

## El.En.

Italy/Industrial Engineering

## Buy

Recommendation unchanged

Share price: EUR 13.16

closing price as of 11/11/2009

Target price: EUR 16.70

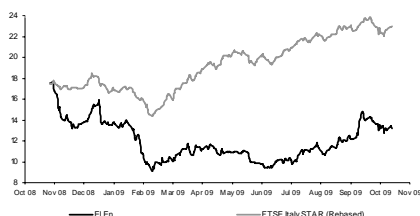
Target Price unchanged

Reuters/Bloomberg

ELEN.MVLEL IM

<b>Market capitalisation (EURm)</b>	63
Current N° of shares (m)	5
<b>Free float</b>	47%
<b>Daily avg. no. trad. sh. 12 mth</b>	8,753
<b>Daily avg. trad. vol. 12 mth (m)</b>	0
<b>Price high 12 mth (EUR)</b>	19.80
<b>Price low 12 mth (EUR)</b>	9.08
<b>Abs. perf. 1 mth</b>	-6.13%
<b>Abs. perf. 3 mth</b>	22.76%
<b>Abs. perf. 12 mth</b>	-36.88%

Key financials (EUR)	12/08	12/09e	12/10e
Sales (m)	222	146	164
EBITDA (m)	29	(2)	9
EBITDA margin	13.0%	nm	5.4%
EBIT (m)	21	(9)	2
EBIT margin	9.3%	nm	0.9%
Net Profit (adj.)(m)	8	(1)	1
ROCE	13.6%	-5.6%	0.9%
Net debt/(cash) (m)	(68)	(53)	(45)
Net Debt/Equity	-0.4	-0.3	-0.3
Debt/EBITDA	-2.4	29.2	-5.1
Int. cover(EBITDA/Fin. int)	(19.2)	2.8	(12.2)
EV/Sales	0.5	0.6	0.6
EV/EBITDA	4.2	nm	10.6
EV/EBITDA (adj.)	4.2	nm	10.6
EV/EBIT	5.9	nm	62.3
P/E (adj.)	8.1	nm	nm
P/BV	0.7	0.7	0.7
OpFCF yield	15.5%	16.5%	-0.2%
Dividend yield	2.3%	0.0%	1.5%
EPS (adj.)	1.72	(0.23)	0.22
BVPS	20.04	19.51	19.73
DPS	0.30	0.00	0.20



Source: Factset

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## Q3 preview

**The facts:** Q3 / 9M 09 results are due today.

**Q3 09 consolidate estimates:** we expect Q3 sales trend still negative compared to Q3 08 due to the continuous global economic downturn.

Although the management's actions aimed at reducing the operative costs, we expect decreasing operating margins compared to Q3 08 because, in our opinion, these actions should not be able to reduce fixed cost sufficiently enough to offset the decrease in revenues.

The following table shows our sales and profitability forecast.

## EL.EN GROUP: Q3 09e CONSOLIDATE preview

	Q3 08a	Q3 09e	%Chg.
Sales	51.4	31.9	-37.9%
EBITDA	6.0	0.0	n.m.
Margin %	11.8%	0.0%	
EBIT	4.5	(1.9)	n.m.
Margin %	8.7%	n.m.	

Source: Company Data and BANCA AKROS estimates

**Q3 09 El.En group excluding Cynosure estimates:** though registering a loss, the Q3 09 consolidated results, excluding Cynosure, should be better compared to the Q3 full consolidate results, which are affected by the severe economic downturn in the US, the main market for Cynosure. The group should register a lower decrease in revenues and a lower impact from fixed costs on revenues.

The following table shows our sales and profitability forecast.

## EL.EN GROUP: Q3 09e EXCLUDING CYNOSURE preview

	Q3 08a	Q3 09e	%Chg.
Sales	29.2	20.7	-29.1%
EBITDA	2.4	0.1	n.m.
Margin %	4.7%	0.5%	
EBIT	1.6	(0.7)	n.m.
Margin %	3.1%	n.m.	

Source: Company Data and BANCA AKROS estimates

**Conclusion & Action:** in case the group will show Q3 results in line with our estimates, we believe the management will be able to reach FY 09 results in line with our FY 09 forecast (sales at EUR 146.5m, and EBITDA at EUR -1.7m).

Buy recommendation and target price of EUR 16.7 per share confirmed, waiting to verify our estimates based on the results that will be published.

## Disclaimer

This research has been prepared by Andrea Devita, Marco Cavalleri, Luigi Tramontana, Claudio Giacomello, Paola Saglietti, Gabriele Gambarova, Dario Michi, Enrico Filippi, Giada Cabrino (all members of AIAF), Francesco Previtera, Francesco Sala 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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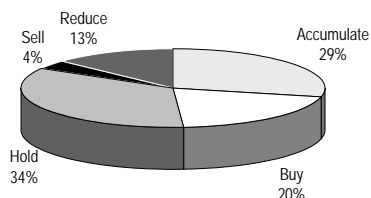
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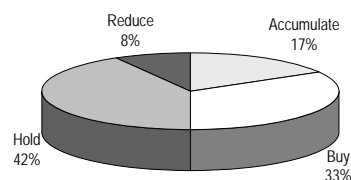
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### Percentage of recommendations by the 30 September 2009

All recommendations



Recommendations on stocks under conflict of interest (\*)



(\*) Please note that the rate of issuers who are in potential conflict of interests with Banca Akros is equivalent to 14% of all issuers covered

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