

#### Buy

from Neutral

**Share price: EUR 22.35**

closing price as of 14/11/2017

**Target price: EUR 28.00**

Target Price unchanged

**Upside/Downside Potential 25.3%**

Reuters/Bloomberg ELEN.MI/ELN IM

**Market capitalisation (EURm) 431**

Current N° of shares (m) 19

**Free float 64%**

Daily avg. no. trad. sh. 12 mth 66

Daily avg. trad. vol. 12 mth (m) 5,251.15

Price high/low 12 months 20.72 / 33.88

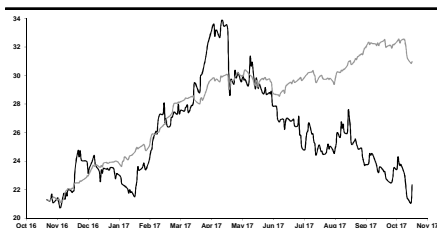
Abs Perfs 1/3/12 mths (%) -5.30/-11.06/6.43

**Key financials (EUR)**

	12/16	12/17e	12/18e
Sales (m)	259	309	334
EBITDA (m)	32	38	44
EBITDA margin	12.5%	12.2%	13.1%
EBIT (m)	28	32	37
EBIT margin	10.6%	10.2%	11.2%
Net Profit (adj.)(m)	18	15	22
ROCE	23.0%	21.3%	23.3%
Net debt/(cash) (m)	(83)	(81)	(90)
Net Debt/Equity	-0.4	-0.4	-0.4
Debt/EBITDA	-2.6	-2.2	-2.1
Int. cover(EBITDA/Fin. int)	(376.6)	high	high
EV/Sales	1.6	1.5	1.3
EV/EBITDA	12.7	12.0	10.1
EV/EBITDA (adj.)	12.7	12.0	10.1
EV/EBIT	14.9	14.3	11.9
P/E (adj.)	25.3	28.1	19.6
P/BV	2.5	2.3	2.1
OpFCF yield	9.6%	2.9%	4.4%
Dividend yield	1.3%	1.8%	1.8%
EPS (adj.)	0.93	0.80	1.14
BVPS	9.41	9.80	10.54
DPS	0.30	0.40	0.40

#### Shareholders

Cangioli Andrea 15%; Pecci Alberto 11%; Clementi Gabriele 10%;



Source: Factset  
— El.En. — FTSE Italy STAR (Rebased)

#### Analyst(s)

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### Reassuring conference call

**The facts:** Very reassuring cc yesterday from the company:

- Q4'17e implied target looks somewhat conservative maybe not much but still the company can do something better: this in turn helps the basis for 2018e estimates. We are already a touch higher but hopefully the company can do better.

- 2018e is in our opinion a year of further growth with the company basically expanding production capacity in basically all its plants in Europe and China

- Main new growth elements should be 1) a resumption in Monalisa Touch sales to USA: on this the company did not commit much but clearly by next year the restructuring of Cynosure sales network by Hologic should be over; 2) the new non-invasive fat reduction and dermatological products which should be launched in Q2'18: the company on those is working hard to be sure before launch of their safety and clinical effectiveness; 3) in general less relevant but also other new products and revamping of existing ones will be launched contributing to growth

- Company planning to invest about Eur 18m in new building across its factories between Q4'17e and 2019e: this should add to a EUR 4m yearly maintenance capex

- The Renaissance project of integrating the Italian sales force is working very well and is now the market leader in Italy; more cooperation between Quanta System and Deka is also in place

- Finally the higher bad debts (few hundred thousand euro) mostly related to China booked in the Q3 were a one off

**Conclusion & Action:** We confirm our PT and Rating.