EQUITY RESEARCH

Update

September 16, 2016

EL.EN.*

OUTPERFORM (unchanged)

Italy: Industrial, Aesthetic and Medical Laser

	Sales	EBITDA	EBIT	Net Profit	EPS adj	DPS	EV/Sales	EV/EBITDA	EV/EBIT	P/E	Yield
	Eur m	Eur m	Eur m	Eur m	Eur	Eur	x	x	x	x	%
2013A	157	14	10	6.1	0.24	0.13	0.4	4.9	7.0	16.6	3.1%
2014A*	180	18	14*	11.4*	0.60	0.25	0.4	3.7	4.8	9.1	4.6%
2015A	218	26	22	14.4	0.76	0.30	0.6	4.8	5.7	12.5	3.2%
2016E**	239	29	25	39.1	0.87	0.33	0.9	7.6	8.8	17.2	2.2%
2017E	251	32	28	19.2	0.99	0.36	0.9	6.7	7.8	14.9	2.4%

*Source: Company data and Banca Aletti & C S.p.A. estimates; Note: historical multiples calculated on average yearly prices; *EBIT and net profit adj.; ** Net profit adj.*

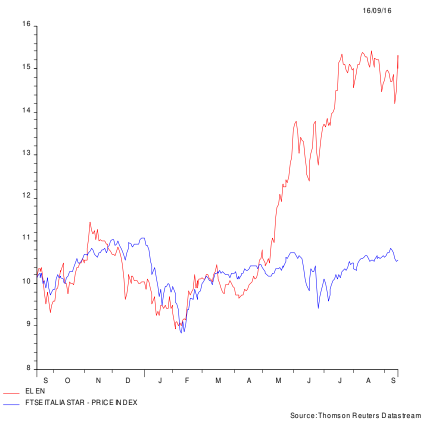
Pr. Close 15/09/16 (€):	**14.99**
Tot Mkt Cap. (€ m):	289.3
Tot No. of Shares (m):	19,300
Min-Max pr.(52 wks €):	8.9 - 15.7
Bloomberg/ Reuters:	ELN IM/ ELEN.MI
-3M vol. avg.	22,815
Price Target (€)	**18 (from 15.5)**
Fair Value (€)	**18 (from 15.5)**

Perf.	**-3M**	**-6M**	**-1Y**
Abs.	19.3%	43.3%	47.8%
Rel.	13.5%	40.1%	43.7%

Major shareholders:	
Cangioli Andrea	15.17%
Pecci Alberto	10.77%
Clementi Gabriele	9.92%
Bazzocchi Barbara	9.78%
Immobiliare Del Ciliegio	7.51%
Kempen Capital Management N.V.	5.01%
Praude AM	2.93%
Invesco	2.88%
Free float	**36.03%**

Source: Consob

El.En. vs. FTSE Italia Star (-1Y)



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**Banca Aletti acts as Corporate Broker.*

Time to pay for 2017e growth

- **2016e and 2017e estimates confirmed. 2016e EBIT guidance looks conservative.** With the Q2'16 results, the company increased its sales/EBIT guidance from +5%/+10% to +10%/+15% converging into our profitability forecasts. As a result we overall confirm our estimates (see table in next page). As far as H2'16e implied guidance of sales/ebit growth of +8%/+1% vs. Aletti +8%/+5% is concerned, we still remain of the idea that it is conservative likely due to a prospective different portfolio of clients/products. However, the fact that the company upgraded its guidance post Q2 instead of post Q3 suggests a good visibility ahead. In 2017e, potential growth rates are confirmed between 5%/10%. We stick with the lower part as there might be some risks on the industrial side given that '16e is benefiting from some fiscal incentives. However, the government is planning other measures to support the manufacturing industry and new clients (see below) might make the forecast conservative.
- **Coherent acquisition of Rofin - Sinar might trigger some higher sales in industrial**. **Longer terms prospects in terms of new products and R&D remains interesting.** 2017e might benefit from the fall out effects of the acquisition of Rofin-Sinar by Coherent which might spur the search from Rofin's clients of new laser source suppliers with potential higher sales in industrial. As far as the medium/long term is concerned, in our opinion the most interesting R&D evolution is the incontinence application for the Mona Lisa Touch which is being co-studied and co-financed with Cynosure. We remind investors that this potential market is by far larger than the current applications.
- **Q2'16e results reassuring**. Q2'16 results (see table next page) were reassuring with results ahead of our conservative expectations. Both industrial and Medical laser grew faster than expected with Industrial driven by Italy and China and medical laser driven by aesthetic with +17% in the quarter. The latter is reassuring due to the fact that surgical, the main growth driver of growth in the last 18 months thanks to the Mona Lisa Touch, was slightly negative in the quarter. However, we remind investor that aesthetic is by far bigger than surgical and as such of the utmost importance. Growth in aesthetic was helped by the launch of new products like the Motus AX (hair removal), Discovery Pico (tattoo removal) and Mediostar (professional aesthetic - hair removal). Below EBIT there is the capital gain of the last stake in Cynosure while net cash, which was definitely better than expected, does not include some Eur 10m of financial assets included in the long term ones being invested in insurance policies.
- **OUTPERFORM CONFIRMED. PT EUR 18 from Eur 15.5 (20% UPSIDE). With 2016e gone, time to pay 2017e growth.** After the new guidance we consider 2016e as substantially achieved and as such, it is time to pay for 2017e growth. ELEN shares on our '17e forecasts, are trading at app. 10x on 2017e adj. profit net of the cash assets (see our SOP in next page). The shares trade at large 54% discount toward Cynosure 2017e net cash adjusted PE of 22.7x. This despite being a supplier of Cynosure in the laser technology, having similar EBIT margins and that barring 2009, ELEN expanded sales each year since 2002. We still believe the reason behind the discount is a lack of knowledge of the sheer size of the undervaluation by the market due to its small cap status combined with some uncertainties on the cash re-investment options. However, the gap is such that the discount is unjustified. As such, we confirm our OUTPERFORM rating and we upgrade our PT to Eur 18 from Eur 15.5 (20% upside) based on our 2017e arbitrary PE targets of 13x. Longer term if earnings momentum accelerates or visibility improves we might consider higher multiples for our valuation. **Main risks/opportunities: Weaker/stronger USD; fall/increase in consumer demand; lower/higher credit availability; superior/lower peers' technology; lower tax rate from the patent box**.

BANCA ALETTI
GRUPPO BANCO POPOLARE

ELEN: New/Old forecasts

DIVISION (Eurm)	2015a	2016e	%Ch.	'16e old	% Ch.	2017e	%Ch.	'17e Old	%Ch.
Industrial System:	62.7	72.8	16.1%	71.1	13.4%	76.4	5.0%	74.7	5.0%
% total	29%	30%		31%		30%		31%	
Medical Laser	118.0	126.0	6.8%	122.5	3.8%	132.3	5.0%	128.6	5.0%
% total	54%	53%		53%		53%		53%	
Services	37.0	40.7	10.0%	39.2	6.0%	42.7	5.0%	41.1	5.0%
% total	17%	17%		17%		17%		17%	
Total	**217.7**	**239.5**	10.0%	**232.8**	7.0%	**251.4**	5.0%	**244.5**	5.0%

Eurm	*2015A*	*2016E*	%Ch.	*'16e Old*	% Ch.	*2017E*	%Ch.	*'17e Old*	%Ch.
Sales	**217.7**	**239.5**	10%	**232.8**	7%	**251.4**	5.0%	**244.5**	5%
Other revenues	3.9	4.3	10%	4.2	7%	4.5	5.0%	4.4	5%
VoP	221.6	243.8	10%	237.0	7%	255.9	5.0%	248.8	5%
Gross margin	**96.3**	**103.6**	**8%**	**103.0**	**7%**	**108.7**	**5.0%**	**108.2**	**5%**
% sales	44.3%	43.3%		44.3%		43.3%		44.3%	
Other op. costs	(28.5)	(29.9)	5%	(29.9)	5%	(31.1)	4.0%	(31.1)	4%
COGS	(153.8)	(170.1)	11%	(163.9)	7%	(178.3)	4.8%	(171.8)	5%
Added value	**67.8**	**73.6**	**9%**	**73.1**	**8%**	**77.6**	**5.4%**	**77.0**	**5%**
% sales	31.2%	30.7%		31.4%		30.9%		31.5%	
Labour costs	(42.1)	(44.2)	5%	(43.7)	4%	(45.6)	3.0%	(45.0)	3%
EBITDA	**25.7**	**29.4**	**14%**	**29.4**	**15%**	**32.0**	**9.0%**	**32.1**	**9%**
EBITDA Margin	11.8%	12.3%		12.6%		12.7%		13.1%	
D&A	(4.2)	(4.2)	0%	(4.2)	0%	(4.3)	4.0%	(4.3)	4%
EBIT	**21.5**	**25.2**	**17%**	**25.2**	**17%**	**27.7**	**9.9%**	**27.7**	**10%**
EBIT margin	9.9%	10.5%		10.8%		11.0%		11.3%	
Forex	1.6	0.0	0%	0.0		0.0	0%	0.0	
Associates	0.3	0.3	0%	0.3		0.3	0%	0.3	
Net Fin. Inc./(cost	(0.3)	0.5	0%	0.5		0.5	0.0%	0.5	
Extraordinary item	0.0	23.0	0%	23.0		0.0	0.0%	0.0	
Pre-tax profit	**23.1**	**49.1**	**112%**	**49.0**	**112%**	**28.5**	**-41.9%**	**28.5**	**-42%**
Taxes	(7.1)	(8.3)	18%	(8.3)	18%	(7.7)	-7.6%	(7.7)	-7%
Tax rate	*30.6%*	*17.0%*		*16.9%*		*27.0%*		*27.0%*	
Minorities	(1.7)	(1.7)	0%	(1.7)	0%	(1.7)	0.0%	(1.7)	0%
Net profit	**14.4**	**39.1**	**172%**	**39.1**	**172%**	**19.1**	**-51.1%**	**19.1**	**-51%**
EPS	**0.76**	**0.87**		**0.87**		**1.01**		**1.01**	
% Diff.		0%				0%			
Net Debt/(Cash)	**(29.8)**	**(76.4)**		**(72.9)**		**(83.5)**		**(82.4)**	

Source: Company Data, Banca Aletti & C. forecasts;

ELEN: Q2/H1 Results

DIVISION (Eurm)	Q2 '15a	Q2 '16a	%Ch.	Q2 '16e	%Ch.	H1 '15a	H1 '16a	%Ch.	H1 '16e	%Ch.
Industrial Systems	17.5	20.6	18%	19.9	14%	30.2	35.7	18%	35.0	16%
% total	30%	32%		31%		28%	30%		29%	
Medical Laser	30.8	34.1	11%	33.0	7%	57.6	63.2	10%	62.0	8%
% total	53%	53%		52%		54%	53%		52%	
Services	10.1	10.2	1%	10.9	8%	19.1	21.3	12%	22.0	15%
% total	17%	16%		17%		18%	18%		18%	
Total	**58.4**	**64.9**	**11.3%**	**63.8**	**9.3%**	**106.9**	**120.2**	**12.4%**	**119.0**	**11.4%**

P&L (Eurm)	*2Q15a*	*2Q16a*	%Ch.	*2Q16e*	%Ch.	*1H15a*	*1H16a*	%Ch.	*1H16e*	%Ch.
Sales	**58.4**	**65.0**	**11%**	**63.8**	**9%**	**106.9**	**120.2**	**12%**	**119.0**	**11%**
Other revenues	1.3	1.2	-4%	1.0	-26%	2.6	2.8	7%	2.5	-3%
VoP	59.7	66.2	11%	64.8	8%	109.5	123.0	12%	121.5	11%
Gross margin	**25.8**	**27.9**	**8%**	**26.4**	**2%**	**48.1**	**53.3**	**11%**	**51.8**	**8%**
% sales	44.3%	42.9%		41.4%		45.0%	44.3%		43.5%	0.0%
Other op. costs	(7.7)	(8.2)	6%	(8.1)	5%	(14.6)	(15.4)	5%	(15.4)	5%
COGS	(41.6)	(46.5)	12%	(46.4)	12%	(76.0)	(85.1)	12%	(85.1)	12%
Added value	**18.1**	**19.7**	**9%**	**18.3**	**1%**	**33.4**	**37.8**	**13%**	**36.4**	**9%**
% sales	31.1%	30.4%		28.8%		31.3%	31.5%		30.6%	0.0%
Labour costs	(10.9)	(11.8)	9%	(11.1)	2%	(20.9)	(22.3)	6%	(21.5)	3%
EBITDA	**7.2**	**7.9**	**9%**	**7.3**	**0%**	**12.5**	**15.6**	**24%**	**14.9**	**19%**
EBITDA Margin	12.4%	12.2%		11.4%		11.7%	13.0%		12.5%	0.0%
D&A	(1.3)	(1.1)	-16%	(1.4)	3%	(2.2)	(2.0)	-5%	(2.3)	7%
EBIT	**5.9**	**6.8**	**15%**	**5.9**	**-1%**	**10.4**	**13.5**	**31%**	**12.6**	**22%**
EBIT margin	10.2%	10.5%		9.2%		9.7%	11.3%		10.6%	0.0%
Forex	-0.3	0.3	nm	(0.5)	nm	1.4	(0.5)	nm	(1.3)	0.0%
Associates	0.04	(0.0)		(0.1)		0.0	(0.1)		(0.2)	0.0%
Net Fin. Inc./(costs)	(0.3)	0.0		0.0		(0.2)	0.0		0.0	0.0%
Extraordinary items	0.0	23.0		23.0		0.0	23.0		0.0	0.0%
Pre-tax profit	**5.4**	**30.2**	**459%**	**28.3**	**424%**	**11.7**	**36.0**	**208%**	**34.1**	**192%**
Taxes						(3.2)	(4.7)	44%	(4.1)	27%
Tax Rate						28%	13%		12%	0%
Minorities						(0.8)	(1.0)	23%	(1.0)	20%
Net Profit						**7.6**	**30.3**	nm	**29.0**	280%
Net Debt/(Cash)	**(24.8)**	**(70.8)**		**(65.0)**		**(24.8)**	**(70.8)**		**(65.0)**	0%

Source: Company Data, Banca Aletti & C. forecasts;

ELEN Stub Value (EURm)

	17e Sales	17e Recur. EBITDA	EBITDA margin	17e EBIT	EBIT margin	17e Net Pr. Adj.	EV/ Sales	EV/ EBITDA	EV/ EBIT	Implied PE net of cash assets	Mkt Cap.	Comments
Group	**251**	**32.0**	**12.7%**	**27.7**	**11.0%**	**19.2**	**1.15x**	**9.0x**	**10.4x**	**10.2x**	**289**	
Net Cash/(Debt)											-84	2017E cash off net cash
Peripheral assets											-10	position calculation
Group's equity value											**195**	

Source: Company Data, Banca Aletti & C. forecasts;

ELEN SOP (EURm)

	17e Sales	17e Recur. EBITDA	EBITDA margin	17e EBIT	EBIT margin	17e Net Pr. Adj.	Implied EV/ Sales	Implied EV/ EBITDA	Implied EV/ EBIT	Target PE Exc. Cash	Mkt Cap Target	Comments
Group	**251**	**32.0**	**12.7%**	**27.7**	**11.0%**	**19.2**	**1.1x**	**8.4x**	**9.7x**	**13x**	**249**	
Net Cash/(Debt)											84	2017E cash off net cash
Peripheral assets											10	position calculation
Target Mkt Cap Inc. Cash Assets											**343**	
Ord. Share PT											**18.1**	
Price											14.99	
Upside/(Downside)											20%	
Net Cash/(Debt)											-84	2017E cash off net cash
Peripheral Debt											-10	position calculation
Group's retirement provisions											2	2015
Minorities											17	10x PE or 2x BV
Target EV											**268**	

Source: Company Data, Banca Aletti & C. forecasts;

ELEN: Comps Table

	Market Cap	EV/SALES* 2016	EV/SALES* 2017	EV/EBITDA* 2016	EV/EBITDA* 2017	EV/EBIT* 2016	EV/EBIT* 2017	P/E (adj.) 2016	P/E (adj.) 2017
SYNERON MEDICAL LTD	198	0.5 x	0.5 x	11 x	8 x	n.a.	n.a.	24.2 x	14.4 x
ZELTIQ AESTHETICS INC	1388	4.4 x	3.8 x	62 x	29 x	289 x	50 x	n.a.	97.0 x
CUTERA INC	125	0.9 x	0.8 x	14 x	10 x	19 x	10 x	23.4 x	15.6 x
BIOLASE INC	95	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CYNOSURE INC-A	1072	2.4 x	2.1 x	15 x	11 x	24 x	18 x	38.0 x	27.0 x

* ratio calculated on current EV

	Market Cap	EV/SALES* 2016	EV/SALES* 2017	EV/EBITDA* 2016	EV/EBITDA* 2017	EV/EBIT* 2016	EV/EBIT* 2017	P/E (adj.) 2016	P/E (adj.) 2017
Average	na	2.0 x	1.8 x	26 x	14 x	111 x	26 x	28.5 x	38.5 x
Median Total	na	1.6 x	1.5 x	15 x	11 x	24 x	18 x	24.2 x	21.3 x
Average Exc. Peaks (1)	na	**1.6 x**	**1.5 x**	**15 x**	**11 x**	**24 x**	**18 x**	**24.2 x**	**21.3 x**
Samples' Size	na	4	4	4 x	4 x	3 x	3 x	3.0 x	4.0 x
Max	na	4.4 x	3.8 x	62 x	29 x	289 x	50 x	38.0 x	97.0 x
Min	na	0.5 x	0.5 x	11 x	8 x	19 x	10 x	23.4 x	14.4 x

	Market Cap	EV/SALES* 2016	EV/SALES* 2017	EV/EBITDA* 2016	EV/EBITDA* 2017	EV/EBIT* 2016	EV/EBIT* 2017	P/E (adj.) 2016	P/E (adj.) 2017
El.En. (Aletti Estimates)	**Eur289m**	**0.9 x**	**0.9 x**	**7.6 x**	**6.7 x**	**8.8 x**	**7.8 x**	**17.2 x**	**14.9 x**
Premium/(Discount) from (1)		**-43%**	**-42%**	**-48%**	**-37%**	**-64%**	**-56%**	**-29%**	**-30%**

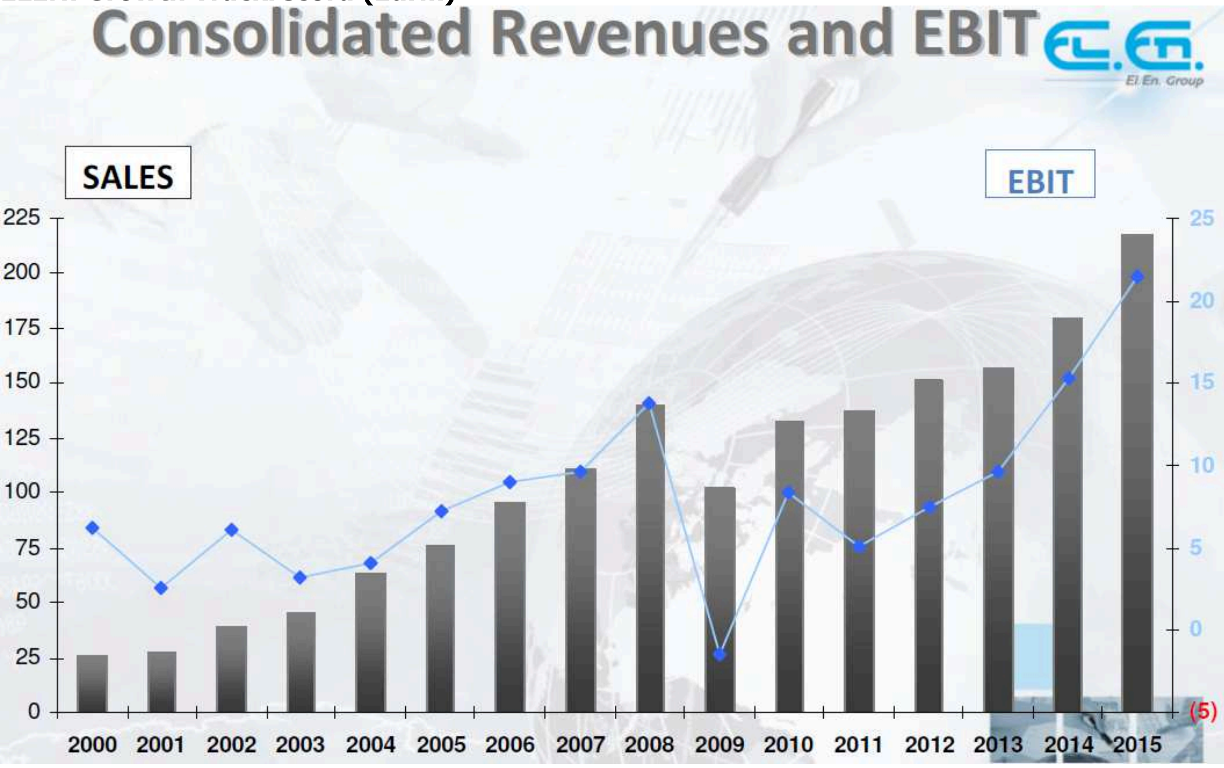
	Market Cap	EV/SALES 2016	EV/SALES 2017	EV/EBITDA 2016	EV/EBITDA 2017	EV/EBIT 2016	EV/EBIT 2017	P/E (adj.) 2016	P/E (adj.) 2017
IPG PHOTONICS CORP	3833	3.7 x	3.1 x	8.9 x	7.4 x	10.1 x	8.3 x	17.4 x	15.5 x
ROFIN-SINAR TECHNOLO	914	1.6 x	1.4 x	11.7 x	9.3 x	16.1 x	12.9 x	28.7 x	20.8 x
PRIMA INDUSTRIE SPA	Eur147m	0.6 x	0.6 x	6.8 x	5.5 x	11.3 x	8.3 x	14.3 x	10.3 x

	Market Cap	EV/SALES 2016	EV/SALES 2017	EV/EBITDA 2016	EV/EBITDA 2017	EV/EBIT 2016	EV/EBIT 2017	P/E (adj.) 2016	P/E (adj.) 2017
Average	na	2.0 x	1.7 x	9.1 x	7.4 x	12.5 x	9.8 x	20.1 x	15.5 x
Median Total	na	1.6 x	1.4 x	8.9 x	7.4 x	11.3 x	8.3 x	17.4 x	15.5 x
Average Exc. Peaks (1)	na	**1.6 x**	**1.4 x**	**8.9 x**	**7.4 x**	**11.3 x**	**8.3 x**	**17.4 x**	**15.5 x**
Samples' Size	na	3	3	3	3	3	3	3	3
Max	na	3.7 x	3.1 x	11.7 x	9.3 x	16.1 x	12.9 x	28.7 x	20.8 x
Min	na	0.6 x	0.6 x	6.8 x	5.5 x	10.1 x	8.3 x	14.3 x	10.3 x

	Market Cap	EV/SALES 2016	EV/SALES 2017	EV/EBITDA 2016	EV/EBITDA 2017	EV/EBIT 2016	EV/EBIT 2017	P/E (adj.) 2016	P/E (adj.) 2017
El.En. (Aletti Estimates)	**Eur289m**	**0.9 x**	**0.9 x**	**7.6 x**	**6.7 x**	**8.8 x**	**7.8 x**	**17.2 x**	**14.9 x**
Premium/(Discount) from (1)		**-42%**	**-41%**	**-14%**	**-10%**	**-22%**	**-6%**	**-1%**	**-4%**

Source: Company Data; Banca Aletti & C. forecasts; Bloomberg

ELEN: Growth Trackrecord (Eurm)



Source: ELEN presentation

EL.EN.: Company profile

Business. El.En. (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* (54% of FY 2015 sales) are employed in area concerned with general well-being and a healthy body, in fields such as dermatology, cosmetics, physiotherapy, dentistry and gynecology. 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.

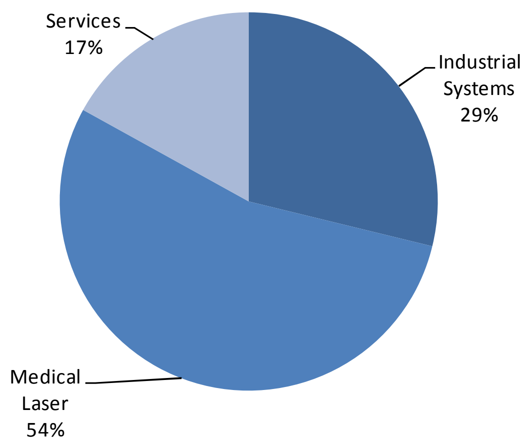
The *Industrial laser system* (29% of FY 2015 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

Besides the main company activity of selling laser systems, there is also a *post sales customer assistance* (12% of FY 2015 sales).

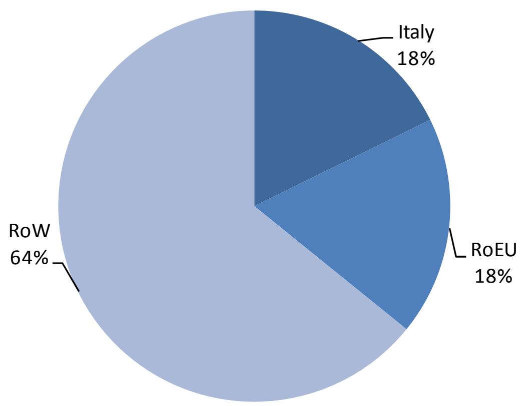
In FY 2015 the Group realized a total turnover of Eur 218m of which 18% generated in Italy, 18% in Europe (ex-Italy) and 64% in RoW. The Group has 965 employees and operates through 5 multi-disciplinary and multi-facility research centres located in Italy and Germany and 7 production facilities located in Italy, Germany, China and Brazil. 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, with over thirty firms working in Italy and a network of international distributors.

Market. According to BCC research, in 2014 the *medical laser market* was worth USD 2.2bn (+12% YoY) and is expected to grow to USD 4.2bn by 2019E (+13.8% CAGR in the period 2014-2019E). As concerning the forecast for the market of laser systems, according Optech Consulting is expected to exceed Eur 6.2bn in FY 2020E with a +7.6% CAGR in the period 2016-2020E.

Sales breakdown by Division 2015



Sales breakdown by Area 2015



Source: Company data

EL.EN.: Aletti Summary

EV CALCULATIONS (EUR m)	**2008A**	**2009A**	**2010A**	**2011A**	**2012A**	**2013A**	**2014A**	**2015A**	**2016E**	**2017E**	**CAGR 15/17e**
Price of ordinary share	5.69	2.92	2.98	2.99	3.19	3.98	5.47	9.49	14.99	14.99	
Total ord. Shares outst. (000)	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	19,300	
Market Cap (adj.)	**109.9**	**56.3**	**57.6**	**57.7**	**61.6**	**76.7**	**105.6**	**183.2**	**289.3**	**289.3**	
Others	98.3	48.3	50.2	51.8	19.3	12.1	8.0	-29.9	9.8	9.8	
EV (adj.)	140.2	35.8	32.9	56.5	63.1	67.0	66.6	123.4	222.7	215.6	
PROFIT & LOSS (EUR m)											
Sales	**140.0**	**101.8**	**132.6**	**137.4**	**151.2**	**157.4**	**180.0**	**217.7**	**239.5**	**251.4**	**7%**
EBITDA	**18.5**	**2.3**	**13.3**	**10.8**	**12.5**	**13.7**	**18.0**	**25.7**	**29.4**	**32.0**	**12%**
Depreciation & Amortisation	-4.6	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.2	-4.2	-4.3	
EBIT	**13.8**	**-1.5**	**8.4**	**5.1**	**7.5**	**9.6**	**13.8**	**21.5**	**25.2**	**27.7**	**13%**
Net Financial Interest	-0.2	0.1	0.1	0.3	-1.4	-1.2	1.6	-0.3	0.5	0.5	
Other Financials	0.1	-0.7	-0.8	-0.7	2.2	-0.2	3.0	1.9	0.3	0.3	
Extraordinary Items	0.0	0.0	0.0	0.0	18.9	2.5	5.9	0.0	23.0	0.0	
Earning Before Tax	**13.8**	**-2.0**	**7.7**	**4.8**	**27.2**	**10.7**	**24.4**	**23.1**	**49.1**	**28.6**	**11%**
Tax	-5.1	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-7.1	-8.3	-7.7	
Tax rate	*37%*	*n.m.*	*49%*	*56%*	*11%*	*40%*	*26%*	*31%*	*17%*	*27%*	
Minorities	-0.5	-0.2	-1.8	-1.4	-1.0	-0.3	-1.5	-1.7	-1.7	-1.7	
Net Profit (reported)	**8.1**	**-3.1**	**2.2**	**0.7**	**23.2**	**6.1**	**16.5**	**14.4**	**39.1**	**19.2**	**15%**
Net Profit (adj.)	8.1	-3.1	2.2	0.7	5.2	4.5	11.4	14.4	16.6	19.2	15%
PER SHARE DATA (EUR)											
EPS	0.420	-0.159	0.114	0.038	1.202	0.314	0.854	0.745	2.026	0.993	15%
EPS (adj.)	**0.427**	**-0.162**	**0.116**	**0.038**	**0.276**	**0.239**	**0.600**	**0.757**	**0.874**	**1.009**	**15%**
CFPS	0.659	0.034	0.371	0.335	1.464	0.530	1.068	0.961	2.242	1.218	13%
BVPS	5.010	4.673	4.878	4.907	5.819	6.646	7.407	8.857	10.583	11.246	13%
DPS	**0.075**	**0.000**	**0.050**	**0.000**	**0.125**	**0.125**	**0.250**	**0.300**	**0.330**	**0.363**	**10%**
KEY MARKET RATIOS											
EV/Sales	1.00	0.35	0.25	0.41	0.42	0.43	0.37	0.57	0.93	0.86	
EV/EBITDA	**7.6**	**15.7**	**2.5**	**5.2**	**5.0**	**4.9**	**3.7**	**4.8**	**7.6**	**6.7**	
EV/EBIT	10.1	-24.6	3.9	11.1	8.4	7.0	4.8	5.7	8.8	7.8	
P/E (adj)	**13.3**	**-18.0**	**25.8**	**77.9**	**11.6**	**16.6**	**9.1**	**12.5**	**17.2**	**14.9**	
P/CF	8.6	85.4	8.0	8.9	2.2	7.5	5.1	9.9	6.7	12.3	
P/BV	1.1	0.6	0.6	0.6	0.5	0.6	0.7	1.1	1.4	1.3	
Dividend Yield (Gross)	1.3%	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	3.2%	2.2%	2.4%	
MARGINS AND RATIOS											
Sales growth	nm	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	20.9%	10.0%	5.0%	
EBITDA growth	nm	-88%	485%	-19%	16%	10%	31%	43%	14%	9%	
EBIT growth	nm	-111%	-673%	-39%	47%	28%	44%	56%	17%	10%	
EPS (adj.) growth	nm	-138%	-172%	-67%	nm	-13%	151%	26%	15%	15%	
EBITDA margin	13.2%	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	11.8%	12.3%	12.7%	
EBIT margin	9.9%	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	10.5%	11.0%	
ROCE	7.2%	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	9.5%	12.6%	13.3%	
NFP/EBITDA	**-0.8**	**-3.9**	**-0.8**	**-0.1**	**-1.4**	**-1.6**	**-2.6**	**-1.2**	**-2.6**	**-2.6**	
Interest Cover	104.8	n.a.	n.a.	n.a.	9.2	11.6	n.a.	101.1	n.a.	n.a.	
Payout Ratio	18%	0%	44%	0%	10%	40%	29%	40%	16%	37%	
NWC on Sales	na	na	na	na	34.4%	30.8%	27.5%	27.5%	25.8%	25.8%	
OpFCF/Mkt. Cap.	na	na	na	na	67.3%	14.7%	9.5%	0.0%	12.3%	4.8%	
CASH FLOW (EUR m)											
Net Profit (reported) + Minorities	8.7	-2.9	4.0	2.1	24.2	6.4	18.0	16.1	40.8	20.8	
Non cash items	4.5	4.4	5.7	6.4	2.9	4.4	1.1	2.3	3.8	4.0	
Cash Flow	**13.1**	**1.5**	**9.7**	**8.5**	**27.1**	**10.8**	**19.1**	**18.4**	**44.6**	**24.9**	
Change in Net Working Capital	na	na	na	na	16.9	3.7	-1.1	-10.3	-2.0	-3.1	
Capex	na	na	na	na	-2.5	-3.2	-8.0	-8.0	-7.0	-8.0	
Oper. Free Cash Flow (OpFCF)	**na**	**na**	**na**	**na**	**41.4**	**11.3**	**10.0**	**0.0**	**35.6**	**13.8**	
Disposals/(Acquisitions)	na	na	na	na	na	0.0	16.2	-10.4	16.7	0.0	
Dividends	-5.3	-1.6	-0.2	-1.4	-0.4	-3.9	-2.9	-4.8	-5.8	-6.4	
Others (incl.Capital Increase)	na	na	na	na	na	-3.1	-0.9	-3.9	-0.3	-0.6	
Free Cash Flow	**na**	**na**	**na**	**na**	**na**	**4.3**	**22.3**	**-19.2**	**46.2**	**6.8**	
BALANCE SHEET (EUR m)											
Net Tangible Assets	na	na	na	na	21.4	21.9	26.9	32.6	18.8	22.4	
Net Intangible Assets	na	na	na	na	3.4	3.4	3.6	3.9	3.9	3.9	
Goodwill	na	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	
Net Financial Assets & Others	na	na	na	na	38.3	47.7	31.2	61.3	61.3	61.3	
Total Fixed Assets	**na**	**na**	**na**	**na**	**63.2**	**73.0**	**61.8**	**97.8**	**83.9**	**87.6**	
Net Working Capital	na	na	na	na	52.1	48.4	49.5	59.9	61.9	64.9	
Total Net Assets	na	na	na	na	115.2	121.4	111.3	157.6	145.8	152.5	
Shareholders Equity	**na**	**na**	**na**	**na**	**112.3**	**128.3**	**143.0**	**170.9**	**204.3**	**217.0**	
Minorities equity	na	na	na	na	11.7	6.0	7.6	8.6	10.0	11.1	
Net Debt	**-15.0**	**-8.8**	**-10.0**	**-1.2**	**-17.8**	**-21.8**	**-47.1**	**-29.8**	**-76.4**	**-83.5**	
Provisions	na	na	na	na	3.3	3.1	3.7	3.4	3.4	3.4	
Others liabilities	na	na	na	na	5.7	5.8	4.2	4.5	4.5	4.5	

*Source: Company data and Banca Aletti & C S.p.A. estimates; * Note: historical multiples calculated on average yearly prices; 2008-2011 P&L Pro Forma exc. Cynosure: i.e. Balance Sheet and Cash Flow numbers not available*

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EL.EN.: RATINGS HISTORY IN THE LAST 12 MONTHS

DATE	RATING	Old TP	New TP*	Old MKT PRICE	New MKT PRICE*
16/09/2016	OUTPERFORM	na	18.0	NA	14.99
22/06/2016	OUTPERFORM	na	15.5	na	13.16
07/06/2016	OUTPERFORM	na	15.5	na	13.53
13/05/2016	OUTPERFORM	62.0	15.5	43.80	10.95
28/04/2016	OUTPERFORM	56.0	14.0	42.25	10.56
22/03/2016	OUTPERFORM	54.0	13.5	39.65	9.91
18/02/2016	OUTPERFORM	54.0	13.5	39.00	9.75

*Note: Historical price targets and market prices adjusted for the 1 to 4 stock split

STOCK RATINGS

THE "OUTPERFORM", "IN LINE" AND "UNDERPERFORM" RECOMMENDATIONS ARE BASED ON THE NEXT 12 MONTHS EXPECTED RELATIVE STOCK PERFORMANCE, INCLUSIVE OF THE DIVIDEND PAID OUT BY THE STOCK'S ISSUER, COMPARED TO THE PERFORMANCE OF THE MARKET INDEX SHOWN IN THE CHART ON THE FRONT PAGE OF THIS REPORT.

EXPLANATION OF THE RATING SYSTEM:

OUTPERFORM: STOCK ESTIMATED TO OUTPERFORM THE MARKET BY MORE THAN 10% OVER A NEXT 12 MONTHS PERIOD
IN LINE: STOCK PERFORMANCE ESTIMATED AT BETWEEN –10% AND +10% COMPARED TO THE MARKET OVER A NEXT 12 MONTHS PERIOD
UNDERPERFORM: STOCK ESTIMATED TO UNDERPERFORM THE MARKET BY HIGHER THAN 10% OVER A 12 MONTHS PERIOD

IN CERTAIN OCCASIONS, THE RELATIVE PERFORMANCE MAY FALL OUTSIDE OF THESE RANGES BECAUSE OF MARKET PRICE MOVEMENTS AND/OR OTHER SHORT TERM VOLATILITY OR TRADING PATTERNS. SUCH INTERIM FROM THE SPECIFIED RANGES MIGHT NOT REQUIRE A CHANGE IN RATING.

NOT RATED: NO RATING OR TARGET PRICE ASSIGNED ALTHOUGH THE ISSUERS IS OR MAY BE COVERED BY THE EQUITY RESEARCH OFFICE

SUSPENSION OF COVERAGE: SITUATION WHERE THE COVERAGE IS SOSPENDED INDEFINITELY FOR COMMERCIAL REASONS (EXAMPLES OF THIS MIGHT BE LACK OF INTEREST FROM INSTITUTIONAL INVESTORS, LACK OF LIQUIDITY), OR TEMPORARILY TO COMPLY WITH APPLICABLE REGULATIONS AND/OR BANCA ALETTI'S POLICIES IN CERTAIN SITUATION OF CONFLICT OF INTERESTS, INCLUDING WHEN BANCO POPOLARE IS ACTING IN AN ADVISORY CAPACITY OR INVOLVED IN ANY TERM IN STRATEGIC TRANSACTION INVOLVING THE ISSUERS

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BANCA ALETTI & C. S.P.A. EQUITY RESEARCH DEPARTMENT'S DISTRIBUTION OF STOCK RATINGS AS AT JULY 1, 2016 IS AS FOLLOWS:

	OUTPERFORM	IN LINE	UNDERPERFORM	Not Rated
% ON ALETTI UNIVERSE	55%	26%	19%	0%
OF WHICH INV. BANKING CLIENTS	100%	0%	0%	0%

VALUATION METHODOLOGIES

THE BANCA ALETTI EQUITY RESEARCH DEPARTMENT OBTAINS A FAIR VALUE FOR THE COMPANIES UNDER COVERAGE USING A RANGE OF VALUATION METHODS, OF WHICH THE MOST PREVALENT ARE THE DISCOUNTED CASH FLOWS METHOD (DCF) DIVIDEND DISCOUNT MODEL (DDM) AND MULTIPLE-BASED MODELS (E.G. EV/SALES, EV/EBITDA, EV/EBIT, P/E, P/BV,). THE ANALYSTS ARE NEVERTHELESS FREE TO USE ALTERNATIVE OFFICIAL VALUATION METHODOLOGIES, WHERE DEEMED NECESSARY.

THE ASSIGNED TARGET PRICE MAY DIFFER FROM THE FAIR VALUE OBTAIED ABOVE, AS IT ALSO TAKES INTO ACCOUNT OVERALL MARKET/SECTOR CONDITIONS (E.G. RISK PREMIUM), CORPORATE/MARKET EVENTS, AND CORPORATE SPECIFICS (I.E. HOLDING DISCOUNTS, LIQUIDITY) REASONABLY CONSIDERED TO BE POSSIBLE DRIVERS OF THE COMPANY'S SHARE PRICE PERFORMANCE. THESE FACTORS MAY ALSO BE ASSESSED USING THE METHODOLOGIES INDICATED ABOVE.

ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS TO PREVENT CONFLICTS OF INTEREST

THIS RESEARCH HAS BEEN PUBLISHED IN ACCORDANCE WITH OUR CONFLICT MANAGEMENT POLICY. TO ENSURE THE INDEPENDENCE AND THE IMPARTIALITY OF ITS FINANCIAL ANALYSTS' JUDGMENT, EMPLOYED IN THE EQUITY RESEARCH DEPARTMENT (AS FOLLOW DEPARTMENT), INVOLVED WITH THE RESEARCH, ANALYSIS, COMPANIES VALUATION AND\OR FINANCIAL INSTRUMENTS, AND WITH INVESTMENT RECOMMENDATIONS DISTRIBUTED TO PROFESSIONAL INVESTORS, BANCA ALETTI HAS ADOPTED THE FOLLOWING ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS:

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- THE EXISTING HIERARCHICAL RELATIONSHIP BETWEEN GENERAL MANAGER AND THE DEPARTMENT OR EACH ONE OF ITS FINANCIAL ANALYST(S) MEMBERS ARE SUBJECT TO PRINCIPLES OF PROFESSIONALISM AND TRANSPARENCY;
- THE CURRENT GENERAL AND\OR SPECIFIC GUIDANCE GIVEN BY THE GENERAL MANAGER TO THE DEPARTMENT SHOULD NOT RESULT IN CONTRAST WITH THE EXISTING LEGISLATIVE OBJECTIVES OF COMPLETENESS, CLEARNESS AND IMPARTIALITY OF THE PRODUCED STUDIES AND BE INFLUENCED BY THE SPECIFIC INTERESTS OF THE BANK RELATED TO A PARTICULAR SUBJECT OR FINANCIAL INSTRUMENT;
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- IN THE RELATIONS WITH THE OTHER STRUCTURES OF THE BANK OR THE GROUP TO WHICH THE BANK BELONGS TO, THE DEPARTMENT OR EACH COMPONENTS OF THE SAME MUST RETAIN THEMSELVES FROM SEARCHING, RECEIVING OR FURNISH INFORMATION THAT MIGHT INVALIDATE THE INDEPENDENCE AND\OR THE IMPARTIALITY OF JUDGMENT OF THE RESEARCH COMMENT AND\OR RECOMMENDATIONS OF INVESTMENTS OR FAVOUR AN ASYMMETRIC DISTRIBUTION OF THE INFORMATION EITHER INSIDE OR OUTSIDE THE BANK OF OR THE GROUP. THE DEPARTMENT AND EACH COMPONENTS OF THE SAME MUST STICK TO THE PRINCIPLES AND BEHAVIOUR RULES FOR A CORRECT CARRY OUT OF THE FINANCIAL ANALYST ACTIVITIES;
- THE REMUNERATION OF THE FINANCIAL ANALYST(S) AND OF DEPARTMENT EMPLOYEES IS NOT TIED, DIRECTLY OR INDIRECTLY, TO INVESTMENT BANKING TRANSACTIONS AND\OR TO THE BUSINESS RELATIONSHIP DEVELOPMENT WITH ISSUERS UNDER FINANCIAL ANALYSIS.