

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	%
2014A*	180	18	14*	11.4*	0.59	0.25	0.4	3.7	4.8	9.2	4.6%
2015A	218	26	22	14.4	0.75	0.30	0.6	5.2	6.2	12.7	3.2%
2016A**	253	32	28	17.9	0.93	0.40	1.8	13.8	16.2	28.4	1.5%
2017E	268	34	29	20.1	1.05	0.40	1.6	12.8	15.0	25.3	1.5%
2018E	281	38	32	22.3	1.16	0.40	1.5	11.5	13.3	22.9	1.5%

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.

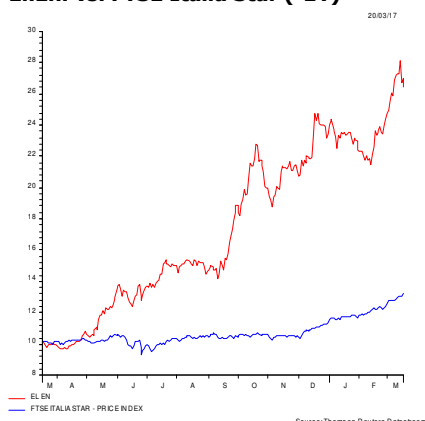
<b>Pr. Close 17/03/17 (€):</b>	<b>26.45</b>
Tot Mkt Cap. (€ m):	510.5
Tot No. of Shares (m):	19,300
Min-Max pr.(52 wks €):	9.7 - 28.8
Bloomberg/Reuters:	ELN IM/ ELEN.MI
-3M vol. avg.	56,134
<b>Price Target (€)</b>	<b>31 (unch.)</b>
<b>Fair Value (€)</b>	<b>31 (unch.)</b>

Perf.	-3M	-6M	-1Y
Abs.	12.9%	79.7%	161.9%
Rel.	-7.4%	51.2%	130.2%

**Major shareholders:**

Cangioli Andrea	15.17%
Pecci Alberto	10.77%
Clementi Gabriele	9.77%
Bazzocchi Barbara	5.12%
Immobiliare Del Ciliegio	7.51%
Kempen Capital Mgt	5.01%
Hermes Linder Fund Sicav	2.93%
Caceis Bank Luxembourg	2.10%
<b>Free float</b>	<b>41.62%</b>

Source: Company

**El.En. vs. FTSE Italia Star (-1Y)****Andrea Bonfà (HOR)**

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\*Banca Aletti acts as Corporate Broker.

**2017e guidance looks conservative. View unchanged**

- 2016 results well above expectations and guidance.** El.En reported sales of Eur 252.6m up 16.1% YoY and well above our expectation of Eur 243.3m. The strong sales performance was driven by the medical sector which grew 12.9% YoY to Eur 166m compare to Aletti expectation of +9% or Eur 160m with growth positively supported by all the product lines. Also the industrial system sector performed above expectation to Eur 86.8m (+22.7% YoY) vs. Aletti Eur 83.3m (+18% YoY). The Company showed an impressive operational leverage with EBITDA growing app. +26% YoY to Eur 32.4m vs. Aletti expectation of Eur 29.8m (or +16% YoY). Pre tax income came in at Eur 52.7m positively impacted from the gain on sale of the Cynosure shares for Eur 23m, ahead of Aletti's forecast of Eur 49.4m. El.En recorded a net financial position of Eur 82.8 (vs Aletti's Eur 79.6m), reflecting the sale of Cynosure' shares and lastly, mgmt proposed to the board a dividend of Eur 0.4ps.
- Fine tuning to our '17e/2018e forecast, but '17e guidance looks conservative.** On the back of 2016 results and new guidance we are slightly revising our '17e/'18e estimates. We now expect El.En 2017e top line to reach app. Eur 268m (+6.0% YoY) in line with mgmt guidance of greater than 5% from our previous assumption of app. Eur 261m (or +3.1% YoY). Additionally, we lower our EBIT margin assumption from 11.3% to 11% to keep EBIT growth overall in line with sales (mgmt guided for a flat EBIT). We are also updating our net cash position which we now expect to reach Eur 93m from our previous assumption of Eur 90m. All in all there are no changes to our EPS assumption. Looking at '18e, we now expect sales to reach Eur 281m (or +5% YoY) with EBIT to grow +10% to Eur 32m or 2x multiplier. Net net our 2018e EPS estimates are unchanged. Lastly, we are slightly increasing our net cash position from Eur 103m to Eur 105m. El.En soft guidance for '17e of revenue growth exceeding 5% and flat EBIT was explained as a combination of one off orders achieved in '16 and some internal reorganization as well as different product mix for '17 with industrial laser growing faster than medical/aesthetic. We would like to remind investors that El.En provided the same guidance for 2016 while YE results were well above it (Sales/EBIT +16.1%/+28.4%). Although the company did not commented on the Hologic's Cynosure acquisition, it is worth mentioning that according to Cynosure's filing the Monalisa touch (Women Health) is expected to growth materially over the next few years also, we suspect, thanks to the larger distribution network. On the industrial side the company sees continuous growth in China with current recently expanded production capacity filling up gradually but also with the potential to expand nearby the existing Chinese factory. Also Italy is sees expanding on this business thanks in part to the new law which allows for accelerated depreciation. Laser sources should also benefit from market consolidation.
- OUTPERFORM CONFIRMED. M&A transactions support higher valuation multiples. Long term prospects solid. PT EUR 31 confirmed (17% upside).** Being ELEN a close comparable to Cynosure and a supplier of one of its best selling product, the Monalisa Touch, we believe its transaction multiples (38x 2017e adj. earnings before cash) should be to some extent applied to ELEN. Worth mentioning that recently Zeltiq was bought by Allergan and there have been rumours of Apax interest on Cyneron medical suggesting that the M&A on laser aesthetic is very strong. In light of what just explained, we consider fairer a 35% discount to reflect the lower liquidity or an arbitrary TP of 25x 2017e earnings plus cash. 2017e might be a transition year but long term prospects remain extremely solid and M&A is always an opportunity. We confirm rating OUTPERFORM and PT of Eur 31. **Main risks/opportunities: Weaker/stronger USD; fall/increase in consumer demand; lower/higher credit availability; superior/lower peers' technology; failure/withdrawal of watchdogs clearances; product liability suits**

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BANCA ALETTI

## ELEN: Q4'16 and FY2016 Results (Eurm)

DIVISION (Eurm)	Q 4 '15a	Q 4 '16a	%Ch.	Q 4 '16e	%Ch.	2015a	2016a	%Ch.	2016e	%Ch.
Industrial Systems	20.5	24.7	21%	21.4	4%	70.6	86.6	22.7%	83.3	18%
% total	33%	34%		34%		32%	34%		34%	
Medical Laser	41.2	48.4	18%	42.3	3%	147.1	166.0	12.9%	159.9	9%
% total	67%	66%		66%		68%	66%		66%	
<b>Total</b>	<b>61.7</b>	<b>73.1</b>	<b>18.5%</b>	<b>63.7</b>	<b>3.3%</b>	<b>217.7</b>	<b>252.6</b>	<b>16.1%</b>	<b>243.3</b>	<b>11.8%</b>
Eurm	Q 4 '15a	Q 4 '16a	%Ch.	Q 4 '16e	%Ch.	2015a	2016a	%Ch.	2016e	%Ch.
<b>Sales</b>	<b>61.7</b>	<b>73.1</b>	<b>19%</b>	<b>63.7</b>	<b>3%</b>	<b>217.7</b>	<b>252.6</b>	<b>16%</b>	<b>243.3</b>	<b>12%</b>
Other revenues	(1.6)	3.0	nm	0.7	nm	3.9	6.6	70%	4.4	12%
VoP	60.0	76.1	27%	64.4	7%	221.6	259.3	17%	247.6	12%
<b>TOTAL Raw Mater.</b>	<b>(28.5)</b>	<b>(37.9)</b>	<b>33%</b>	<b>(34.8)</b>	<b>22%</b>	<b>(108.0)</b>	<b>(128.0)</b>	<b>19%</b>	<b>(125.0)</b>	<b>16%</b>
<b>Other direct services</b>	<b>(5.5)</b>	<b>(6.3)</b>	<b>15%</b>	<b>(2.8)</b>	<b>-48%</b>	<b>(17.2)</b>	<b>(20.7)</b>	<b>20%</b>	<b>(17.2)</b>	<b>0%</b>
Other op. costs	(7.7)	(9.2)	18%	(7.7)	0%	(28.5)	(32.0)	12%	(30.6)	7%
COGS	(41.7)	(53.3)	28%	(45.3)	9%	(153.8)	(180.8)	18%	(172.8)	12%
<b>Added value</b>	<b>18.4</b>	<b>22.8</b>	<b>24%</b>	<b>19.1</b>	<b>4%</b>	<b>67.8</b>	<b>78.5</b>	<b>16%</b>	<b>74.9</b>	<b>10%</b>
% sales	29.8%	31.1%		30.0%		31.2%	31.1%		30.8%	
Labour costs	(12.0)	(13.3)	11%	(12.3)	3%	(42.1)	(46.1)	9%	(45.1)	7%
<b>E BITDA</b>	<b>6.4</b>	<b>9.4</b>	<b>48%</b>	<b>6.8</b>	<b>7%</b>	<b>25.7</b>	<b>32.4</b>	<b>26%</b>	<b>29.8</b>	<b>16%</b>
E BITDA Margin	10.3%	12.9%		10.7%		11.8%	12.8%		12.2%	
D&A	(1.1)	(1.6)	52%	(1.1)	1%	(4.2)	(4.8)	15%	(4.3)	2%
<b>E BIT</b>	<b>5.3</b>	<b>7.8</b>	<b>47%</b>	<b>5.8</b>	<b>8%</b>	<b>21.5</b>	<b>27.6</b>	<b>28%</b>	<b>25.5</b>	<b>19%</b>
E BIT margin	8.6%	10.7%		9.0%		9.9%	10.9%		10.5%	
Forex	0.7	0.5		0.5		1.6	0.0		0.0	
Associates	0.0	0.3		0.4		0.0	0.2		0.3	
Net Fin. Inc./(costs)	(0.3)	2.1		0.7		(0.3)	1.9		0.5	
Extraordinary items	0.0	(0.0)		(0.0)		0.0	23.0		23.0	
<b>Pre-tax profit</b>	<b>5.9</b>	<b>10.7</b>	<b>80%</b>	<b>7.3</b>	<b>24%</b>	<b>23.1</b>	<b>52.7</b>	<b>128%</b>	<b>49.4</b>	<b>114%</b>
Taxes						(7.1)	(9.7)		(8.4)	
Tax Rate						30.6%	18.5%		17.0%	
Minorities						(1.7)	(2.6)	54%	(1.9)	13%
<b>Net Profit</b>						<b>14.4</b>	<b>40.4</b>	nm	<b>39.1</b>	nm
<b>Net Debt/(Cash)</b>	<b>(29.8)</b>	<b>(82.8)</b>		<b>(79.6)</b>		<b>(29.8)</b>	<b>(82.8)</b>		<b>(79.6)</b>	

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

## ELEN: New/Old table (Eurm)

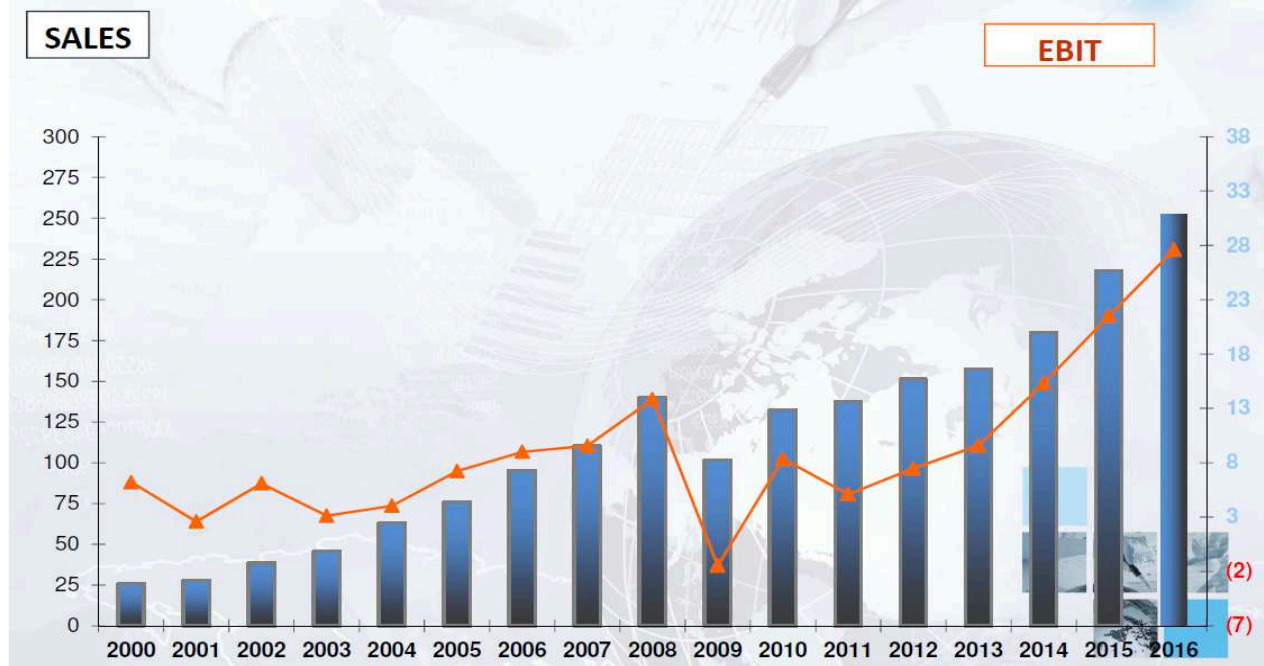
DIVISIONS (Eurm)	2015a	2016a	%Ch.	2017e	%Ch.	'17e Old	%Ch.	2018E	%Ch.	'18e old	%Ch.
Industrial Systems	70.6	86.6	22.7%	91.8	6.0%	90.9	4.9%	96.4	5.0%	95.4	5.0%
% total	32%	34%		34%		35%		34%		35%	
Medical Laser	147.1	166.0	12.9%	176.0	6.0%	169.6	2.2%	184.8	5.0%	178.1	5.0%
% total	68%	66%		66%		65%		66%		65%	
<b>Total</b>	<b>217.7</b>	<b>252.6</b>	<b>16.1%</b>	<b>267.8</b>	<b>6.0%</b>	<b>260.5</b>	<b>3.1%</b>	<b>281.2</b>	<b>5.0%</b>	<b>273.5</b>	<b>5.0%</b>
	2015A	2016A	%Ch.	2017E	%Ch.	'17e old	%Ch.	2018E	%Ch.	'18e old	%Ch.
<b>Sales</b>	<b>217.7</b>	<b>252.6</b>	<b>16%</b>	<b>267.8</b>	<b>6.0%</b>	<b>260.5</b>	<b>3.1%</b>	<b>281.2</b>	<b>5%</b>	<b>273.5</b>	<b>5%</b>
<b>Gross margin</b>	<b>96.3</b>	<b>110.5</b>	<b>15%</b>	<b>116.2</b>	<b>5.2%</b>	<b>112.7</b>	<b>1.9%</b>	<b>122.9</b>	<b>6%</b>	<b>118.8</b>	<b>5%</b>
% sales	44.3%	43.7%		43.4%		43.3%		43.7%		43.5%	
Other op. costs	(28.5)	(32.0)	12%	(34.0)	6.0%	(31.8)	-0.7%	(35.6)	5%	(33.3)	4%
<b>Added value</b>	<b>67.8</b>	<b>78.5</b>	<b>16%</b>	<b>82.3</b>	<b>4.8%</b>	<b>80.8</b>	<b>3.0%</b>	<b>87.3</b>	<b>6%</b>	<b>85.6</b>	<b>6%</b>
% sales	31.2%	31.1%		30.7%		31.0%		31.0%		31.3%	
Labour costs	(42.1)	(46.1)	9%	(47.8)	3.6%	(47.0)	1.9%	(49.7)	4%	(48.6)	4%
<b>E BITDA</b>	<b>25.7</b>	<b>32.4</b>	<b>26%</b>	<b>34.5</b>	<b>6.5%</b>	<b>33.8</b>	<b>4.5%</b>	<b>37.6</b>	<b>9%</b>	<b>36.9</b>	<b>9%</b>
E BITDA Margin	11.8%	12.8%		12.9%		13.0%		13.4%		13.5%	
D&A	(4.2)	(4.8)	15%	(5.1)	6.0%	(4.5)	-6.3%	(5.3)	4%	(4.7)	4%
<b>E BIT</b>	<b>21.5</b>	<b>27.6</b>	<b>28%</b>	<b>29.4</b>	<b>6.6%</b>	<b>29.4</b>	<b>6.4%</b>	<b>32.3</b>	<b>10%</b>	<b>32.3</b>	<b>10%</b>
E BIT margin	9.9%	10.9%		11.0%		11.3%		11.5%		11.8%	
Forex	1.6	0.0		0.0		0.0		0.0		0.0	
Associates	0.3	0.2		0.2		0.3		0.2		0.3	
Oth. Non Op. Items	0.0	0.0		0.0		0.0		0.0		0.0	
Net Fin. Inc./(costs)	(0.3)	1.9		1.9		0.5		1.9		0.5	
Extraordinary items	0.0	23.0		0.0		0.0		0.0		0.0	
<b>Pre-tax profit</b>	<b>23.1</b>	<b>52.7</b>	<b>128%</b>	<b>31.6</b>	<b>-40%</b>	<b>30.2</b>	<b>-42.7%</b>	<b>34.4</b>	<b>9%</b>	<b>33.1</b>	<b>10%</b>
Taxes	(7.1)	(9.7)	38%	(8.5)	-12%	(8.2)	-16.2%	(9.3)	9%	(8.9)	10%
Tax rate	30.6%	18.5%		27.0%		27.0%		27.0%		27.0%	
Minorities	(1.7)	(2.6)	54%	(2.9)	12%	(1.9)	-26.5%	(2.9)	0%	(1.9)	0%
<b>Net profit</b>	<b>14.4</b>	<b>40.4</b>	<b>181%</b>	<b>20.1</b>	<b>-50%</b>	<b>20.1</b>	<b>-50.1%</b>	<b>22.3</b>	<b>11%</b>	<b>22.3</b>	<b>11%</b>
<b>EPS</b>	<b>0.75</b>	<b>0.93</b>		<b>1.05</b>		<b>1.05</b>		<b>1.16</b>		<b>1.16</b>	
% Diff.				0%				0%			
<b>Net Debt/(Cash)</b>	<b>(29.8)</b>	<b>(82.8)</b>		<b>(88)</b>		<b>(90)</b>		<b>(99)</b>		<b>(103)</b>	

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

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## ELEN: Growth Trackrecord (Eurm)

# Consolidated Revenues and EBIT



Source: ELEN presentation

## ELEN Stub Value (EURm)

	17e Sales	17e Recur. EBITDA	17e EBITDA margin	17e EBIT	EBIT margin	Net Pr. Adj.	EV/ Sales	EV/ EBITDA	EV/ EBIT	net of cash assets	Mkt Cap.	Comments
<b>Group</b>	268	34.5	12.9%	29.4	11.0%	20.1	1.91x	14.8x	17.4x	20.7x	510	
Net Cash/(Debt)											-83	2016
Peripheral assets											-11	Off balance sheet
<b>Group's equity value</b>											<b>417</b>	

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

## ELEN SOP (EURm)

	17e Sales	17e Recur. EBITDA	17e EBITDA margin	17e EBIT	EBIT margin	Net Pr. Adj.	Implied EV/ Sales	Implied EV/ EBITDA	Implied EV/ EBIT	Target PE Exc. Cash	Mkt Cap Target	Comments
<b>Group</b>	268	34.5	12.9%	29.4	11.0%	20.1	2.0x	15.5x	18.2x	25.0x	503	
Net Cash/(Debt)											83	2016
Peripheral assets											11	Off balance sheet
<b>Target Mkt Cap Inc. Cash Assets</b>											<b>597</b>	
<b>Ord. Share PT</b>											<b>31.1</b>	
Price											26.45	
Upside/(Downside)											17%	
Net Cash/(Debt)											-83	2016
Peripheral Debt											-11	Off balance sheet
Group's retirement provisions											3	2016
Minorities											29	2017e 10x PE
<b>Implied EV</b>											<b>536</b>	

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

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## ELEN: Comps Table

	Market Cap	EV/SALES*		EV/EBITDA*		EV/EBIT*		P/E (adj.)	
		2017	2018	2017	2018	2017	2018	2017	2018
BIOLASE INC	82	1.4 x	1.3 x	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
CUTERA INC	265	1.7 x	1.5 x	20 x	14x	n.a.	n.a.	32 x	22 x
CYNOSURE INC-A	1492	2.9 x	2.6 x	18 x	15x	28x	20x	42 x	33 x
SYNERON MEDICAL LTD	335	0.9 x	0.8 x	9x	8 x	n.a.	n.a.	29 x	22 x
ZELTIQ AESTHETICS INC	2094	5.2 x	4.5 x	47 x	28x	95x	39x	176 x	65 x

\* ratio calculated on current EV

Average		2.4 x	2.1 x	23 x	16x	61 x	29x	70 x	35 x
Median Total		1.7 x	1.5 x	19 x	14x	61 x	29x	37 x	27 x
<b>Average Exc. Peaks (1)</b>		<b>2.0 x</b>	<b>1.8 x</b>	<b>19 x</b>	<b>14x</b>	<b>n.a.</b>	<b>n.a.</b>	<b>37 x</b>	<b>27 x</b>
Samples' Size		5	5	4	4	2	2	4	4
Max		5.2 x	4.5 x	47 x	28x	95x	39x	176 x	65 x
Min		0.9 x	0.8 x	9 x	8 x	28 x	20x	29 x	22 x

<b>EI.En. (Aletti Estimates)</b>	<b>Eur510m</b>	<b>1.6 x</b>	<b>1.5 x</b>	<b>12.8 x</b>	<b>11.5 x</b>	<b>15.0 x</b>	<b>13.3 x</b>	<b>25.3 x</b>	<b>22.9 x</b>
<b>Premium/(Discount) from (1)</b>		<b>-16%</b>	<b>-15%</b>	<b>-32%</b>	<b>-21%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-32%</b>	<b>-17%</b>

	Market Cap	EV/SALES		EV/EBITDA*		EV/EBIT*		P/E (adj.)	
		2017	2018	2017	2018	2017	2018	2017	2018
IPG PHOTONICS CORP	6036	5.0 x	4.5 x	12.2 x	10.8 x	13.8 x	12.0 x	22.2 x	19.6 x
PRIMA INDUSTRIE SPA	Eur226m	0.7 x	0.7 x	7.2 x	6.0 x	11.3 x	8.4 x	15.1 x	11.0 x

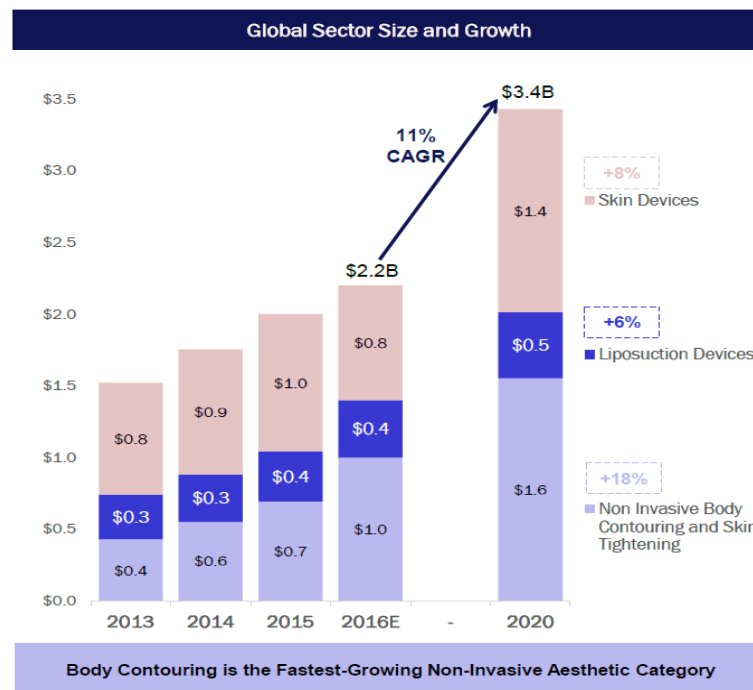
\* ratio calculated on current EV

Average		2.9 x	2.6 x	9.7 x	8.4 x	12.5 x	10.2 x	18.6 x	15.3 x
Median Total		2.9 x	2.6 x	9.7 x	8.4 x	12.5 x	10.2 x	18.6 x	15.3 x
<b>Average (2)</b>		<b>2.9 x</b>	<b>2.6 x</b>	<b>9.7 x</b>	<b>8.4 x</b>	<b>12.5 x</b>	<b>10.2 x</b>	<b>18.6 x</b>	<b>15.3 x</b>
Samples' Size		2	2	2	2	2	2	2	2
Max		5.0 x	4.5 x	12.2 x	10.8 x	13.8 x	12.0 x	22.2 x	19.6 x
Min		0.7 x	0.7 x	7.2 x	6.0 x	11.3 x	8.4 x	15.1 x	11.0 x

<b>EI.En. (Aletti Estimates)</b>	<b>Eur510m</b>	<b>1.6 x</b>	<b>1.5 x</b>	<b>12.8 x</b>	<b>11.5 x</b>	<b>15.0 x</b>	<b>13.3 x</b>	<b>25.3 x</b>	<b>22.9 x</b>
<b>Premium/(Discount) from (2)</b>		<b>-4.3%</b>	<b>-41%</b>	<b>32%</b>	<b>37%</b>	<b>20%</b>	<b>30%</b>	<b>35%</b>	<b>49%</b>

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

## Aesthetics Sector Overview



Source: Company quarterly earnings estimates and investor presentations, "MarketsandMarkets" Report Medical Aesthetics Markets Global Forecast to 2020; Internal estimates

Source: Hologic

**Key Segment Drivers**

- Preference for non-invasive procedures that avoid anesthesia, surgery and downtime
- Aging population
- Rising obesity rates
- Cadence of improved innovation and demonstrated clinical results driving demand
- Availability of disposable income for cosmetic procedures
- Changing dynamic for doctors, leading to a focus on patient self / cash-pay procedures to diversify from reimbursement risk

HOLOGIC 8

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## 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* (66% of FY 2016 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.

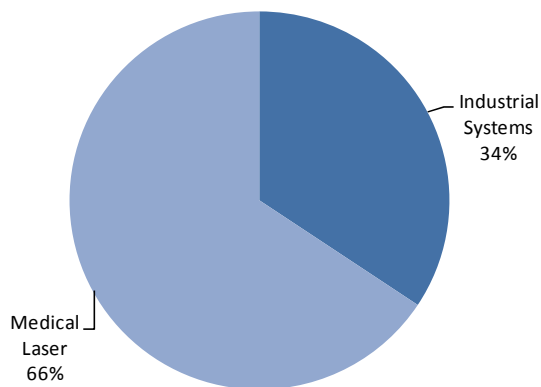
The *Industrial laser system* (34% of FY 2016 sales) are used for cutting, marking and welding metals, wood, plastic and glass to decorating leather and textiles and restoring/conserving artwork.

In FY 2016 the Group realized a total turnover of Eur 253m of which 19% generated in Italy, 17% in Europe (ex-Italy) and 64% in RoW. The Group has over 1000 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.

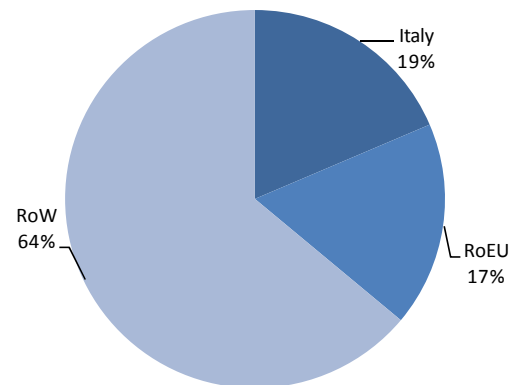
The sales organization is differentiated by geographical market and by product ranges. The Group operates worldwide and today can count on a capillary presence in the international market, with over thirty firms working in Italy and a network of international distributors.

**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 Sector 2016



Sales breakdown by Area 2016



Source: Company data

## EL.EN.: Aletti Summary

EV CALCULATIONS (EUR m)	2009A	2010A	2011A	2012A	2013A	2014A	2015A	2016A	2017E	2018E	CAGR 16/18e
Price of ordinary share	2.92	2.98	2.99	3.19	3.98	5.47	9.49	26.45	26.45	26.45	
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	
<b>Market Cap (adj.)</b>	<b>56.3</b>	<b>57.6</b>	<b>57.7</b>	<b>61.6</b>	<b>76.7</b>	<b>105.6</b>	<b>183.2</b>	<b>510.5</b>	<b>510.5</b>	<b>510.5</b>	
Others	48.3	50.2	51.8	19.3	12.1	8.0	-20.9	18.7	18.7	18.7	
EV (adj.)	35.8	32.9	56.5	63.1	67.0	66.6	132.5	446.4	441.3	430.6	
<b>PROFIT &amp; LOSS (EUR m)</b>											
<b>Sales</b>	<b>101.8</b>	<b>132.6</b>	<b>137.4</b>	<b>151.2</b>	<b>157.4</b>	<b>180.0</b>	<b>217.7</b>	<b>252.6</b>	<b>267.8</b>	<b>281.2</b>	<b>5%</b>
<b>EBITDA</b>	<b>2.3</b>	<b>13.3</b>	<b>10.8</b>	<b>12.5</b>	<b>13.7</b>	<b>18.0</b>	<b>25.7</b>	<b>32.4</b>	<b>34.5</b>	<b>37.6</b>	<b>8%</b>
Depreciation & Amortisation	-3.7	-5.0	-5.7	-5.0	-4.2	-4.1	-4.2	-4.8	-5.1	-5.3	
<b>EBIT</b>	<b>-1.5</b>	<b>8.4</b>	<b>5.1</b>	<b>7.5</b>	<b>9.6</b>	<b>13.8</b>	<b>21.5</b>	<b>27.6</b>	<b>29.4</b>	<b>32.3</b>	<b>8%</b>
Net Financial Interest	0.1	0.1	0.3	-1.4	-1.2	1.6	-0.3	1.9	1.9	1.9	
Other Financials	-0.7	-0.8	-0.7	2.2	-0.2	3.0	1.9	0.2	0.2	0.2	
Extraordinary Items	0.0	0.0	0.0	18.9	2.5	5.9	0.0	23.0	0.0	0.0	
<b>Earning Before Tax</b>	<b>-2.0</b>	<b>7.7</b>	<b>4.8</b>	<b>27.2</b>	<b>10.7</b>	<b>24.4</b>	<b>23.1</b>	<b>52.7</b>	<b>31.6</b>	<b>34.4</b>	<b>nm</b>
Tax	-0.9	-3.7	-2.7	-3.0	-4.3	-6.4	-7.1	-9.7	-8.5	-9.3	
<i>Tax rate</i>	<i>n.m.</i>	<i>49%</i>	<i>56%</i>	<i>11%</i>	<i>40%</i>	<i>26%</i>	<i>31%</i>	<i>18%</i>	<i>27%</i>	<i>27%</i>	
Minorities	-0.2	-1.8	-1.4	-1.0	-0.3	-1.5	-1.7	-2.6	-2.9	-2.9	
<b>Net Profit (reported)</b>	<b>-3.1</b>	<b>2.2</b>	<b>0.7</b>	<b>23.2</b>	<b>6.1</b>	<b>16.5</b>	<b>14.4</b>	<b>40.4</b>	<b>20.1</b>	<b>22.3</b>	<b>nm</b>
Net Profit (adj.)	-3.1	2.2	0.7	5.2	4.5	11.4	14.4	17.9	20.1	22.3	12%
<b>PER SHARE DATA (EUR)</b>											
EPS	-0.16	0.11	0.04	1.20	0.31	0.85	0.74	2.09	1.04	1.15	nm
<b>EPS (adj.)</b>	<b>-0.16</b>	<b>0.11</b>	<b>0.04</b>	<b>0.27</b>	<b>0.24</b>	<b>0.59</b>	<b>0.75</b>	<b>0.93</b>	<b>1.05</b>	<b>1.16</b>	<b>12%</b>
CFPS	0.03	0.37	0.33	1.46	0.53	1.07	0.96	2.34	1.31	1.43	nm
BVPS	4.67	4.88	4.91	5.82	6.65	7.41	8.83	9.41	10.05	10.80	7%
<b>DPS</b>	<b>0.00</b>	<b>0.05</b>	<b>0.00</b>	<b>0.13</b>	<b>0.13</b>	<b>0.25</b>	<b>0.30</b>	<b>0.40</b>	<b>0.40</b>	<b>0.40</b>	<b>0%</b>
<b>KEY MARKET RATIOS</b>											
EV/Sales	0.4	0.2	0.4	0.4	0.4	0.4	0.6	1.8	1.6	1.5	
<b>EV/EBITDA</b>	<b>15.7</b>	<b>2.5</b>	<b>5.2</b>	<b>5.0</b>	<b>4.9</b>	<b>3.7</b>	<b>5.2</b>	<b>13.8</b>	<b>12.8</b>	<b>11.5</b>	
EV/EBIT	-24.6	3.9	11.1	8.4	7.0	4.8	6.2	16.2	15.0	13.3	
<b>P/E (adj)</b>	<b>-18.2</b>	<b>26.1</b>	<b>78.8</b>	<b>11.7</b>	<b>16.8</b>	<b>9.2</b>	<b>12.7</b>	<b>28.4</b>	<b>25.3</b>	<b>22.9</b>	
P/CF	85.4	8.0	8.9	2.2	7.5	5.1	9.9	11.3	20.2	18.5	
P/BV	0.6	0.6	0.6	0.5	0.6	0.7	1.1	2.8	2.6	2.4	
Dividend Yield (Gross)	0.0%	1.7%	0.0%	3.9%	3.1%	4.6%	3.2%	1.5%	1.5%	1.5%	
<b>MARGINS AND RATIOS</b>											
Sales growth	-27.3%	30.2%	3.6%	10.1%	4.1%	14.4%	20.9%	16.1%	6.0%	5.0%	
EBITDA growth	-88%	485%	-19%	16%	10%	31%	43%	26%	7%	9%	
EBIT growth	-111%	-673%	-39%	47%	28%	44%	56%	28%	7%	10%	
EPS (adj.) growth	-138%	-172%	-67%	nm	-13%	151%	26%	24%	13%	11%	
EBITDA margin	2.2%	10.1%	7.9%	8.3%	8.7%	10.0%	11.8%	12.8%	12.9%	13.4%	
EBIT margin	-1.4%	6.3%	3.7%	4.9%	6.1%	7.7%	9.9%	10.9%	11.0%	11.5%	
ROCE	-2.0%	4.1%	1.7%	20.4%	6.0%	7.4%	9.5%	16.3%	16.8%	17.6%	
<b>NFP/EBITDA</b>	<b>-3.9</b>	<b>-0.8</b>	<b>-0.1</b>	<b>-1.4</b>	<b>-1.6</b>	<b>-2.6</b>	<b>-1.2</b>	<b>-2.6</b>	<b>-2.5</b>	<b>-2.6</b>	
Interest Cover	n.a.	n.a.	n.a.	9.2	11.6	n.a.	101.1	n.a.	n.a.	n.a.	
Payout Ratio	0%	44%	0%	10%	40%	29%	40%	19%	38%	35%	
NWC on Sales	na	na	na	34.4%	30.8%	27.5%	27.5%	21.4%	22.5%	22.5%	
OpFCF/Mkt. Cap.	na	na	na	67.3%	14.7%	9.5%	-0.3%	8.9%	2.7%	3.8%	
<b>CASH FLOW (EUR m)</b>											
Net Profit (reported) + Minorities	-2.9	4.0	2.1	24.2	6.4	18.0	16.1	43.0	23.0	25.1	
Non cash items	4.4	5.7	6.4	2.9	4.4	1.1	2.3	4.6	4.9	5.1	
<b>Cash Flow</b>	<b>1.5</b>	<b>9.7</b>	<b>8.5</b>	<b>27.1</b>	<b>10.8</b>	<b>19.1</b>	<b>18.4</b>	<b>47.6</b>	<b>27.9</b>	<b>30.2</b>	
Change in Net Working Capital	na	na	na	16.9	3.7	-1.1	-10.3	5.8	-6.2	-3.0	
Capex	na	na	na	-2.5	-3.2	-8.0	-8.6	-8.0	-8.0	-8.0	
<b>Oper. Free Cash Flow (OpFCF)</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>41.4</b>	<b>11.3</b>	<b>10.0</b>	<b>-0.6</b>	<b>45.4</b>	<b>13.7</b>	<b>19.2</b>	
Disposals/(Acquisitions)	na	na	na	na	0.0	16.2	-10.4	16.7	0.0	0.0	
Dividends	-1.6	-0.2	-1.4	-0.4	-3.9	-2.9	-5.4	-5.8	-7.7	-7.7	
Others (incl.Capital Increase)	na	na	na	na	-3.1	-0.9	-2.8	-3.4	-1.1	-1.0	
<b>Free Cash Flow</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>4.3</b>	<b>22.3</b>	<b>-19.2</b>	<b>52.8</b>	<b>4.8</b>	<b>10.5</b>	
<b>BALANCE SHEET (EUR m)</b>											
Net Tangible Assets	na	na	na	21.4	21.9	26.9	32.6	39.6	42.5	45.2	
Net Intangible Assets	na	na	na	3.4	3.4	3.6	3.9	3.9	3.9	3.9	
Goodwill	na	na	na	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net Financial Assets & Others	na	na	na	38.3	47.7	31.2	61.3	21.2	21.2	21.2	
<b>Total Fixed Assets</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>63.2</b>	<b>73.0</b>	<b>61.8</b>	<b>97.8</b>	<b>64.7</b>	<b>67.7</b>	<b>70.4</b>	
Net Working Capital	na	na	na	52.1	48.4	49.5	59.9	54.1	60.4	63.4	
Total Net Assets	na	na	na	115.2	121.4	111.3	157.6	118.8	128.0	133.7	
<b>Shareholders Equity</b>	<b>na</b>	<b>na</b>	<b>na</b>	<b>112.3</b>	<b>128.3</b>	<b>143.0</b>	<b>170.5</b>	<b>181.5</b>	<b>194.0</b>	<b>208.5</b>	
Minorities equity	na	na	na	11.7	6.0	7.6	9.1	11.2	13.0	14.8	
<b>Net Debt</b>	<b>-8.8</b>	<b>-10.0</b>	<b>-1.2</b>	<b>-17.8</b>	<b>-21.8</b>	<b>-47.1</b>	<b>-29.8</b>	<b>-82.8</b>	<b>-87.9</b>	<b>-98.6</b>	
Provisions	na	na	na	3.3	3.1	3.7	3.4	3.9	3.9	3.9	
Others liabilities	na	na	na	5.7	5.8	4.2	4.5	5.1	5.1	5.1	

Source: Company data and Banca Aletti & C S.p.A. estimates; \* Note: historical multiples calculated on average yearly prices; 2009-2011 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*
20/03/2017	OUTPERFORM		31.0		26.45
15/02/2017	OUTPERFORM		31.0		22.14
15/11/2016	OUTPERFORM	na	23.0	NA	21.00
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 – Initial Coverage	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.

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	<b>OUTPERFORM</b>	<b>IN LINE</b>	<b>UNDERPERFORM</b>	<b>Not Rated</b>
% ON ALETTI UNIVERSE	53%	39%	8%	0%
OF WHICH INV. BANKING CLIENTS	75%	25%	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 OBTAINED 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:

- THE DEPARTMENT HIERARCHICALLY RESPONDS TO THE GENERAL MANAGER OF THE BANK AND EXCLUSIVELY AND DIRECTLY RESPONDS TO HIM;
- 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;
- THE REQUESTS OR THE COMMERCIAL COLLABORATIONS IN FAVOUR OF OTHER STRUCTURES OF THE SAME BANK OR THE GROUP TO WHICH THE BANK IS PERTINENT, WHICH, BY PRINCIPLE, COULD POTENTIALLY RESULT IN A CONFLICT OF INTEREST ACCORDING TO THE EXISTING REGULATIONS, CAN BE ORDERED TO THE DEPARTMENT OR A SINGLE ANALYST ONLY BY THE GENERAL MANAGER;
- 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.

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