

EL.EN.***IN LINE (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	%
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	5.2	6.2	12.7	3.2%
2016A**	253	32	28	17.9	0.93	0.40	0.9	6.6	7.8	15.6	2.8%
2017E	280	32	27	14.6	0.76	0.40	1.5	13.1	15.6	32.8	1.6%
2018E	294	35	30	17.9	0.93	0.40	1.4	11.9	14.0	26.7	1.6%

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.

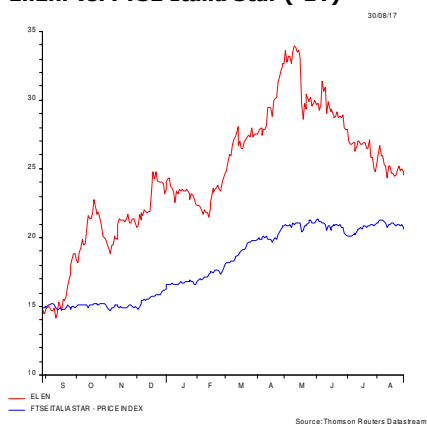
Pr. Close 30/08/17 (€):	24.88
Tot Mkt Cap. (€ m):	480.2
Tot No. of Shares (m):	19,300
Min-Max pr.(52 wks €):	13.8 - 34.4
Bloomberg/Reuters:	ELN IM/ ELEN.MI
-3M vol. avg.	50,822
Price Target (€)	28 (from 31)
Fair Value (€)	28 (from 31)

Perf.	-3M	-6M	-1Y
Abs.	-16.3%	2.2%	71.9%
Rel.	-15.4%	-15.6%	32.2%

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%
Praude Asset Management	2.64%
Lazard	1.27%
Free float	38.27%

Source: Consob, Bloomberg

El.En. vs. FTSE Italia Star (-1Y)**Andrea Bonfà (HOR)**

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*Banca Aletti acts as Corporate Broker.

Q2'17e likely to confirm 2017e as a transition year

- Estimates update/downgrade ahead of H1'17e results, mainly from forex charges below EBIT and minorities.** On the back of our H1'17e expectations (see table in next pages) we are revising Elen's 2017e/2018e estimates (see new/old forecasts table also in next pages) to re-align ourselves with company's guidance and to reflect the deterioration in the USD environment. We remind investors that after Q1'17 the company has increased its 2017e top line guidance to over 10% from over 5%, which we share, but it has confirmed its objective to maintain 2016 EBIT vs. our official forecast of +6.5% yoy growth. Given the outlook of below, H2'17e EBIT should growth by 22% to reach our EBIT growth forecasts of above which seems hard to achieve at the moment. As such, we change our EBIT growth assumption to flat growth yoy or in line with company's guidance or an implied +5% EBIT growth in H2'17e if our H1'17e preview is correct. Additionally we are assuming in 2017e a Eur 2m forex loss from a Eur 1.8m gain and no gain in 2018e while finally minorities should reflect the higher contribution from the Chinese JV in the industrial sector. **The net result is a reduction in 2017e and 2018e EPS by 27% and 20% respectively.** In doing our new estimates we have also slightly revised downward our 2017e net cash forecast to assume some absorption from working capital.
- Q2'17 to follow on Q1'17 pattern: strong growth in industrial, modest in aesthetic/medical, compression of gross margin.** We expect Q2'17e Elen's result to follow overall Q1'17 trends with a top line driven by a strong growth in industrial (+28%) both driven mainly by China and Italy and a more subdued growth in Aesthetic/Medical sector (+7%) with solid growth in aesthetic offset by a fall in Surgery due to the fall out effects in Cynosure after having being purchased by Hologic. The different sales mix with a fall in the products with the higher margins (Monalisa – Surgery) and the growth in the ones with the lower (industrial) is producing in the quarter an absolute growth at the gross margin level (+9%) but a compression in terms of % of sales to 40.7% from 42.9%. The latter should then further fall to reflect the growth in other operating costs (+11%) and cost of labour (+13%) as the company is investing in new products and distribution to prepare for the next leg of growth to report an EBIT about flat yoy. Pretax should then be affected by some forex losses while we remind investors that the Eur 23m H1'16 capital gain was the result of the disposal in the market of the residual stake in Cynosure.
- IN LINE confirmed but PT EUR 28 from EUR 31. M&A transactions support current valuation multiples. Long term prospects remain solid.** We keep valuing ELEN by using our SOP approach which we now roll over to our new 2018e forecasts. In doing so we apply a blended arbitrary 25x PE on company's earnings plus cash. The latter in our opinion is justified by the M&A transactions in medical/aesthetic laser especially those applied to Cynosure (Being ELEN a close comparable to Cynosure and a supplier of one of its best selling product, the Monalisa Touch, we believe its transaction multiples - 38x 2017e adj. earnings before cash from Hologic should be to some extent also applied to ELEN. Worth mentioning that recently Zeltiq leader in non-invasive body contouring was bought by Allergan at 6.5x TTM EV/SALES and that Syneron Medical has been bought by Apax partners at app 2017e 30x adj. earnings - on GAAP it would have been much higher) and by the long term positive prospects in both aesthetic (see Hologic slide on next page) and industrial with M&A always an opportunity. **Main risks/opportunities: Weaker/stronger USD; fall/increase in consumer demand; lower/higher credit availability; superior/lower peers' technology; failure/withdrawal of watchdogs clearances; product liability suits**

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ELEN: P&L and NFP quarterly preview

DIVISION (Eurm)	Q2 '16a	Q2 '17e	%Ch.	H1 '16a	H1 '17e	%Ch.
Industrial Systems	22.6	28.9	28%	39.7	55.0	39%
% total	35%	39%		33%	39%	
Medical Laser	42.4	45.4	7%	80.5	84.4	5%
% total	65%	61%		67%	61%	
Total	64.9	74.3	14%	120.2	139.4	16%

Eurm	Q2 '16a	Q2 '17e	%Ch.	H1 '16a	H1 '17e	%Ch.
Sales	64.9	74.3	14%	120.2	139.4	16%
Gross margin	27.9	30.3	9%	53.3	57.2	7%
% sales	42.9%	40.7%		44.3%	41.0%	
Other op. costs	(8.2)	(9.0)	11%	(15.4)	(17.1)	11%
Added value	19.7	21.2	8%	37.8	40.0	6%
% sales	30.4%	28.6%		31.5%	28.7%	
Labour costs	(11.8)	(13.3)	13%	(22.3)	(25.6)	15%
EBITDA	7.9	7.9	0%	15.6	14.4	-7%
EBITDA Margin	12.2%	10.6%		13.0%	10.4%	
D&A	(1.1)	(1.2)	10%	(2.0)	(2.2)	8%
EBIT	6.8	6.7	-1%	13.5	12.2	-10%
EBIT margin	10.5%	9.0%		11.3%	8.8%	
Forex	0.3	(0.4)		(0.5)	(0.7)	
Extraordinary items	23.0	0.0		23.0	0.0	
Pre-tax profit	30.2	6.4	-79%	36.0	11.5	-68%
Taxes				(4.7)	(3.1)	
Tax Rate				12.9%	27.0%	
Minorities				(1.0)	(1.5)	46%
Net Profit	na	na	nm	30.3	6.9	nm
Net Debt/(Cash)	(70.8)	(69.0)		(70.8)	(69.0)	

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

ELEN: New/Old forecasts

DIVISIONS (Eurm)	2015a	2016a	%Ch.	2017e	%Ch.	'17e Old	%Ch.	2018E	%Ch.	'18e Old	%Ch.
Industrial Systems	70.6	86.6	22.7%	109.1	26.0%	109.1	26.0%	114.6	5.0%	114.6	5.0%
% total	32%	34%		39%		39%		39%		39%	
Medical Laser	147.1	166.0	12.9%	171.0	3.0%	171.0	3.0%	179.6	5.0%	179.6	5.0%
% total	68%	66%		61%		61%		61%		61%	
Total	217.7	252.6	16.1%	280.1	10.9%	280.1	10.9%	294.2	5.0%	294.2	5.0%

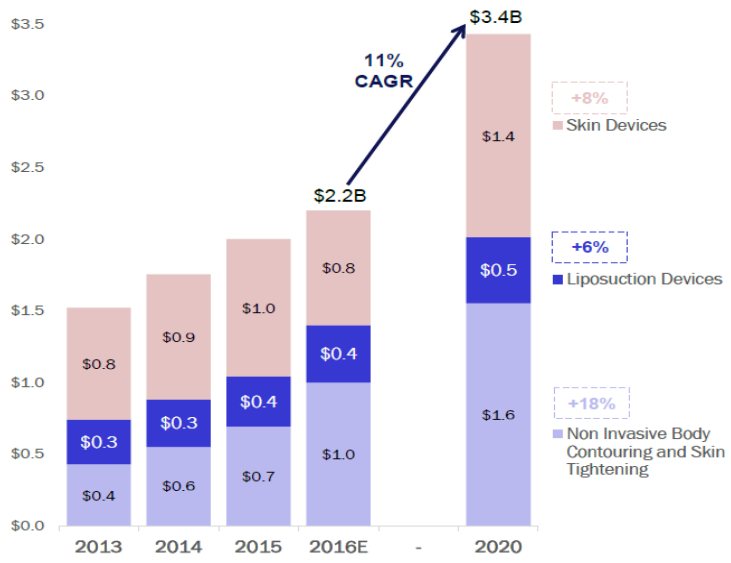
	2015A	2016A	%Ch.	2017E	%Ch.	'17e Old	%Ch.	2018E	%Ch.	'18e Old	%Ch.
Sales	217.7	252.6	16%	280.1	10.9%	280.1	10.9%	294.2	5%	294.2	5%
Gross margin	96.3	110.5	15%	118.7	7.4%	121.2	9.6%	124.6	5%	127.2	5%
% sales	44.3%	43.7%		42.4%		43.3%		42.4%		43.2%	
Other op. costs	(28.5)	(32.0)	12%	(35.5)	10.9%	(35.5)	10.9%	(36.2)	2%	(36.2)	2%
Added value	67.8	78.5	16%	83.2	6.0%	85.7	9.1%	88.4	6%	90.9	6%
% sales	31.2%	31.1%		29.7%		30.6%		30.0%		30.9%	
Labour costs	(42.1)	(46.1)	9%	(51.1)	10.9%	(51.1)	10.9%	(53.3)	4%	(53.3)	4%
EBITDA	25.7	32.4	26%	32.1	-0.9%	34.5	6.6%	35.1	9%	37.6	9%
EBITDA Margin	11.8%	12.8%		11.5%		12.3%		11.9%		12.8%	
D&A	(4.2)	(4.8)	15%	(5.1)	6.0%	(5.1)	6.0%	(5.3)	4%	(5.3)	4%
EBIT	21.5	27.6	28%	27.0	-2.1%	29.4	6.7%	29.8	10%	32.4	10%
EBIT margin	9.9%	10.9%		9.6%		10.5%		10.1%		11.0%	
Forex	1.6	1.8		(2.0)		1.8		0.0		1.8	
Associates	0.3	0.2		0.2		0.2		0.2		0.3	
Oth. Non Op. Items	0.0	(0.0)		0.0		0.0		0.0		0.0	
Net Fin. Inc./(costs)	(0.3)	0.1		0.0		0.1		0.0		0.1	
Extraordinary items	0.0	23.0		0.0		0.0		0.0		0.0	
Pre-tax profit	23.1	52.7	128%	25.2	-52%	31.5	-40.3%	30.0	19%	34.5	10%
Taxes	(7.1)	(9.7)	38%	(6.8)	-30%	(8.5)	-12.6%	(8.1)	19%	(9.3)	10%
Tax rate	30.6%	18.5%		27.0%		27.0%		27.0%		27.0%	
Minorities	(1.7)	(2.6)	54%	(3.8)	47%	(2.9)	12.0%	(4.0)	5%	(2.9)	0%
Net profit	14.4	40.4	181%	14.6	-64%	20.1	-50.3%	17.9	23%	22.3	11%
EPS	0.75	0.93		0.76		1.05		0.93		1.16	
% Diff.				-27%				-20%			
Net Debt/(Cash)	(29.8)	(82.8)		(78)		(85)		(82)		(93)	

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

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Aesthetics Sector Overview

Global Sector Size and Growth



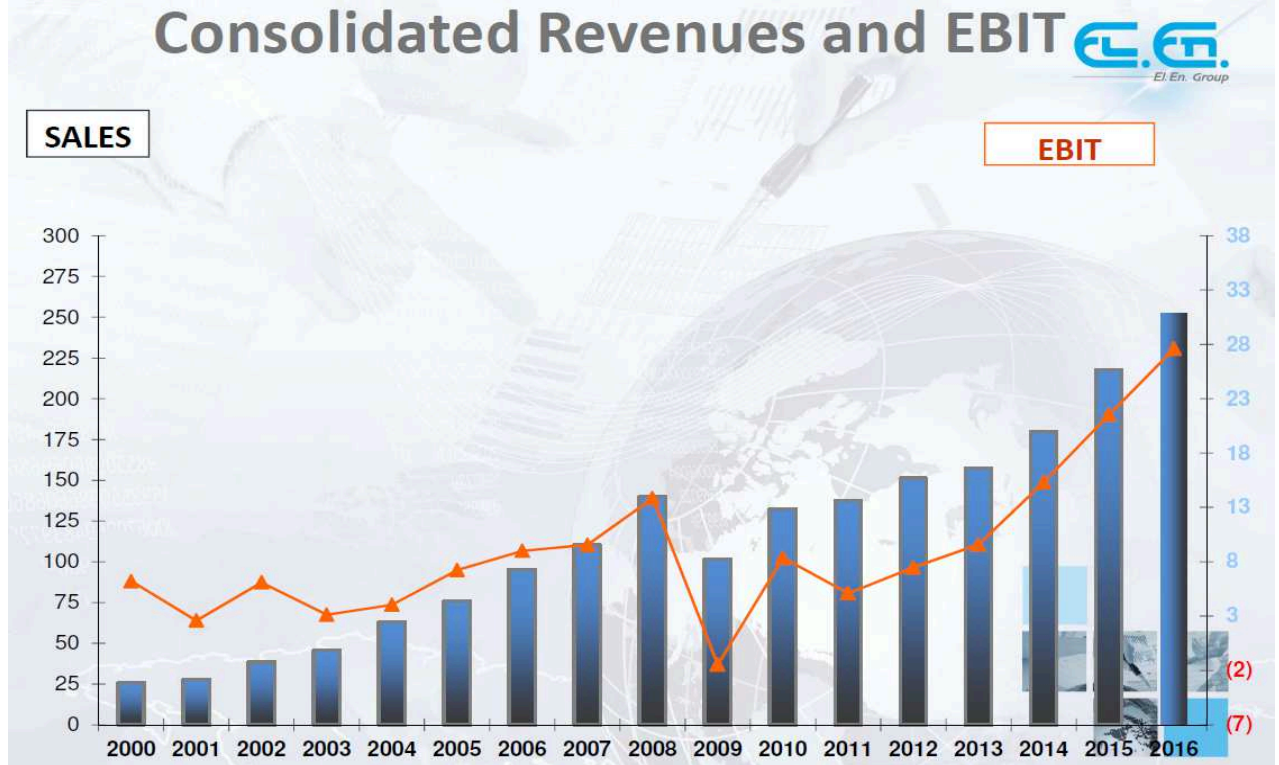
Body Contouring is the Fastest-Growing Non-Invasive Aesthetic Category

Source: Company quarterly earnings estimates and investor presentations, "MarketsandMarkets" Report Medical Aesthetics Markets Global Forecast to 2020; Internal estimates
 Source: Hologic (extract from Cynosure's acquisition presentation)

Key Segment Drivers

- Preference for non-invasive procedures that avoid anesthesia, surgery and downtime
- Aging population
- Rising obesity rates
- Cadence of improved innovation and demonstrated clinical results driving demand
- Availability of disposable income for cosmetic procedures
- Changing dynamic for doctors, leading to a focus on patient self / cash-pay procedures to diversify from reimbursement risk

ELEN: Growth Trackrecord (Eurm)



Source: ELEN presentation

ELEN: COMPS TABLE

	Market Cap	EV/SALES*		EV/EBITDA*		EV/EBIT*		P/E (adj.)	
		2017	2018	2017	2018	2017	2018	2017	2018
BIOLASE INC	32	0.6 x	0.6 x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CUTERA INC	419	3.1 x	2.7 x	36x	25x	76x	48x	70x	46x

* ratio calculated on current EV

Average		1.8 x	1.6 x	36x	25x	76x	48x	70x	46x
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EI.En. (Aletti Estimates)	480	1.5 x	1.4 x	13.1 x	11.9 x	15.6 x	14.0 x	32.8 x	26.7 x
Premium/(Discount) from (1)		-18%	-13%	-63%	-53%	-79%	-71%	-54%	-41%

	Market Cap	EV/SALES*		EV/EBITDA*		EV/EBIT*		P/E (adj.)	
		2017	2018	2017	2018	2017	2018	2017	2018
HAN'S LASER TECHNOLOG	5203	4.2 x	3.5 x	24.5 x	21.2 x	27.5 x	23.8 x	28.9 x	23.9 x
IPG PHOTONICS CORP	7672	6.1 x	5.6 x	14.8 x	13.3 x	16.4 x	14.5 x	25.5 x	22.8 x
PRIMA INDUSTRIE SPA	414	1.1 x	1.0 x	11.1 x	9.2 x	17.1 x	13.0 x	22.6 x	16.3 x

* ratio calculated on current EV

Average		3.8 x	3.4 x	16.8 x	14.6 x	20.3 x	17.1 x	25.6 x	21.0 x
Median Total		4.2 x	3.5 x	14.8 x	13.3 x	17.1 x	14.5 x	25.5 x	22.8 x
Average (2)		3.8 x	3.4 x	16.8 x	14.6 x	20.3 x	17.1 x	25.6 x	21.0 x
Samples' Size		3	3	3	3	3	3	3	3
Max		6.1 x	5.6 x	24.5 x	21.2 x	27.5 x	23.8 x	28.9 x	23.9 x
Min		1.1 x	1.0 x	11.1 x	9.2 x	16.4 x	13.0 x	22.6 x	16.3 x

EI.En. (Aletti Estimates)	Eur480m	1.5 x	1.4 x	13.1 x	11.9 x	15.6 x	14.0 x	32.8 x	26.7 x
Premium/(Discount) from (2)		-61%	-58%	-22%	-19%	-23%	-18%	28%	27%

Source: Bloomberg

ELEN 2018e Stub Value (EURm)

	Recur. Sales	EBITDA	EBITDA margin	EBIT	EBIT margin	Net Pr. Adj.	EV/Sales	EV/EBITDA	EV/EBIT	net of cash assets	Mkt Cap.	Comments
Group	294	35.1	11.9%	29.8	10.1%	17.9	1.63x	13.7x	16.1x	21.6x	480	
Net Cash/(Debt)											-82	2018e
Peripheral assets											-11	Off balance sheet
Group's equity value											387	

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

ELEN 2018e SOP (EURm)

	Recur. Sales	EBITDA	EBITDA margin	EBIT	EBIT margin	Net Pr. Adj.	Implied EV/Sales	Implied EV/EBITDA	Implied EV/EBIT	Target PE Exc. Cash	Mkt Cap Target	Comments
Group	294	35.1	11.9%	29.8	10.1%	17.9	1.7x	14.6x	17.1x	25.0x	448	
Net Cash/(Debt)											82	2018e
Peripheral assets											11	Off balance sheet
Target Mkt Cap Inc. Cash Assets											541	
Ord. Share PT											28.1	
Price											24.88	
Upside/(Downside)											13%	
Net Cash/(Debt)											-82	2018e
Peripheral Debt											-11	Off balance sheet
Group's retirement provisions											3	2016
Minorities											60	2018e 15x PE
Implied EV											511	

Source: Company Data, 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* (66% of FY 2016 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.

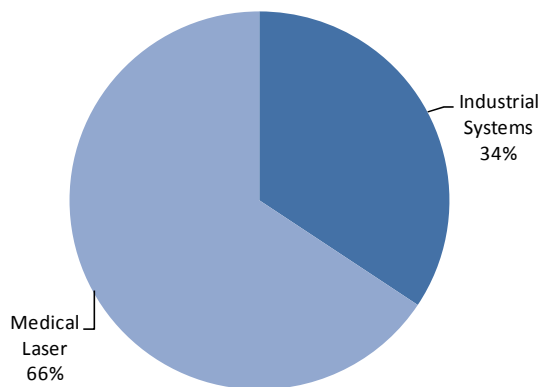
The *Industrial laser system* (34% of FY 2016 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

In FY 2016 the Group realized a total turnover of Eur 253m of which 19% generated in Italy, 17% in Europe (ex-Italy) and 64% in RoW. The Group has over 1000 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.

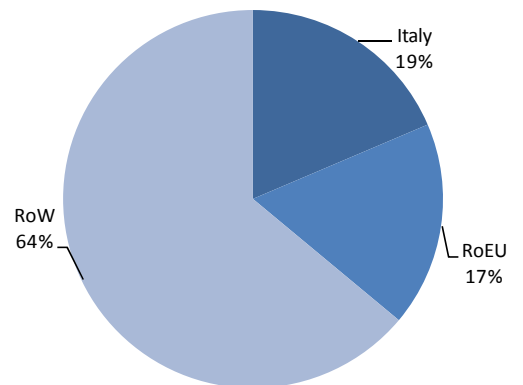
The sales organization is differentiated by geographical market and by product ranges. The Group operates worldwide and today can count on a capillary presence in the international market, with over thirty firms working in Italy and a network of international distributors.

Markets. According to Hologic research, in 2016 the *medical laser market* was worth USD 2.2bn and is expected to grow to USD 3.4bn by 2019E (+11% CAGR in the period). 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 Sector 2016



Sales breakdown by Area 2016



Source: Company data

EL.EN.: Aletti Summary

EV CALCULATIONS (EUR m)	2009A	2010A	2011A	2012A	2013A	2014A	2015A	2016A	2017E	2018E	CAGR 16/18e
Price of ordinary share	2.92	2.98	2.99	3.19	3.98	5.47	9.49	14.48	24.88	24.88	
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.)	56.3	57.6	57.7	61.6	76.7	105.6	183.2	279.5	480.2	480.2	
Others	48.3	50.2	51.8	19.3	12.1	8.0	-20.9	18.7	18.7	18.7	
EV (adj.)	35.8	32.9	56.5	63.1	67.0	66.6	132.5	215.3	421.0	416.6	
PROFIT & LOSS (EUR m)											
Sales	101.8	132.6	137.4	151.2	157.4	180.0	217.7	252.6	280.1	294.2	8%
EBITDA	2.3	13.3	10.8	12.5	13.7	18.0	25.7	32.4	32.1	35.1	4%
Depreciation & Amortisation	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.2	-4.8	-5.1	-5.3	
EBIT	-1.5	8.4	5.1	7.5	9.6	13.8	21.5	27.6	27.0	29.8	4%
Net Financial Interest	0.1	0.1	0.3	-1.4	-1.2	1.6	-0.2	0.1	0.0	0.0	
Other Financials	-0.7	-0.8	-0.7	2.2	-0.2	3.0	1.8	2.0	-1.8	0.2	
Extraordinary Items	0.0	0.0	0.0	18.9	2.5	5.9	0.0	23.0	0.0	0.0	
Earning Before Tax	-2.0	7.7	4.8	27.2	10.7	24.4	23.1	52.7	25.2	30.0	nm
Tax	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-7.1	-9.7	-6.8	-8.1	
<i>Tax rate</i>	<i>n.m.</i>	<i>49%</i>	<i>56%</i>	<i>11%</i>	<i>40%</i>	<i>26%</i>	<i>31%</i>	<i>18%</i>	<i>27%</i>	<i>27%</i>	
Minorities	-0.2	-1.8	-1.4	-1.0	-0.3	-1.5	-1.7	-2.6	-3.8	-4.0	
Net Profit (reported)	-3.1	2.2	0.7	23.2	6.1	16.5	14.4	40.4	14.6	17.9	nm
Net Profit (adj.)	-3.1	2.2	0.7	5.2	4.5	11.4	14.4	17.9	14.6	17.9	0%
PER SHARE DATA (EUR)											
EPS	-0.16	0.11	0.04	1.20	0.31	0.85	0.74	2.09	0.76	0.93	nm
EPS (adj.)	-0.16	0.11	0.04	0.27	0.24	0.59	0.75	0.93	0.76	0.93	0%
CFPS	0.03	0.37	0.33	1.46	0.53	1.07	0.96	2.34	1.02	1.20	nm
BVPS	4.67	4.88	4.91	5.82	6.65	7.41	8.83	9.41	9.76	10.29	5%
DPS	0.00	0.05	0.00	0.13	0.13	0.25	0.30	0.40	0.40	0.40	0%
KEY MARKET RATIOS											
EV/Sales	0.4	0.2	0.4	0.4	0.4	0.4	0.6	0.9	1.5	1.4	
EV/EBITDA	15.7	2.5	5.2	5.0	4.9	3.7	5.2	6.6	13.1	11.9	
EV/EBIT	-24.6	3.9	11.1	8.4	7.0	4.8	6.2	7.8	15.6	14.0	
P/E (adj)	-18.2	26.1	78.8	11.7	16.8	9.2	12.7	15.6	32.8	26.7	
P/CF	85.4	8.0	8.9	2.2	7.5	5.1	9.9	6.2	24.4	20.7	
P/BV	0.6	0.6	0.6	0.5	0.6	0.7	1.1	1.5	2.5	2.4	
Dividend Yield (Gross)	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	3.2%	2.8%	1.6%	1.6%	
MARGINS AND RATIOS											
Sales growth	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	20.9%	16.1%	10.9%	5.0%	
EBITDA growth	-88%	485%	-19%	16%	10%	31%	43%	26%	-1%	9%	
EBIT growth	-111%	-673%	-39%	47%	28%	44%	56%	28%	-2%	10%	
EPS (adj.) growth	-138%	-172%	-67%	nm	-13%	151%	26%	24%	-18%	23%	
EBITDA margin	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	11.8%	12.8%	11.5%	11.9%	
EBIT margin	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	10.9%	9.6%	10.1%	
ROCE	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	9.5%	16.3%	14.9%	15.5%	
NFP/EBITDA	-3.9	-0.8	-0.1	-1.4	-1.6	-2.6	-1.2	-2.6	-2.4	-2.3	
Interest Cover	n.a.	n.a.	n.a.	9.2	11.6	n.a.	158.4	n.a.	n.a.	n.a.	
Payout Ratio	0%	44%	0%	10%	40%	29%	40%	19%	53%	43%	
NWC on Sales	na	na	na	34.4%	30.8%	27.5%	27.5%	21.4%	23.1%	23.8%	
OpFCF/Mkt. Cap.	na	na	na	67.3%	14.7%	9.5%	-0.3%	15.6%	1.4%	2.8%	
CASH FLOW (EUR m)											
Net Profit (reported) + Minorities	-2.9	4.0	2.1	24.2	6.4	18.0	16.1	43.0	18.4	21.9	
Non cash items	4.4	5.7	6.4	2.9	4.4	1.1	2.4	2.8	6.9	5.1	
Cash Flow	1.5	9.7	8.5	27.1	10.8	19.1	18.4	45.8	25.3	27.0	
Change in Net Working Capital	na	na	na	16.9	3.7	-1.1	-10.3	5.8	-10.7	-5.3	
Capex	na	na	na	-2.5	-3.2	-8.0	-8.6	-8.0	-8.0	-8.0	
Oper. Free Cash Flow (OpFCF)	na	na	na	41.4	11.3	10.0	-0.5	43.5	6.6	13.6	
Disposals/(Acquisitions)	na	na	na	na	0.0	16.2	-10.4	16.7	0.0	0.0	
Dividends	-1.6	-0.2	-1.4	-0.4	-3.9	-2.9	-5.4	-5.8	-7.7	-7.7	
Others (incl.Capital Increase)	na	na	na	na	-3.1	-0.9	-2.8	-3.4	-2.0	-1.7	
Free Cash Flow	na	na	na	na	4.3	22.3	-19.1	51.0	-3.1	4.2	
BALANCE SHEET (EUR m)											
Net Tangible Assets	na	na	na	21.4	21.9	26.9	32.6	39.6	42.5	45.2	
Net Intangible Assets	na	na	na	3.4	3.4	3.6	3.9	3.9	3.9	3.9	
Goodwill	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Financial Assets & Others	na	na	na	38.3	47.7	31.2	61.3	21.2	21.2	21.2	
Total Fixed Assets	na	na	na	63.2	73.0	61.8	97.8	64.7	67.7	70.4	
Net Working Capital	na	na	na	52.1	48.4	49.5	59.9	54.1	64.8	70.1	
Total Net Assets	na	na	na	115.2	121.4	111.3	157.6	118.8	132.5	140.5	
Shareholders Equity	na	na	na	112.3	128.3	143.0	170.5	181.5	188.4	198.6	
Minorities equity	na	na	na	11.7	6.0	7.6	9.1	11.2	13.0	15.2	
Net Debt	-8.8	-10.0	-1.2	-17.8	-21.8	-47.1	-29.8	-82.8	-77.9	-82.3	
Provisions	na	na	na	3.3	3.1	3.7	3.4	3.9	3.9	3.9	
Others liabilities	na	na	na	5.7	5.8	4.2	4.5	5.1	5.1	5.1	

Source: Company data and Banca Aletti & C S.p.A. estimates; * Note: historical multiples calculated on average yearly prices; 2009-2011 P&L Pro Forma exc. Cynosure: i.e. Balance Sheet and Cash Flow numbers not available

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

DATE	RATING	Old TP	New TP*	Old MKT PRICE	New MKT PRICE*
31/08/2017	IN LINE		28.0		24.88
16/05/2017	IN LINE from OUTPERFORM		31.0		33.55
20/03/2017	OUTPERFORM		31.0		26.45
15/02/2017	OUTPERFORM		31.0		22.14
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 BPM IS ACTING IN AN ADVISORY CAPACITY OR INVOLVED IN ANY TERM IN STRATEGIC TRANSACTION INVOLVING THE ISSUERS

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BANCA ALETTI & C. S.P.A. EQUITY RESEARCH DEPARTMENT'S DISTRIBUTION OF STOCK RATINGS AS AT JULY 1, 2017 IS AS FOLLOWS:

	OUTPERFORM	IN LINE	UNDERPERFORM	Not Rated
% ON ALETTI UNIVERSE	39%	53%	8%	0%
OF WHICH INV. BANKING CLIENTS	0%	100%	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.

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