	na	na	115.2	121.4	111.3	157.6	142.7	147.8	
Shareholders Equity	na	na	na	na	112.3	128.3	143.0	170.9	204.2	218.0	
Minorities equity	na	na	na	na	11.7	6.0	7.6	8.6	10.2	11.4	
Net Debt	-15.0	-8.8	-10.0	-1.2	-17.8	-21.8	-47.1	-29.8	-79.6	-89.5	
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; 2008-2011 P&L Pro Forma exc. Cynosure: i.e. Balance Sheet and Cash Flow numbers not available

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

RESEARCH DISCLAIMER

BANCA ALETTI & C. S.P.A. (BANCA ALETTI) A MEMBER OF THE BANCO POPOLARE GROUP, IS AN AUTHORISED BANK REGISTERED WITH THE BANK OF ITALY.

ANALYST CERTIFICATION

THIS PUBLICATION HAS BEEN PREPARED BY **ANDREA BONFA'** ON BEHALF OF BANCA ALETTI. THE RESPECTIVE RESEARCH ANALYSTS HEREBY CERTIFY THAT ALL THE VIEWS EXPRESSED IN THIS RESEARCH REPORT ACCURATELY REFLECT THE ANALYST'S PERSONAL VIEWS ABOUT ANY OR ALL OF THE SUBJECT ISSUER OR SECURITIES. THE ANALYST(S) ALSO CERTIFIES THAT NO DIRECT OR INDIRECT COMPENSATION HAS BEEN OR WILL BE RECEIVED IN EXCHANGE FOR ANY VIEWS EXPRESSED.

OTHER IMPORTANT DISCLOSURES

THIS DOCUMENT IS PREPARED AS PART OF BANCA ALETTI INTERNAL RESEARCH ACTIVITY ON COMPANIES OR SECURITIES LISTED AND NOT LISTED ON THE REGULATED MARKETS. BANCA ALETTI AND ITS CONNECTED COMPANIES, AND THEIR RESPECTIVE DIRECTORS, OFFICERS AND EMPLOYEES MAY FROM TIME TO TIME HAVE A SHORT OR LONG POSITION, OR OTHER INTEREST, IN THE SECURITIES MENTIONED AND MAY SELL OR BUY SUCH SECURITIES FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF THE OTHERS.

ANY OPINIONS, FORECAST OR ESTIMATES IN THIS REPORT, ARE THOSE OF THE AUTHOR ONLY; THEY REFLECTS ONLY CURRENT VIEWS OF THE AUTHOR AND ARE SUBJECT TO CHANGE WITHOUT NOTICE. ALTHOUGH THE ANALYSIS, OPINIONS, PROJECTIONS, FORECASTS AND ESTIMATES EXPRESSED IN THIS REPORT WERE IN NO WAY AFFECTED OR INFLUENCED BY THE ISSUER, IT IS BANCA ALETTI'S PRACTICE TO SUBMIT A PRE-PUBLICATION DRAFT OF ITS REPORT (WITHOUT RATING AND TARGET PRICE) FOR REVIEW TO THE INVESTOR RELATIONS DEPARTMENT OF THE ISSUER FORMING THE SUBJECT OF THE REPORT, SOLELY FOR THE PURPOSE OF CORRECTING ANY INADVERTENT MATERIAL INACCURACIES.

THIS DOCUMENT IS INTENDED FOR DISTRIBUTION ONLY TO PROFESSIONAL INVESTORS. THIS DOCUMENT IS FOR INFORMATIONAL PURPOSES ONLY AND SHALL NOT BE CONSTRUED AS AN OFFER OR SOLICITATION FOR THE SUBSCRIPTION OR PURCHASE OR SALE OF ANY SECURITIES, OR AS AN INVITATION, INDUCEMENT OR INTERMEDIATION FOR THE SALE, SUBSCRIPTION OR PURCHASE OF SECURITIES OR FOR ENGAGING IN ANY SPECIFIC TRANSACTION. THE INFORMATION PROVIDED HEREIN AND, IN PARTICULAR THE DATA CONTAINED IN THIS DOCUMENT ARE TAKEN FROM INFORMATION PROVIDED TO THE PUBLIC BY THE ISSUER HEREIN (THE ISSUER) OR OTHER INFORMATION AVAILABLE TO THE PUBLIC, AND REFER TO THE DATE OF THIS DOCUMENT. THIS DOCUMENT IS BEING SUPPLIED TO YOU SOLELY FOR YOUR INFORMATION AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ONE, DIRECTLY OR INDIRECTLY TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE WITHOUT PRIOR WRITTEN CONSENT OF BANCA ALETTI. BY ACCEPTING THIS DOCUMENT YOU AGREE TO BE BOUND BY ALL THE ABOVE-MENTIONED PROVISIONS. THE OPINIONS CONTAINED IN THIS DOCUMENT ARE BASED UPON INFORMATION AND DATA FROM SOURCES BELIEVED TO BE RELIABLE AND IN GOOD FAITH, BUT HAS NOT BEEN INDEPENDENTLY VERIFIED BY BANCA ALETTI. BANCA ALETTI DOES NOT WARRANT THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION AND DOES NOT ACCEPT ANY LIABILITY WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW. **BANCA ALETTI HAS NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS PUBLICATION OR TO OTHERWISE NOTIFY A READER OR RECIPIENT OF THIS PUBLICATION IN THE EVENT THAT ANY MATTER, OPINION, PROJECTION, FORECAST OR ESTIMATE CONTAINED HEREIN, CHANGES OR SUBSEQUENTLY BECOMES INACCURATE, OR IF RESEARCH ON THE SUBJECT COMPANY IS WITHDRAWN. RECOMMENDATIONS FREQUENCY DEPENDS ON MARKET EVENTS AND RELATIVE AND ABSOLUTE PERFORMANCE OF FINANCIAL INSTRUMENTS COMPARED TO FUNDAMENTALS VALUATION.** THE INVESTMENTS REFERRED TO IN THIS PUBLICATION MAY NOT BE SUITABLE FOR ALL RECIPIENTS. RECIPIENTS ARE URGED TO BASE THEIR INVESTMENT DECISIONS UPON THEIR OWN APPROPRIATE INVESTIGATIONS THAT THEY DEEM NECESSARY. ANY LOSS OR OTHER CONSEQUENCE ARISING FROM THE USE OF THE MATERIAL CONTAINED IN THIS PUBLICATION SHALL BE THE SOLE AND EXCLUSIVE RESPONSIBILITY OF THE INVESTOR. IN THE EVENT OF ANY DOUBT ABOUT ANY INVESTMENT, RECIPIENTS SHOULD CONTACT THEIR OWN INVESTMENT, LEGAL AND/OR TAX ADVISERS TO SEEK ADVICE REGARDING THE APPROPRIATENESS OF INVESTING. THE PAST IS NOT NECESSARILY A GUIDE TO FUTURE PERFORMANCE OF AN INVESTMENT. TO THE EXTENT PERMITTED BY APPLICABLE LAW, NO LIABILITY WHATSOEVER IS ACCEPTED FOR ANY DIRECT OR CONSEQUENTIAL LOSS, DAMAGES, COSTS AND PREJUDICES ARISING FROM THE USE OF THIS PUBLICATION OR ITS CONTENTS.

DISCLOSURE OF CONFLICTS OF INTERESTS

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

BANCA ALETTI DISCLOSES CONFLICT OF INTEREST AS DEFINED BY ARTICLE 69 QUARTER AND QUINQUIES OF CONSOB REGULATION N.11971 AS AMENDED FROM TIME TO TIME AND STATES THAT:

1. NEITHER THE ANALYST(S) NOR ANY MEMBER OF THE DEPARTMENT SERVES AS AN OFFICE, DIRECTOR OR ADVISORY BOARD MEMBER OF THE ISSUER;
2. BANCA ALETTI IS A SPONSOR, SPECIALIST, MARKET MAKER OR LIQUIDITY PROVIDER IN THE FINANCIAL INSTRUMENTS OF THE ISSUER;
3. BANCO POPOLARE GROUP IS PARTY TO AN AGREEMENT WITH THE ISSUER RELATING TO THE PROVISION OF INVESTMENT BANKING SERVICES THAT HAS BEEN IN EFFECT OVER THE PREVIOUS 12 MONTHS OR HAS GIVEN RISE DURING THE SAME PERIOD TO THE PAYMENT OF A COMPENSATION OR TO THE PROMISE TO GET A COMPENSATION PAID.

BANCA ALETTI HAS IN PLACE POLICIES AND PROCEDURES IN ORDER TO AVOID ANY CONFLICT OF INTERESTS AND TO RESTRICT RESEARCH ANALYST IN TRADING (FOR THEIR PERSONAL ACCOUNT) IN THE TYPE OF SECURITIES IN RESPECT OF THE ISSUERS THAT THEY COVER. THE RESEARCH ANALYST MAY ONLY HOLD SUCH SECURITIES IN CIRCUMSTANCES AS MAY BE CONTEMPLATED BY THE ABOVE POLICIES AND PROCEDURES.

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

DATE	RATING	Old TP	New TP*	Old MKT PRICE	New MKT PRICE*
15/11/2016	OUTPERFORM	na	23.0	NA	21.00
16/09/2016	OUTPERFORM	na	18.0	NA	14.99
22/06/2016	OUTPERFORM	na	15.5	na	13.16
07/06/2016	OUTPERFORM	na	15.5	na	13.53
13/05/2016	OUTPERFORM	62.0	15.5	43.80	10.95
28/04/2016	OUTPERFORM	56.0	14.0	42.25	10.56
22/03/2016	OUTPERFORM	54.0	13.5	39.65	9.91
18/02/2016	OUTPERFORM – Initial Coverage	54.0	13.5	39.00	9.75

*Note: Historical price targets and market prices adjusted for the 1 to 4 stock split

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

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA

RATINGS DISTRIBUTION

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

	OUTPERFORM	IN LINE	UNDERPERFORM	Not Rated
% ON ALETTI UNIVERSE	53%	34%	13%	0%
OF WHICH INV. BANKING CLIENTS	75%	25%	0%	0%

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.

Banca Aletti & C. S.p.A.
Via Roncaglia, 12 - 20146 Milan
Phone number +39 02 43358.1 - Fax +39 02 43358.254

NOT FOR DISTRIBUTION IN THE UNITED STATES OF AMERICA, CANADA, JAPAN OR AUSTRALIA