

El.En.

Neutral

Share price: EUR 15.63

Target price: EUR 17.00

EUR	12/17	12/18e	12/19e	12/20e
Sales (m)	306	339	361	379
EBITDA (m)	36.2	35.1	37.7	39.6
EBITDA margin	11.8%	10.4%	10.5%	10.5%
EBIT (m)	30.5	29.5	31.5	33.1
EBIT margin	9.9%	8.7%	8.7%	8.7%
Net profit (reported) (m)	15.7	15.6	17.4	18.3
Net profit (adj.) (m)	15.7	15.6	17.4	18.3
Cash Flow from Ops.bef. chg in NWC (m)	29.5	26.3	28.9	30.3
Net debt (Cash) (m)	-84.5	-54.6	-53.9	-62.2
Net Debt/Equity	-0.4	-0.3	-0.2	-0.3
Net Debt/EBITDA	-2.3	-1.6	-1.4	-1.6
Interest cover	nm	high	high	high
ROCE (adj.)	21.4%	14.4%	14.2%	14.5%
ROCE (adj.)/WACC	2.5	1.7	1.7	1.7
EV / CE	4.8	1.9	2.1	2.0
EV / Sales	1.7	0.8	0.9	0.9
EV / EBITDA	14.1	8.0	9.0	8.3
EV / EBIT	16.7	9.6	10.8	10.0
P/E (adj.)	32.0	15.7	17.3	16.5
P/BV	2.6	1.2	1.5	1.4
OpFCF yield	2.9%	-7.6%	3.1%	6.1%
Dividend yield	2.6%	2.6%	2.6%	2.6%
EPS (adj.)	0.81	0.81	0.90	0.95
EPS (adj.) growth	-12.2%	-0.5%	11.5%	5.3%
BVPS	9.88	10.23	10.73	11.28
DPS	0.40	0.40	0.40	0.40
Abs. Performances(12m,6m,3m,1m):	-41.0%	-45.8%	-7.0%	27.2%

12 month High/low: EUR34.54 / 12.29

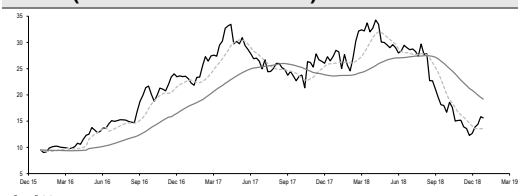
Avg. Daily nb traded shares:0,084

Main shareholders: : Free float 64.1%; Cangjoli Andrea 15.2%; Pecci Alberto 10.8%;

Clementi Gabriele 9.9%;

All share prices at 24/01/19.

PRICE (SHORT & LONG AVERAGE)



FINANCIAL CALENDAR

14/03/19 Results

El.En.

Healthcare

ELEN.MI/ELN IM

Market capitalisation: EUR 302m

Profile. ElEn (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 (57% of FY 2017 sales) are employed in area concerned with general well-being and a healthy body in fields such as dermatology cosmetics physiotherapy dentistry and gynaecology 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 (43% of FY 2017 sales) are used for cutting marking and welding metals wood plastic and glass to decorating leather and textiles and restoring/conserving artwork. In FY 2017 the Group realized a total turnover of EUR 306m of which app. 19% generated in Italy 16% in Europe (ex-Italy) and 65% in RoW .The Group has over 1,200 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 and China. 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 both directly and through a network of international distributors.

Our analysis. The company enjoyed a strong growth in sales, profitability and share price over the 2012-2017 periods thanks to a combination of demand recovery, strong products innovation and peers M&A. In 2017/2018 the company embarked in a production and structural strengthening which has triggered an operational deleverage which should be over with Q4'18e. The company 2018e top line guidance is of sales growth above 10% and EBIT growth of +10%. We are about in line with company guidance.

Valuation & Recommendation. We value the company through a sum of the parts on 2018e estimates assuming an arbitrary price target of 15x earnings plus cash and minorities component. Upside in valuation might come from a higher than expected top line growth thanks to the strong product line in Aesthetics. Risks are from the capex cycle in industrial laser and from a lack of operational leverage.

SWOT Analysis

Strengths

- Management
- Product Innovation Trackrecord

Weaknesses

- Fragmented commercial and production structure
- Likely only player operating in both industrial and aesthetic/medical sectors

Opportunities

- Secular Market Growth
- New innovative products in non-invasive body countouring

Threats

- Competitors USD costs based

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Disclaimer (1/2)

This research has been prepared by Giada Cabrino, Andrea Devita, Enrico Esposti, Gabriele Gambarova, Pietro Gasparri Paola Saglietti, Luigi Tramontana, Francesco Sala (members of AIAF), Andrea Bonfà, Emanuele Oggioni, who are financial analysts with Banca Akros SpA ("Banca Akros"), which is responsible for the preparation of the research.

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This research has been produced and is being distributed as of 29 January 2019.

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- 2) Best Union, Tod's, Sesa
Dual administrator role in related parties.
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- 4) QF Investietico (until September 2017), QF Mediolanum RE A, QF Mediolanum RE B
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- 5) Cattolica Assicurazioni, KME (Intek Group), Salini Impregilo, Saras
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- 6) Industria e Innovazione
The Bank was acting as Co-Lead Manager for the capital increase organized in December 2017 and January 2018.
- 7) Digital Magics (AIM), Notorious Pictures (AIM)
The Bank is a specialist or liquidity provider (until October 2017 for Notorious Pictures).
The Bank is acting as Nomad (until 16 November 2017 for Notorious Pictures).
- 8) Gambero Rosso (AIM), GPI (AIM), Orsero (AIM)
The Bank is acting as Nomad.
- 9) VEI1 (SPAC, AIM)
Banca Akros was acting as Global Coordinator for the IPO organized in January and February 2018.
The Bank is a specialist or liquidity provider.
The Bank is acting as Nomad.
- 10) Industrial Stars of Italy 3 (SPAC, AIM)
The Bank is a specialist or liquidity provider.
Banca Akros was acting as Co-Lead Manager for the IPO organized in September 2017.
The Bank is acting as Nomad.
- 11) SIAS (MTA-TAH)
The Bank is a specialist or liquidity provider.
The Bank was acting as Lead Manager of the consortium for the placement of the negotiable bonds organized in January 2018.
- 12) Digitouch
The Bank is a specialist or liquidity provider.
The Bank is acting as corporate broker.
- 13) Creval
Banca Akros was acting as Joint Bookrunner of the capital increase of the company organized in February and March 2018.
- 14) Archimede / Net Insurance (SPAC, AIM), Banca Sistema, Elica, IndelB, Openjobmetis, Prima Industrie
The Bank is acting as corporate broker.
- 15) Piaggio, Maire Tecnimont
Banca Akros was acting as Joint Bookrunner of the bond issuance organized in April 2018.
- 16) Gamenet
Banca Akros was acting as Co-Lead Manager for the pertinent IPO organized in November and December 2017.
Banca Akros was acting as Co-Lead Manager of the bond issuance organized in April 2018.
- 17) Cad It, Best Union
Banca Akros was acting as coordinator of the collection of acceptances to the pertinent tender offer, organized in the last 12 months.
- 18) K.R. Energy
Banca Akros acted as the Placing Agent for the company's capital raising in June and July 2018.
Banca Akros acted as the Negotiating Bank for the unexercised auction in July 2018.
- 19) Iren
The Bank is acting as Bookrunner of the consortium for the placement of the negotiable bonds organized in September 2018.
- 20) Visibilia Editore (AIM)
The Bank is a specialist or liquidity provider.
As at 31 October 2018 the Bank was holding a net long position of 0.88% of the issuer's share capital.
- 21) Vittoria Assicurazioni
Banca Akros coordinated the OPAS (share exchange and tender offer combination) recruiting operation for the capital raising placement and guarantee consortium in July and August 2018
Banca Akros was acting as Joint Lead Manager of the bond issuance organized in July 2018.
- 22) Terna
Banca Akros was acting as Joint Bookrunner of the bond issuance organized in July 2018.
- 23) IdeaMI (SPAC, AIM)
The Bank is a specialist or liquidity provider.
Banca Akros was acting as Joint Global Coordinator and Joint Bookrunner for the IPO organized in November and December 2017.
The Bank is acting as Nomad.
- 24) Guala Closures
Banca Akros acted in the bond issuance organized in September 2018
- 25) Culti Milano (AIM)
The Bank is a specialist or liquidity provider.
As at 31 December 2018 the Bank was holding a net long position of 1.30% of the issuer's share capital.
- 26) Il Sole 24 Ore
The Bank was acting as Co-Lead Manager for the capital increase organized in October and November 2017.
As at 31 December 2018 the Bank was holding a net long position of 0.77% of the issuer's share capital.

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- 27) Telesia
The Bank is a specialist or liquidity provider.
As at 31 December 2018 the Bank was holding a net long position of 1.03% of the issuer's share capital.
- 28) Solution Capital Management (AIM)
The Bank is a specialist or liquidity provider.
As at 31 December 2018 the Bank was holding a net long position of 1.40% of the issuer's share capital.
- 29) Fine Foods and Farmaceutuals
As at 31 December 2018 the Bank was holding a net long position of 0.69% of the issuer's share capital.
- 30) Fila
Banca Akros acted as Joint Bookrunner of the capital increase of the company organized in November 2018.
- 31) Enel
Banca Akros was acting as Joint Bookrunner of the Enel Finance International NV bond issuance organized in January 2019.

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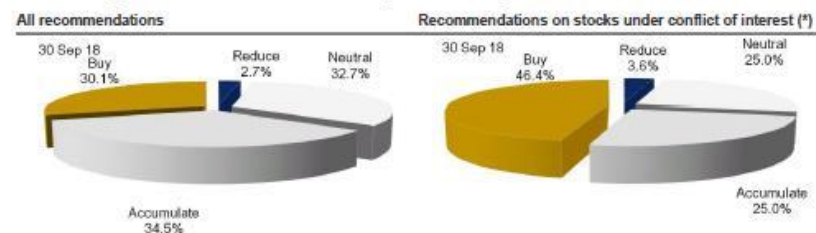
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Percentage of recommendations by the 30 September 2018



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