

EL.EN.

OUTPERFORM

SECTOR: Industrials

Price (Eu):

23.47

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Target Price (Eu):

26.50

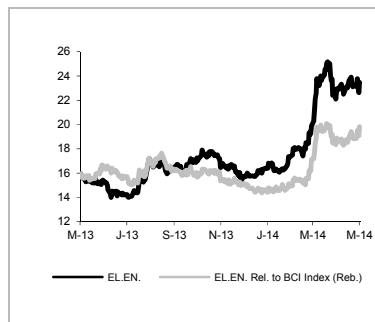
2014 Outlook Reaffirmed, Downgrade To Outperform After Long Climb

■ **Quarterly results beat our estimates.** El.En posted a 12.1% YoY increase in sales to Eu37.6mn, 7.3% above our forecast. By region, sales grew in Italy (+28.3%) due to high sales of cutting laser systems, and in the Rest of the World category (+15.0%), while they went down in Europe excluding Italy (-7.7%). By division, sales of medical and aesthetic laser systems increased by 14.0%, those of industrial laser systems by 12.9% due to buoyant Chinese demand; after-sale services also went up by 5.1%. EBITDA came to Eu3.4mn, 37.8% higher than forecast and up 64.4% YoY. The margin soared 290bps YoY to 9.2%: lower costs for services and personnel expenses were kept under control, providing significant operating leverage. EBIT benefited from the release of a Eu1.5mn excess reserve allocated for a patent dispute between Asclepion and Palomar that has been settled, and came to Eu3.6mn (from Eu1.0mn in 1Q13). Even net of this non-recurrent component, EBIT was well above our estimate (Eu1.3mn). The net operating margin was a healthy 9.7%. Finally, pre-tax profit jumped from Eu1.7mn in 1Q13 to Eu8.0mn in 1Q14, boosted by a Eu4.5mn capital gain on the sale of 1.0mn shares of Cynosure. For the aforementioned reason, the net cash position increased QoQ from Eu21.8mn as at December 2013 to Eu43.1mn as at March 2014. It would have been slightly down QoQ net of this extraordinary cash-in worth Eu23.0mn.

■ **2014 outlook reaffirmed, estimates updated.** Management stated: "in 1Q14 the group recorded an increase in turnover, and a satisfactory EBIT, even excluding the impact of non-recurring transactions. These results are ahead on the schedule for the fulfillment of the released yearly guidance. Therefore the Group, for the current financial year, confirms the guidance (5% increase in turnover and EBIT increase over 2013), confident of being able to improve it". Following the release of solid 1Q14 results, we have updated our estimates to take into consideration non-recurring components (release of provision, and capital gain). For FY14, we forecast sales growth of 5.7% to Eu166.3mn, organic EBIT of Eu10.3mn (equal to a margin of 6.2%, up 10bps YoY), and reported net profit of Eu11.3mn. The net cash position is expected to reach Eu49.5mn at year's end.

■ **Downgrade to OUTPERFORM, target price lifted to Eu26.5.** We have downgraded the stock to OUTPERFORM in light of its excellent YTD performance (+50%, +41% relative). Nevertheless, we maintain a positive recommendation, as El.En is expected to benefit from both its exposure to the medical and aesthetic treatment sector, which enjoy sustainable growth drivers. Furthermore, in the industrial laser systems business, industrialisation in fast-growing markets such as Brazil and China should stimulate growth. Our valuation, based on an SoP that adds the value of El.En net of minorities to the market value of El.En's 4.5% stake in Cynosure, yields Eu26.5 per share. Even after the recent share price rally, the stock remains clearly undervalued, although we stress that without additional information on the strategic uses of cash and/or an active management of the residual stake in Cynosure, any further re-rating is unlikely in the short term.

EL.EN. - 12m Performance



Eu/USD: 1.35 2014/15

RATING: OUTPERFORM from BUY

TARGET PRICE (Eu): 26.5 from 24.0

| | | |
|--------------------|--------|-------|
| Change in EPS est: | 2014E | 2015E |
| | 130.2% | 0.0% |

STOCK DATA

| | |
|-----------------|---------|
| Reuters code: | ELEN.MI |
| Bloomberg code: | ELN IM |

| Performance | 1m | 3m | 12m |
|----------------|-------------|-------|-------|
| Absolute | 2.3% | 35.3% | 47.1% |
| Relative | 4.8% | 33.3% | 28.6% |
| 12 months H/L: | 25.15/14.00 | | |

SHAREHOLDER DATA

| | |
|---------------------------|-------|
| No. of Ord. shares (mn): | 5 |
| Total No. of shares (mn): | 5 |
| Mkt Cap Ord (Eu mn): | 113 |
| Total Mkt Cap (Eu mn): | 113 |
| Mkt Float - ord (Eu mn): | 48 |
| Mkt Float (in %): | 42.7% |
| Main shareholder: | |
| Cangioli Andrea | 13.4% |

BALANCE SHEET DATA

| | 2014 |
|---------------------------------|-------|
| Book value (Eu mn): | 136 |
| BVPS (Eu): | 28.26 |
| P/BV: | 0.8 |
| Net Financial Position (Eu mn): | 49 |
| Enterprise value (Eu mn): | 49 |

| Key Figures | 2012A | 2013A | 2014E | 2015E | 2016E |
|--------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 151 | 157 | 166 | 175 | 185 |
| Ebitda (Eu mn) | 13 | 14 | 15 | 16 | 17 |
| Net profit (Eu mn) | 23 | 6 | 10 | 5 | 5 |
| EPS - New (Eu) | 0.651 | 1.260 | 2.054 | 0.961 | 1.040 |
| EPS - Old (Eu) | | 1.260 | 0.894 | 0.963 | 1.041 |
| DPS (Eu) | 0.500 | 0.500 | 0.822 | 0.385 | 0.416 |

| Ratios & Multiples | 2012A | 2013A | 2014E | 2015E | 2016E |
|--------------------|-------|-------|-------|-------|-------|
| P/E | 36.1 | 18.6 | 11.4 | 24.4 | 22.6 |
| Div. Yield | 2.1% | 2.1% | 3.5% | 1.6% | 1.8% |
| EV/Ebitda | 6.9 | 5.6 | 3.3 | 3.1 | 2.7 |
| ROCE | 6.5% | 8.8% | 11.4% | 11.3% | 11.5% |

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EL.EN. - KEY FIGURES

| | | 2012A | 2013A | 2014E | 2015E | 2016E |
|----------------------------------|--------------------------------------|------------|------------|------------|------------|------------|
| | Fiscal year end | 31/12/2012 | 31/12/2013 | 31/12/2014 | 31/12/2015 | 31/12/2016 |
| PROFIT & LOSS (Eu mn) | Sales | 151 | 157 | 166 | 175 | 185 |
| | EBITDA | 13 | 14 | 15 | 16 | 17 |
| | EBIT | 7 | 10 | 12 | 11 | 12 |
| | Financial income (charges) | (1) | (1) | (1) | (1) | (1) |
| | Associates & Others | (0) | 2 | 5 | 0 | 0 |
| | Pre-tax profit (Loss) | 6 | 11 | 16 | 11 | 11 |
| | Taxes | (3) | (4) | (4) | (4) | (5) |
| | Tax rate (%) | -48.5% | -40.0% | -28.2% | -41.1% | -40.8% |
| | Minorities & discontinue activities | 20 | (0) | (1) | (2) | (2) |
| | Net profit | 23 | 6 | 10 | 5 | 5 |
| | Total extraordinary items | | | | | |
| Ebitda excl. extraordinary items | 13 | 14 | 15 | 16 | 17 | |
| Ebit excl. extraordinary items | 7 | 10 | 12 | 11 | 12 | |
| Net profit restated | 3 | 6 | 10 | 5 | 5 | |
| PER SHARE DATA (Eu) | Total shares out (mn) - average fd | 5 | 5 | 5 | 5 | 5 |
| | EPS stated fd | 4.809 | 1.260 | 2.054 | 0.961 | 1.040 |
| | EPS restated fd | 0.651 | 1.260 | 2.054 | 0.961 | 1.040 |
| | BVPS fd | 23.278 | 26.588 | 28.257 | 29.219 | 30.259 |
| | Dividend per share (ord) | 0.500 | 0.500 | 0.822 | 0.385 | 0.416 |
| | Dividend per share (sav) | | | | | |
| Dividend pay out ratio (%) | 10.4% | 39.7% | 40.0% | 40.0% | 40.0% | |
| CASH FLOW (Eu mn) | Gross cash flow | 6 | 9 | 15 | 11 | 12 |
| | Change in NWC | 17 | 2 | (2) | (3) | (3) |
| | Capital expenditure | (3) | (0) | (6) | (6) | (6) |
| | Other cash items | 0 | 0 | 0 | 0 | 0 |
| | Free cash flow (FCF) | (16) | (9) | 30 | 4 | 4 |
| | Acquisitions, divestments & others | (36) | (21) | 24 | 1 | 1 |
| | Dividend | (0) | (4) | (2) | (4) | (2) |
| Equity financing/Buy-back | 1 | (4) | 0 | 0 | 0 | |
| Change in Net Financial Position | (35) | 4 | 28 | 0 | 2 | |
| BALANCE SHEET (Eu mn) | Total fixed assets | 57 | 67 | 70 | 70 | 65 |
| | Net working capital | 52 | 50 | 52 | 55 | 58 |
| | Long term liabilities | (3) | (4) | (28) | (25) | (18) |
| | Net capital employed | 106 | 112 | 94 | 100 | 105 |
| | Net financial position | 18 | 22 | 49 | 50 | 52 |
| | Group equity | 124 | 134 | 144 | 150 | 157 |
| | Minorities | 12 | 6 | 7 | 9 | 11 |
| Net equity | 112 | 128 | 136 | 141 | 146 | |
| ENTERPRISE VALUE (Eu mn) | Average mkt cap - current | 113 | 113 | 113 | 113 | 113 |
| | Adjustments (associate & minorities) | 9 | 15 | 15 | 15 | 15 |
| | Net financial position | 18 | 22 | 49 | 50 | 52 |
| | Enterprise value | 86 | 77 | 49 | 49 | 47 |
| RATIOS(%) | EBITDA margin* | 8.3% | 8.7% | 9.0% | 9.1% | 9.3% |
| | EBIT margin* | 4.9% | 6.1% | 7.1% | 6.3% | 6.4% |
| | Gearing - Debt/equity | -14.4% | -16.2% | -34.4% | -33.1% | -33.2% |
| | Interest cover on EBIT | 5.5 | 8.1 | 23.6 | 22.0 | 23.6 |
| | Debt/Ebitda | nm | nm | nm | nm | nm |
| | ROCE* | 6.5% | 8.8% | 11.4% | 11.3% | 11.5% |
| | ROE* | 22.4% | 5.1% | 7.5% | 3.3% | 3.5% |
| | EV/CE | 0.8 | 0.7 | 0.5 | 0.5 | 0.5 |
| | EV/Sales | 0.6 | 0.5 | 0.3 | 0.3 | 0.3 |
| | EV/Ebit | 11.5 | 8.0 | 4.2 | 4.4 | 3.9 |
| Free Cash Flow Yield | -15.3% | -9.4% | 30.5% | 4.1% | 4.3% | |
| GROWTH RATES (%) | Sales | 10.1% | 4.1% | 5.7% | 5.1% | 5.7% |
| | EBITDA* | 15.7% | 9.8% | 9.2% | 6.7% | 6.9% |
| | EBIT* | 46.7% | 28.2% | 23.1% | -6.8% | 7.3% |
| | Net profit | nm | -73.8% | 63.0% | -53.2% | 8.2% |
| | EPS restated | nm | 93.6% | 63.0% | -53.2% | 8.2% |

* Excluding extraordinary items

Source: Intermonte SIM estimates

Results

| El.En. Quarterly Results | | | | | | | | |
|---------------------------------|-------------------------------|-------------|-------------|-------------|---------------|--|--------------|--------------|
| | (€ mn) | 1Q13A | 1Q14A | 1Q14E | A v E | | FY13A | FY14E |
| Sales | | 33.5 | 37.6 | 35.0 | 7.3% | | 157.4 | 166.3 |
| | YoY growth % | | 12.1% | | | | | 5.7% |
| EBITDA | | 2.1 | 3.4 | 2.5 | 37.8% | | 13.7 | 15.0 |
| | Ebitda margin % | 6.3% | 9.2% | 7.1% | | | 8.7% | 9.0% |
| | YoY growth % | | 64.4% | | | | | 9.2% |
| Total D&A | | (1.1) | 0.2 | (1.2) | | | (4.2) | (3.2) |
| | <i>of which non-recurrent</i> | | 1.5 | | | | | 1.5 |
| EBIT | | 1.0 | 3.6 | 1.3 | 179.1% | | 9.6 | 11.8 |
| | Ebit margin % | 2.9% | 9.7% | 3.7% | | | 6.1% | 7.1% |
| | YoY growth % | | 278.3% | | | | | 23.1% |
| Net financials & Participations | | 0.7 | 4.3 | (0.1) | | | 1.1 | 4.0 |
| | <i>of which non-recurrent</i> | | 4.5 | | | | | 4.5 |
| Pretax Profit | | 1.7 | 8.0 | 1.2 | n.m. | | 10.7 | 15.8 |
| | Pretax margin % | 5.1% | 21.2% | 3.4% | | | 6.8% | 9.5% |
| | YoY growth % | | 369.3% | | | | | 47.7% |
| Taxes | | | | | | | (4.3) | (4.5) |
| tax rate | | | | | | | -40.0% | -28.2% |
| Minorities and disc. Operations | | | | | | | (0.3) | (1.4) |
| Group net profit | | | | | | | 6.1 | 9.9 |
| | YoY growth % | | | | | | | 63.0% |
| | <i>of which non-recurrent</i> | | | | | | | 6.0 |

Source: Company data and Intermonte Sim

Estimates

| El.En. Change in estimates | | | | |
|----------------------------|-------|--------|-------|-------|
| (€ mn) | 2013A | 2014E | 2015E | 2016E |
| Sales new | 157.4 | 166.3 | 174.9 | 184.8 |
| Sales old | | 166.3 | 174.9 | 184.8 |
| % change | | 0.0% | 0.0% | 0.0% |
| EBITDA new | 13.7 | 15.0 | 16.0 | 17.1 |
| EBITDA old | | 15.0 | 16.0 | 17.1 |
| % change | | 0.0% | 0.0% | 0.0% |
| EBIT new | 9.6 | 11.8 | 11.0 | 11.8 |
| EBIT old | | 10.3 | 11.0 | 11.8 |
| % change | | 14.6% | 0.0% | 0.0% |
| Pretax Profit new | 10.7 | 15.8 | 10.5 | 11.3 |
| Pretax Profit old | | 9.8 | 10.5 | 11.3 |
| % change | | 61.2% | 0.0% | 0.0% |
| Group Net profit new | 6.1 | 9.9 | 4.6 | 5.0 |
| Group Net Profit old | | 4.3 | 4.6 | 5.0 |
| % change | | 130.2% | 0.0% | 0.0% |

Source: Company data and Intermonte Sim

| El.En. Income statement estimates | | | | | | | |
|---|-------|-------|-------|-------|--------|-------|------------|
| (€ mn) | 2011A | 2012A | 2013A | 2014E | 2015E | 2016E | CAGR13-16E |
| Sales | 137.4 | 151.2 | 157.4 | 166.3 | 174.9 | 184.8 | 5.5% |
| YoY growth % | 3.6% | 10.1% | 4.1% | 5.7% | 5.1% | 5.7% | |
| EBITDA | 10.8 | 12.5 | 13.7 | 15.0 | 16.0 | 17.1 | 7.6% |
| Ebitda margin % | 7.9% | 8.3% | 8.7% | 9.0% | 9.1% | 9.3% | |
| YoY growth % | | 15.7% | 9.8% | 9.2% | 6.7% | 6.9% | |
| Total D&A | (5.7) | (5.0) | (4.2) | (3.2) | (5.0) | (5.3) | |
| of which non-recurrent | | | | 1.5 | | | |
| EBIT | 5.1 | 7.5 | 9.6 | 11.8 | 11.0 | 11.8 | 7.2% |
| Ebit margin % | 3.7% | 4.9% | 6.1% | 7.1% | 6.3% | 6.4% | |
| YoY growth % | | 46.7% | 28.2% | 23.1% | -6.8% | 7.3% | |
| Net financial charges | (0.3) | (1.4) | (1.7) | (0.5) | (0.5) | (0.5) | |
| Other income | | | 2.8 | 4.5 | | | |
| Pretax Profit | 4.8 | 6.1 | 10.7 | 15.8 | 10.5 | 11.3 | 1.9% |
| Taxes | (2.7) | (3.0) | (4.3) | (4.5) | (4.3) | (4.6) | |
| Income from continued op. | 2.1 | 3.1 | 6.4 | | | | |
| Income from discontinued op. | (2.4) | 26.7 | 0.0 | | | | |
| Net Profit before minority interest | (0.3) | 29.8 | 6.4 | 11.3 | 6.2 | 6.7 | 1.4% |
| Minority interest from continued op. | (1.4) | (1.0) | (0.3) | (1.4) | (1.5) | (1.7) | |
| Minority interest from discontinued op. | 1.4 | (5.6) | 0.0 | | | | |
| Group Net Profit | -0.3 | 23.2 | 6.1 | 9.9 | 4.6 | 5.0 | -6.2% |
| Net margin % | -0.2% | 15.3% | 3.9% | 6.0% | 2.7% | 2.7% | |
| YoY growth % | | n.m. | n.m. | 63.0% | -53.2% | 8.2% | |

Source: Company data and Intermonte SIM estimates

Valuation

El.En. - Valuation summary

| | <i>Method</i> | <i>€ mn</i> | <i>€ per share</i> | <i>previous (18/03/14)</i> | <i>change</i> |
|---------------------------|------------------------|--------------|--------------------|----------------------------|---------------|
| El.En | DCF, net of minorities | 112.2 | 23.3 | 14.7 | 58.8% |
| Stake in Cynosure | market value | 15.6 | 3.2 | 8.4 | -61.5% |
| Total Equity Value | | 127.8 | 26.5 | 23.0 | 15.1% |
| El.En Share Price | | | 23.5 | 20.2 | 16.2% |
| potential upside | | | 12.9% | 14.0% | |

Source: Intermonte Sim

EL.EN. Peer Group - Absolute Performances

| Stock | Price | Ccy | Mkt cap | 1M | 3M | 6M | YTD | 1Y | 2Y |
|-------------------------|-------------|------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|
| EL.EN. | 23.5 | EUR | 113.2 | 2.3% | 35.3% | 42.7% | 49.4% | 47.1% | 86.3% |
| AMADA CO. | 963.0 | JPY | 368,194.8 | 23.6% | 21.9% | 7.1% | 3.9% | 16.9% | 94.2% |
| COHERENT INC. | 57.6 | USD | 1,432.5 | -8.0% | -12.1% | -12.5% | -22.6% | 0.0% | 23.2% |
| CYMER | --- | USD | --- | --- | --- | --- | --- | --- | --- |
| FIDIA | 3.0 | EUR | 15.1 | -6.0% | 13.7% | 16.1% | 25.4% | 18.4% | 18.4% |
| GSI GROUP | 12.1 | USD | 413.8 | -4.3% | 6.8% | 12.0% | 7.7% | 47.1% | 0.7% |
| PRIMA INDUSTRIE | 13.0 | EUR | 136.3 | 2.4% | 25.8% | 36.9% | 40.5% | 32.8% | 64.3% |
| ROFIN-SINAR TECH | 22.8 | USD | 641.5 | -2.4% | 3.7% | -4.6% | -15.7% | -11.9% | 6.7% |
| Mean performance | | | | 1.1% | 13.6% | 13.9% | 12.7% | 21.5% | 42.0% |
| Italy Fixed | 20,648.6 | EUR | 264,119 | -4.1% | 1.0% | 10.5% | 8.9% | 17.7% | 55.4% |

Source: FactSet

EL.EN. Peer Group - Multiple Comparison

| Stock | Price | Ccy | Mkt cap | EV/Sales | EV/Sales | EV/Ebitda | EV/Ebitda | EV/Ebit | EV/Ebit | P/E | P/E | Div Yield | Div Yield |
|------------------|-------------|------------|--------------|------------|------------|------------|------------|-------------|------------|-------------|-------------|-------------|-------------|
| | | | | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| EL.EN. | 23.5 | EUR | 113.2 | 0.3 | 0.3 | 3.3 | 3.1 | 4.2 | 4.4 | 11.4 | 24.4 | 3.5% | 1.6% |
| AMADA CO. | 963.0 | JPY | 368,194.8 | 1.3 | 1.2 | 10.7 | 9.3 | 14.1 | 11.6 | 21.8 | 18.7 | 1.9% | 2.1% |
| COHERENT INC. | 57.6 | USD | 1,432.5 | 1.6 | 1.4 | 8.7 | 6.7 | 12.3 | 8.8 | 17.3 | 13.2 | | |
| CYMER | | USD | | | | | | | | | | | |
| FIDIA | 3.0 | EUR | 15.1 | 0.4 | 0.3 | 7.2 | 5.2 | 10.2 | 7.4 | 24.7 | 18.5 | 0.0% | 0.0% |
| GSI GROUP | 12.1 | USD | 413.8 | | | | | | | 16.4 | 14.0 | | |
| PRIMA INDUSTRIE | 13.0 | EUR | 136.3 | 0.6 | 0.6 | 6.3 | 5.5 | 9.3 | 7.8 | 13.2 | 10.6 | 0.0% | 0.0% |
| ROFIN-SINAR TECH | 22.8 | USD | 641.5 | 1.0 | 0.8 | 9.9 | 6.7 | 14.6 | 8.3 | 28.0 | 16.5 | 0.0% | 0.0% |
| Median | | | | 0.8 | 0.7 | 8.0 | 6.1 | 11.2 | 8.1 | 17.3 | 16.5 | 0.0% | 0.0% |

Source: Intermonte SIM estimates for covered companies, FactSet consensus estimates for peer group

El.En. Peer Group - Absolute Performances

| Stock | Price | Ccy | Mkt cap | 1M | 3M | 6M | YTD | 1Y | 2Y |
|-----------------------|-------------|------------------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Cynosure | 20.4 | USD - US Dollar | 455.6 | -12.3% | -28.2% | -12.9% | -18.8% | -16.6% | -0.3% |
| El.En | 16.7 | Euro | 110.8 | -1.6% | 1.4% | 13.8% | 2.4% | 39.1% | 13.7% |
| Syneron Medical Ltd | 7.7 | U.S. Dollar | 282.7 | -6.0% | -7.5% | -11.1% | -13.6% | 11.0% | -6.2% |
| Cutera, Inc. | 7.2 | U.S. Dollar | 101.7 | -8.1% | -4.3% | 4.3% | -3.0% | -0.1% | 30.2% |
| BIOLASE, Inc. | 1.4 | U.S. Dollar | 51.6 | -15.3% | -34.9% | 16.4% | -32.9% | -62.6% | -26.2% |
| Medical avg | | | | -9.8% | -15.6% | 3.2% | -16.5% | -17.2% | -0.7% |
| Italy FTSE Mib | | | | -4.5% | 1.0% | 9.2% | 8.1% | 18.0% | 54.7% |

Source: Factset

El.En. Peer Group - Multiple Comparison

| Stock | Price | Ccy | Mkt cap | Capi/Sales | Capi/Sales | P/E | P/E | P/BV | P/BV | EV/EBITDA | EV/EBITDA |
|---------------------|-------------|------------------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|------------|
| | | | | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 |
| El.En | 16.7 | EUR - Euro | 110.8 | 0.59 | 0.56 | 12.1 | 11.3 | 0.72 | 0.70 | 3.3 | 3.1 |
| Syneron Medical Ltd | 7.7 | U.S. Dollar | 282.7 | 1.1 | 1.0 | 34.7 | 20.7 | | | 10.1 | 7.1 |
| <i>Cynosure</i> | <i>20.4</i> | <i>USD - US Dollar</i> | <i>455.6</i> | 1.3 | 1.2 | 17.8 | 14.5 | | | 7.5 | 6.0 |
| Cutera, Inc. | 7.2 | U.S. Dollar | 101.7 | 0.7 | 0.6 | | | 1.6 | 1.5 | | |
| BIOLASE, Inc. | 1.4 | U.S. Dollar | 51.6 | 1.3 | 1.2 | | | | | | |
| Medical avg | | | | 1.2 | 1.1 | 26.2 | 17.6 | 1.6 | 1.5 | 8.8 | 6.6 |

Source: Factset consensus estimates for peer group, Intermonte estimates for El.En

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GUIDE TO FUNDAMENTAL RESEARCH

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Explanation of our ratings system:

BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and -10% compared to the market over a 12 month period ;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

The stock price indicated is the reference price on the day prior to the publication of the report.

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Intermonte's distribution of stock ratings is as follows:

BUY: 18.49%

OUTPERFORM: 36.99%

NEUTRAL: 41.10%

UNDERPERFORM: 3.42%

SELL: 0.00%

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (32 in total) is as follows:

BUY: 21.88%

OUTPERFORM: 43.75%

NEUTRAL: 34.37%

UNDERPERFORM: 0.00%

SELL: 0.00%

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DETAILS ON STOCKS RECOMMENDATION

| Stock NAME | ELEN. | | |
|----------------------|------------|-----------------------|------------|
| Current Recomm: | OUTPERFORM | Previous Recomm: | BUY |
| Current Target (Eu): | 26.50 | Previous Target (Eu): | 24.00 |
| Current Price (Eu): | 23.47 | Previous Price (Eu): | 21.36 |
| Date of report: | 19/05/2014 | Date of last report: | 18/03/2014 |

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