

## El.En.

Italy/Industrial Engineering

## Buy

Recommendation unchanged

Share price: EUR 12.99

closing price as of 11/11/2010

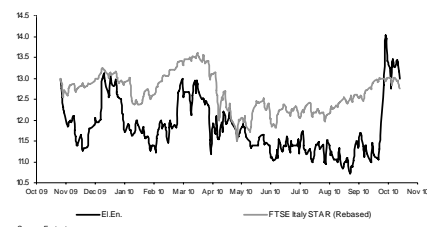
Target price: EUR 14.00

Target Price unchanged

Reuters/Bloomberg ELEN.MVLELN IM

Market capitalisation (EURm)	63
Current N° of shares (m)	5
Free float	47%
Daily avg. no. trad. sh. 12 mth	6,805
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	14.04
Price low 12 mth (EUR)	10.71
Abs. perf. 1 mth	17.98%
Abs. perf. 3 mth	17.45%
Abs. perf. 12 mth	-1.29%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	149	171	187
EBITDA (m)	(4)	10	16
<b>EBITDA margin</b>	<i>nm</i>	6.0%	8.7%
EBIT (m)	(13)	2	8
<b>EBIT margin</b>	<i>nm</i>	1.1%	4.4%
Net Profit (adj.)(m)	3	1	3
ROCE	-8.5%	1.4%	5.8%
Net debt/(cash) (m)	(69)	(75)	(78)
<b>Net Debt/Equity</b>	-0.4	-0.5	-0.5
Debt/EBITDA	17.1	-7.3	-4.8
Int. cover(EBITDA/Fin. int)	15.1	59.7	(55.2)
EV/Sales	0.3	0.2	0.2
EV/EBITDA	<i>nm</i>	4.0	2.2
EV/EBITDA (adj.)	<i>nm</i>	4.0	2.2
EV/EBIT	<i>nm</i>	21.1	4.4
P/E (adj.)	<i>nm</i>	49.6	18.3
P/BV	0.6	0.7	0.7
<b>OpFCF yield</b>	10.8%	38.1%	18.2%
<b>Dividend yield</b>	0.0%	0.3%	0.3%
EPS (adj.)	(1.09)	0.26	0.71
BVPS	18.71	18.97	19.64
DPS	0.00	0.04	0.04



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## 9M 10 preview

The facts: 9M 10 results are due today.

**9M 10 consolidate estimates:** based on the good H1 10 results and on the further expected positive trend in Q3, we forecast 9M sales trend to show a strong recovery compared to 9M 09 due to the good performance of almost all groups subsidiaries (we remind investors that 9M sales growth of Cynosure was +11.0% Y/Y).

We expect the operating leverage to translate into an improvement in the profitability.

The following table shows our sales and profitability forecast.

## EL.EN GROUP: 9M 10e CONSOLIDATE preview

	9M 09a	9M 10e	%Chg.
Sales	106.8	133.3	+24.8%
EBITDA	(4.0)	9.0	<i>n.m.</i>
<b>Margin %</b>	<i>n.m.</i>	6.8%	

Source: Company Data and BANCA AKROS estimates

**9M 10 El.En group excluding Cynosure estimates:** excluding Cynosure, we expect a sales recovery in double digit also for the group's divisions excluding Cynosure and, consequently, a proportional growth in the operating results.

The following table shows our sales and profitability forecast.

## EL.EN GROUP: 9M 10e EXCLUDING CYNOSURE preview

	9M 09a	9M 10e	%Chg.
Sales	71.6	92.3	+28.9%
EBITDA	0.9	8.2	<i>n.m.</i>
<b>Margin %</b>	1.3%	8.9%	

Source: Company Data and BANCA AKROS estimates

**Conclusion & Action:** buy recommendation and target price of EUR 14.0 per share confirmed, waiting to verify our estimates based on the results that will be published.

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This research has been prepared by Andrea Devita, Marco Cavalleri, Luigi Tramontana, Claudio Giacomello, Paola Saglietti, Gabriele Gambarova, Dario Michi, Giada Cabrino (all members of AIAF), Francesco Previtera, Francesco Sala, Francesco Di Gregorio and Marcello Renna (ordinary member of SIAT), who are financial analysts with Banca Akros SpA ("Banca Akros"), which is responsible for the preparation of the research.

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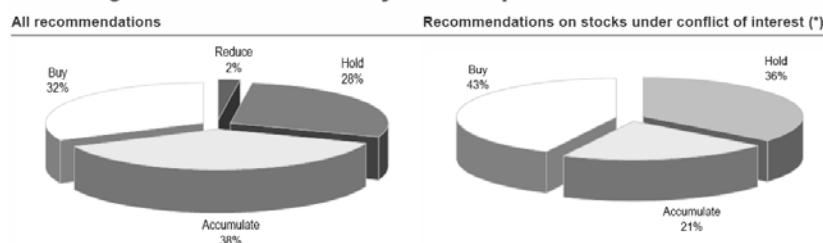
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