El.En.

Italy/Industrial Engineering

Buy

Recommendation unchanged

Share price: EUR	11.42

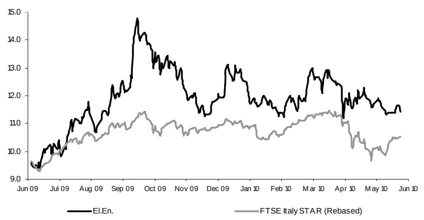
closing price as of 23/06/2010

Target price: EUR	15.50

Target Price unchanged

Reuters/Bloomberg	ELEN.MI/ELN IM
Market capitalisation (EURm)	55
Current N° of shares (m)	5
Free float	47%
Daily avg. no. trad. sh. 12 mth	
Daily avg. trad. vol. 12 mth (m)	
Price high 12 mth (EUR)	14.77
Price low 12 mth (EUR)	9.41
Abs. perf. 1 mth	-4.03%
Abs. perf. 3 mth	-3.38%
Abs. perf. 12 mth	15.53%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	149	157	173
EBITDA (m)	(4)	7	15
EBITDA margin	*nm*	*4.6%*	*8.4%*
EBIT (m)	(13)	(2)	5
EBIT margin	*nm*	*nm*	*3.0%*
Net Profit (adj.)(m)	3	(1)	3
ROCE	-8.5%	-1.2%	3.3%
Net debt/(cash) (m)	(69)	(67)	(67)
Net Debt/Equity	*-0.4*	*-0.4*	*-0.4*
Debt/EBITDA	17.1	-9.3	-4.6
Int. cover(EBITDA/Fin. int	15.1	(31.0)	(48.4)
EV/Sales	0.3	0.3	0.2
EV/EBITDA	nm	5.8	2.9
EV/EBITDA (adj.)	nm	5.8	2.9
EV/EBIT	nm	nm	8.2
P/E (adj.)	nm	nm	20.4
P/BV	0.6	0.6	0.6
OpFCF yield	*10.8%*	*31.7%*	*15.1%*
Dividend yield	*0.0%*	*0.3%*	*0.4%*
EPS (adj.)	(1.09)	(0.13)	0.56
BVPS	18.71	18.58	19.10
DPS	0.00	0.04	0.04



Source: Factset

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Feedback from investor day

A few topics covered by the management during investor day.

2010 growth drivers: the main key factors that will drive sales recovery in the current year are:

Industrial division: *1)* good growth perspectives of the subsidiaries in China and in Brazil; *2)* success of the last innovation (radio frequency sources); *3)* entry in the segment of the metal cut;

Aesthetic/medical division: *1)* current important recovery of the US market; *2)* positive trend in Italy.

EUR/USD exchange rate effects: the strength of the dollar against the euro will negatively impact sales and profitability of the US Cynosure; nevertheless, the increase in profitability of El.En. S.p.A. and of the other European companies (they produce in euro and realize the most of part of their sales in dollar) should more than offset the negative impact of the consolidation of Cynosure results.

FY10 outlook confirmed by the management: based on the foregoing considerations, the management confirmed for 2010 its objective to return to profitability thanks to a slight increase in sales volume and an effective control of costs.

Conclusion & Action*: in line with Q1 10 results, we expect an improvement in sales and profitability in Q2 10 compared with the same period of the last year.*

We maintain our FY 10 estimates and we confirm our Buy recommendation and our target price of EUR 15.50 per share.

Disclaimer

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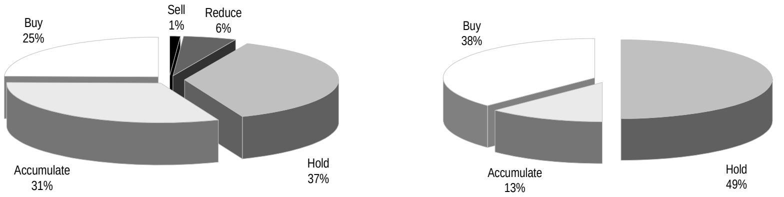
Percentage of recommendations by the 31 March 2010

All recommendations **Recommendations on stocks under conflict of interest (*)**



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