

EL.EN.

OUTPERFORM

SECTOR: Industrials

Price (Eu): 22.70

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## 2Q beats estimates thanks to robust delivery on cost-cutting

- Covid-19 hit Medical sales in 2Q, Cutting drives Industrial segment recovery.** The top line was down -14% YoY in 2Q to €90mn, beating our forecast of -17%/€87mn. As expected, the trends seen in 2Q were the opposite of 1Q: Medical sales dropped -25% YoY to €47mn (above our est. of -36%/€40mn) thanks to Aesthetic sales being more resilient than expected, dropping -22% in 2Q, better than our -40% forecast. The strong recovery in Chinese cutting activities and positive Cutfite Penta performance in Italy drove the positive development of the Industrial segment, with sales growing +1% YoY in 2Q to €43mn (vs our +12%/€48mn).
- Temporary cost containment partly offsets adverse impact of mix on margins.** The gross margin was down -31% in 2Q, more than double the top-line decline, due to the adverse Medical-Industrial sales mix development as the share of lower-margin Chinese production notably increased in 2Q. Robust delivery on cost-cutting in 2Q helped reduce operating leverage and partly smoothed the impact on EBITDA, as the company slashed SG&A by -51% YoY and reduced staff costs by -18% YoY in 2Q thanks to lower commercial expenses and the use of furloughs at European plants. Consequently, EBITDA was steady QoQ but down -43% YoY to €7.4mn, above our -52%/€6.3mn estimate. Both EBIT and pre-tax income were therefore above our forecasts. Net cash progressed by €0.5mn in 2Q to €27.9mn, better than our forecast of €27mn, due to the better-than anticipated margins.
- New 2020 guidance: cautious top-line indications, first signs of recovery.** Management expects the top-line contraction in FY20 to be contained within -10% and a better EBIT margin in 2H20 than for 1H20 (was 5.7%), although still inferior to 2H19 (was 10.1%). Cautious indications are motivated by Covid-19 and by a high comparison base, as 2H19 was the group's highest ever semester in terms of sales and EBIT. Management indicated that Industrial sales are expected to grow YoY in 2H, with Cutting operations in China seen reaching interesting dimensions by 4Q, which could offset the rising pricing pressure. Visibility remains lower on Medical trends, despite some surprisingly positive trends seen in the Aesthetics segment. Cash generation in 2H should be positive, with CapEx normalising to ~€8mn in FY20. A €5mn investment for the new Penta plant in Italy was earmarked for 1H21; however, FY21 CapEx should remain limited to below €10mn. Reassuring messages on inventory management, while receivables could see some pressure by early 2021.
- Changes to estimates** We have lowered our 20E top-line decline forecast to -9% (from -7%), broadly in line with the management target. We also adjusted our 2020 estimates to better reflect the lower operating leverage achieved in 1H and higher D&A. We have revised our 20E NFP forecast up by €2mn, reflecting lower inventory cash absorption and a CapEx cut. We remind our NFP figure does not include €11.5mn of insurance policies. We maintain our 21E and 22E forecasts broadly unchanged, reflecting stronger recovery.
- OUTPERFORM confirmed, TP €27 (from €25.5):** We maintain our positive view on the stock, as the strong balance sheet, increased production capacity and positive exposure to strong, long-term trends in both segments add up to a robust equity story. The change in our DCF-based TP reflects better cash generation, and we have shifted discounting periods forward by 0.5 year. Our TP reflects a 13.4x EV/EBIT 21E multiple, in line with the peer group.

Key Figures	2018A	2019A	2020E	2021E	2022E
Sales (Eu mn)	346	401	364	413	452
Ebitda (Eu mn)	36	46	35	47	55
Net profit (Eu mn)	17	26	17	26	31
EPS - New Adj.(Eu)	0.870	1.333	0.894	1.316	1.578
EPS - Old Adj.(Eu)	0.870	1.333	0.954	1.340	1.580
DPS (Eu)	0.400	0.000	0.125	0.400	0.400

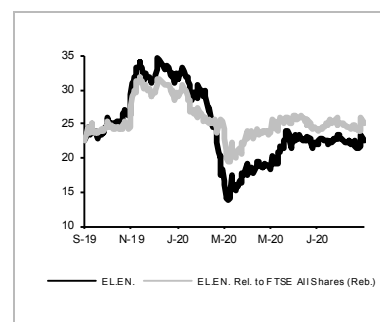
  

Ratios & Multiples	2018A	2019A	2020E	2021E	2022E
P/E Adj.	26.1	17.0	25.4	17.2	14.4
Div. Yield	1.8%	0.0%	0.6%	1.8%	1.8%
EV/Ebitda Adj.	11.7	9.0	12.5	9.0	7.3
ROCE	21.7%	22.7%	12.4%	16.8%	20.0%

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Next event:  
3Q Results out 13 November 2020

## EL.EN. - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 25.50 to 27.00

Ch. in Adj.EPS est:	2020E	2021E
	-6.4%	-1.8%

## STOCK DATA

Reuters code: ELEN.MI  
Bloomberg code: ELN IM

Performance	1m	3m	12m
Absolute	-1.3%	3.4%	3.9%
Relative	-0.2%	-1.5%	14.3%
12 months H/L:	34.58/13.90		

## SHAREHOLDER DATA

No. of Ord. shares (mn):	20
Total No. of shares (mn):	20
Mkt Cap Ord (Eu mn):	443
Total Mkt Cap (Eu mn):	443
Mkt Float - ord (Eu mn):	229
Mkt Float (in %):	51.7%
Main shareholder:	
Cangioli Andrea	15.2%

## BALANCE SHEET DATA

	2020
Book value (Eu mn):	238
BVPS (Eu):	12.21
P/BV:	1.9
Net Financial Position (Eu mn):	38
Enterprise value (Eu mn):	440

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on the last page of this report

**EL.EN. - KEY FIGURES**

		<b>2018A</b>	<b>2019A</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
	Fiscal year end	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	346	401	364	413	452
	EBITDA	36	46	35	47	55
	EBIT	30	38	25	37	45
	Financial income (charges)	1	0	1	1	1
	Associates & Others	(1)	(0)	0	0	0
	Pre-tax profit (Loss)	30	39	25	38	46
	Taxes	(8)	(10)	(7)	(10)	(12)
	Tax rate (%)	-26.1%	-25.5%	-26.0%	-26.0%	-26.0%
	Minorities & discontinue activities	(5)	(3)	(1)	(2)	(3)
	Net profit	17	26	17	26	31
	Total extraordinary items					
	Ebitda excl. extraordinary items	36	46	35	47	55
	Ebit excl. extraordinary items	30	38	25	37	45
Net profit restated	17	26	17	26	31	
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	19	20	20	20	20
	EPS stated fd	0.870	1.333	0.894	1.316	1.578
	EPS restated fd	0.870	1.333	0.894	1.316	1.578
	BVPS fd	10.398	11.375	12.212	13.316	14.378
	Dividend per share (ord)	0.400	0.000	0.125	0.400	0.400
	Dividend per share (sav)					
	Dividend pay out ratio (%)	46.0%	0.0%	14.0%	30.4%	25.4%
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	27	37	29	38	43
	Change in NWC	(17)	1	(24)	(8)	(4)
	Capital expenditure	(26)	(23)	(8)	(10)	(8)
	Other cash items	0	0	0	0	0
	Free cash flow (FCF)	(16)	14	(3)	20	31
	Acquisitions, divestments & others	3	(6)	(20)	0	0
	Dividend	(8)	(9)	(0)	(3)	(8)
	Equity financing/Buy-back	0	0	0	0	0
Change in Net Financial Position	(22)	(1)	(23)	17	23	
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	68	89	87	87	85
	Net working capital	80	80	104	111	115
	Long term liabilities	9	11	29	27	24
	Net capital employed	157	179	220	225	225
	Net financial position	63	61	38	55	79
	Group equity	219	241	258	281	303
	Minorities	19	19	19	21	23
Net equity	201	222	238	260	281	
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	443	443	443	443	443
	Adjustments (associate & minorities)	(35)	(35)	(35)	(35)	(35)
	Net financial position	63	61	38	55	79
	Enterprise value	415	416	440	422	399
<b>RATIOS(%)</b>	EBITDA margin*	10.3%	11.6%	9.6%	11.4%	12.1%
	EBIT margin*	8.7%	9.5%	6.8%	9.0%	10.0%
	Gearing - Debt/equity	-28.5%	-25.5%	-14.7%	-19.7%	-25.9%
	Interest cover on EBIT	nm	nm	nm	nm	nm
	Debt/Ebitda	nm	nm	nm	nm	nm
	ROCE*	21.7%	22.7%	12.4%	16.8%	20.0%
	ROE*	8.6%	12.3%	7.6%	10.3%	11.4%
	EV/CE	3.0	2.5	2.2	1.9	1.8
	EV/Sales	1.2	1.0	1.2	1.0	0.9
	EV/Ebit	13.8	10.9	17.8	11.3	8.9
Free Cash Flow Yield	-3.4%	3.0%	-0.6%	4.2%	6.6%	
<b>GROWTH RATES (%)</b>	Sales	12.9%	15.8%	-9.1%	13.4%	9.6%
	EBITDA*	-1.4%	30.0%	-24.2%	34.0%	16.4%
	EBIT*	-1.5%	27.4%	-35.3%	51.1%	20.7%
	Net profit	7.4%	54.9%	-33.0%	47.3%	19.9%
	EPS restated	7.4%	53.2%	-33.0%	47.3%	19.9%

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## 2Q20 Results

### El.En – 2Q/1H20 results snapshot

(Eu mn)	1Q19A	2Q19A	1H19A	2H19A	2019A	1Q20A	2Q20A	1H20A	2H20E	2020E	2Q20E	1H20E	Ave 2Q	Ave 1H
<b>Sales</b>	<b>83.9</b>	<b>104.6</b>	<b>188.5</b>	<b>212.3</b>	<b>400.8</b>	<b>72.9</b>	<b>89.6</b>	<b>162.5</b>	<b>201.7</b>	<b>364.2</b>	<b>86.7</b>	<b>159.7</b>	<b>3%</b>	<b>2%</b>
YoY growth %	20.6%	14.8%	17.3%	14.5%	15.8%	-13.0%	-14.4%	-13.8%	-5.0%	-9.1%	-17.1%	-15.3%		
<b>Gross profit</b>	<b>33.2</b>	<b>41.2</b>	<b>74.4</b>	<b>81.6</b>	<b>156.0</b>	<b>31.5</b>	<b>28.4</b>	<b>59.9</b>	<b>72.6</b>	<b>132.5</b>	<b>28.7</b>	<b>60.2</b>	<b>-1%</b>	<b>-1%</b>
Gross margin %	39.6%	39.4%	39.5%	38.5%	38.9%	43.2%	31.7%	36.8%	36.0%	36.4%	33.1%	37.7%		
YoY growth %	12.0%	17.5%	15.0%	12.2%	13.5%	-5.2%	-31.1%	-19.5%	-11.1%	-15.1%	-30.3%	-19.1%		
<b>EBITDA</b>	<b>7.7</b>	<b>12.9</b>	<b>20.6</b>	<b>25.7</b>	<b>46.3</b>	<b>7.1</b>	<b>7.4</b>	<b>14.5</b>	<b>20.6</b>	<b>35.1</b>	<b>6.3</b>	<b>13.3</b>	<b>19%</b>	<b>9%</b>
Ebitda margin %	9.2%	12.4%	10.9%	12.1%	11.6%	9.7%	8.3%	8.9%	10.2%	9.6%	7.2%	8.3%		
YoY growth %	19.5%	44.9%	34.2%	26.8%	30.0%	-7.8%	-42.6%	-29.6%	-19.8%	-24.2%	-51.6%	-35.3%		
<b>EBIT</b>	<b>5.7</b>	<b>11.0</b>	<b>16.7</b>	<b>21.5</b>	<b>38.2</b>	<b>4.5</b>	<b>4.8</b>	<b>9.3</b>	<b>15.4</b>	<b>24.7</b>	<b>3.7</b>	<b>8.2</b>	<b>31%</b>	<b>14%</b>
Ebit margin %	6.8%	10.5%	8.9%	10.1%	9.5%	6.2%	5.4%	5.7%	7.6%	6.8%	4.2%	5.1%		
YoY growth %	7.1%	48.8%	31.3%	24.5%	27.4%	-21.4%	-56.3%	-44.4%	-28.2%	-35.3%	-66.5%	-51.1%		
<b>Pretax Profit</b>	<b>6.4</b>	<b>10.5</b>	<b>16.9</b>	<b>21.7</b>	<b>38.6</b>	<b>4.7</b>	<b>4.2</b>	<b>8.9</b>	<b>16.3</b>	<b>25.2</b>	<b>3.7</b>	<b>8.4</b>	<b>15%</b>	<b>7%</b>
Pretax margin %	7.7%	10.0%	9.0%	10.2%	9.6%	6.5%	4.7%	5.5%	8.1%	6.9%	4.2%	5.3%		
YoY growth %	39.0%	23.6%	29.1%	32.2%	30.8%	-26.8%	-59.5%	-47.1%	-25.2%	-34.7%	-64.8%	-50.4%		
<b>Net Income</b>			<b>10.2</b>	<b>15.8</b>	<b>26.0</b>			<b>6.4</b>	<b>11.0</b>	<b>17.4</b>				
Net margin %			5.4%	7.4%	6.5%			3.9%	5.5%	4.8%				
YoY growth %			37.2%	69.1%	54.9%			-37.4%	-30.1%	-33.0%				
<b>Net financial position</b>	<b>61.1</b>	<b>54.0</b>	<b>54.0</b>	<b>61.4</b>	<b>61.4</b>	<b>27.5</b>	<b>27.9</b>	<b>27.9</b>	<b>38.0</b>	<b>38.0</b>	<b>27.0</b>	<b>27.0</b>	<b>3%</b>	<b>3%</b>

Source: Company data and Intermonte SIM estimates

## Changes to estimates

### El.En – Changes to estimates

	New Estimates			Old Estimates			Delta %		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
<b>Revenue</b>	<b>364</b>	<b>413</b>	<b>452</b>	<b>373</b>	<b>413</b>	<b>450</b>	<b>-2%</b>	<b>0%</b>	<b>0%</b>
%YoY	-9.1%	13.4%	9.6%	-6.9%	10.7%	9.0%			
<b>EBITDA</b>	<b>35</b>	<b>47</b>	<b>55</b>	<b>37</b>	<b>47</b>	<b>55</b>	<b>-4%</b>	<b>0%</b>	<b>0%</b>
%YoY	-24.2%	34.0%	16.4%	-20.8%	28.8%	15.5%			
%margin	9.6%	11.4%	12.1%	9.8%	11.4%	12.1%			
<b>EBIT</b>	<b>25</b>	<b>37</b>	<b>45</b>	<b>27</b>	<b>38</b>	<b>46</b>	<b>-8%</b>	<b>-3%</b>	<b>-1%</b>
%YoY	-35.3%	51.1%	20.7%	-29.5%	42.4%	19.1%			
%margin	6.8%	9.0%	10.0%	7.2%	9.3%	10.1%			
<b>EPS</b>	<b>0.89</b>	<b>1.32</b>	<b>1.58</b>	<b>0.95</b>	<b>1.34</b>	<b>1.58</b>	<b>-6%</b>	<b>-2%</b>	<b>0%</b>
%YoY	-33.0%	47.3%	19.9%	-28.4%	40.4%	17.9%			
<b>NFP</b>	<b>38</b>	<b>55</b>	<b>79</b>	<b>36</b>	<b>54</b>	<b>79</b>	<b>4%</b>	<b>2%</b>	<b>0%</b>

Source: Intermonte SIM estimates

## 2Q20 Results – Top-line breakdown by segment

### El.En – Sales breakdown by segment

Breakdown	1Q19A	2Q19A	1H19A	2H19A	2019A	1Q20A	2Q20A	1H20A	2H20E	2020E	2Q20E	1H20E	Ave 2Q	Ave 1H
<b>Aesthetic</b>	<b>25.4</b>	<b>35.2</b>	<b>60.6</b>	<b>73.7</b>	<b>134.3</b>	<b>28.5</b>	<b>27.4</b>	<b>55.9</b>	<b>62.3</b>	<b>118.2</b>	<b>21.1</b>	<b>49.6</b>	<b>30%</b>	<b>13%</b>
growth YoY (%)	15.7%	20.9%	18.7%	24.2%	21.6%	12.2%	-22.2%	-7.8%	-15.5%	-12.0%	-40.0%	-18.1%		
% of total sales	30.3%	33.7%	32.2%	34.7%	33.5%	39.1%	30.6%	34.4%	30.9%	32.5%	24.3%	31.1%		
<b>Surgical</b>	<b>11.1</b>	<b>12.2</b>	<b>23.3</b>	<b>27.0</b>	<b>50.3</b>	<b>11.1</b>	<b>8.8</b>	<b>19.9</b>	<b>25.9</b>	<b>45.8</b>	<b>8.5</b>	<b>19.6</b>	<b>4%</b>	<b>2%</b>
growth YoY (%)	18.1%	3.4%	9.9%	29.2%	19.5%	0.0%	-27.5%	-14.4%	-4.2%	-9.0%	-30.0%	-15.7%		
% of total sales	13.2%	11.7%	12.4%	12.7%	12.6%	15.2%	9.8%	12.2%	12.8%	12.6%	9.8%	12.3%		
<b>Physiotherapy</b>	<b>2.7</b>	<b>2.7</b>	<b>5.4</b>	<b>5.2</b>	<b>10.6</b>	<b>2.1</b>	<b>1.2</b>	<b>3.3</b>	<b>4.9</b>	<b>8.2</b>	<b>1.5</b>	<b>3.6</b>	<b>-16%</b>	<b>-7%</b>
growth YoY (%)	5.7%	-2.2%	1.6%	-5.2%	-1.9%	-22.2%	-53.7%	-38.0%	-6.5%	-23.0%	-45.0%	-33.6%		
% of total sales	3.2%	2.6%	2.9%	2.4%	2.6%	2.9%	1.3%	2.0%	2.4%	2.2%	1.7%	2.2%		
Other medical lasers	0.0	0.0	0.0	0.0	1.1	0.2	0.1	0.3	0.0	0.3	0.0	0.0		
% of total sales	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%	0.1%	0.2%	0.0%	0.1%	0.0%	0.0%		
<b>Total Medical Systems</b>	<b>39.2</b>	<b>50.1</b>	<b>89.3</b>	<b>107.0</b>	<b>196.3</b>	<b>41.9</b>	<b>37.5</b>	<b>79.2</b>	<b>93.0</b>	<b>172.4</b>	<b>31.1</b>	<b>72.8</b>	<b>20%</b>	<b>9%</b>
growth YoY (%)	15.4%	14.0%	14.7%	24.3%	19.7%	6.9%	-25.2%	-11.3%	-13.1%	-12.2%	-37.8%	-18.4%		
% of total sales	46.7%	47.9%	47.4%	50.4%	49.0%	57.5%	41.9%	0.0%	0.0%	47.3%	35.9%	0.0%		
<b>Medical service</b>	<b>10.4</b>	<b>12.0</b>	<b>22.4</b>	<b>23.5</b>	<b>45.9</b>	<b>11.6</b>	<b>9.3</b>	<b>20.9</b>	<b>23.6</b>	<b>44.5</b>	<b>8.4</b>	<b>20.0</b>	<b>11%</b>	<b>5%</b>
growth YoY (%)	34.9%	49.5%	42.3%	29.4%	35.4%	11.5%	-22.4%	-6.7%	0.5%	-3.0%	-30.0%	-10.7%		
% of total sales	12.4%	11.5%	11.9%	11.1%	11.5%	15.9%	7307.5%	12.9%	11.7%	12.2%	9.7%	12.5%		
<b>Total Medical Revenues</b>	<b>49.8</b>	<b>62.3</b>	<b>112.1</b>	<b>130.1</b>	<b>242.2</b>	<b>53.5</b>	<b>46.8</b>	<b>100.4</b>	<b>116.6</b>	<b>216.9</b>	<b>39.5</b>	<b>92.8</b>	<b>18%</b>	<b>8%</b>
growth YoY (%)	19.6%	19.9%	19.8%	24.7%	22.4%	7.4%	-24.8%	-10.5%	-10.3%	-10.4%	-36.5%	-17.2%		
% of total sales	59.4%	59.6%	59.5%	61.3%	60.4%	73.4%	52.2%	0.0%	0.0%	59.6%	45.6%	0.0%		
<b>Cutting</b>	<b>25.3</b>	<b>33.2</b>	<b>58.5</b>	<b>61.2</b>	<b>119.7</b>	<b>12.9</b>	<b>36.1</b>	<b>49.0</b>	<b>64.1</b>	<b>113.1</b>	<b>39.8</b>	<b>52.7</b>	<b>-9%</b>	<b>-7%</b>
growth YoY (%)	21.5%	7.0%	12.8%	-3.8%	3.6%	-49.0%	8.7%	-16.2%	4.8%	-5.5%	20.0%	-9.8%		
% of total sales	30.2%	31.8%	31.0%	28.8%	29.9%	17.7%	40.3%	30.1%	31.8%	31.1%	45.9%	0.0%		
<b>Marking</b>	<b>4.2</b>	<b>5.0</b>	<b>9.2</b>	<b>11.1</b>	<b>20.3</b>	<b>3.4</b>	<b>4.2</b>	<b>7.6</b>	<b>9.7</b>	<b>17.3</b>	<b>3.5</b>	<b>6.9</b>	<b>20%</b>	<b>10%</b>
growth YoY (%)	13.3%	8.8%	10.8%	15.7%	13.4%	-19.0%	-16.0%	-17.4%	-13.0%	-15.0%	-30.0%	-25.0%		
% of total sales	5.0%	4.8%	4.9%	5.2%	5.1%	4.7%	4.7%	4.7%	4.8%	4.7%	4.0%	0.0%		
<b>Laser sources</b>	<b>1.2</b>	<b>1.0</b>	<b>2.2</b>	<b>2.2</b>	<b>4.4</b>	<b>0.8</b>	<b>-0.1</b>	<b>0.7</b>	<b>3.4</b>	<b>4.1</b>	<b>0.8</b>	<b>1.6</b>	<b>-113%</b>	<b>-55%</b>
growth YoY (%)	31.3%	-14.9%	5.3%	-21.7%	-10.2%	-33.3%	-110.0%	-68.2%	54.2%	-7.0%	-25.0%	-29.5%		
% of total sales	1.4%	1.0%	1.2%	1.0%	1.1%	1.1%	-0.1%	0.4%	1.7%	1.1%	0.9%	0.0%		
<b>Total Industrial Systems</b>	<b>30.7</b>	<b>39.2</b>	<b>69.9</b>	<b>74.8</b>	<b>144.7</b>	<b>17.2</b>	<b>40.4</b>	<b>57.6</b>	<b>77.1</b>	<b>134.7</b>	<b>44.1</b>	<b>61.2</b>	<b>-8%</b>	<b>-6%</b>
growth YoY (%)	20.0%	6.3%	11.9%	-1.8%	4.4%	-43.9%	3.0%	-17.6%	3.1%	-6.9%	12.5%	0.0%		
% of total sales	36.6%	37.5%	37.1%	35.2%	36.1%	23.6%	45.1%	35.4%	38.2%	37.0%	50.8%	0.0%		
<b>Industrial service</b>	<b>3.2</b>	<b>3.0</b>	<b>6.2</b>	<b>7.7</b>	<b>13.9</b>	<b>2.2</b>	<b>2.4</b>	<b>4.6</b>	<b>7.9</b>	<b>12.5</b>	<b>3.5</b>	<b>5.7</b>	<b>-30%</b>	<b>-19%</b>
growth YoY (%)	41.4%	28.8%	35.0%	53.8%	44.8%	-31.3%	-20.0%	-25.8%	2.7%	-10.0%	15.0%	-8.9%		
% of total sales	3.8%	2.9%	3.3%	3.6%	3.5%	3.0%	2.7%	2.8%	3.9%	3.4%	4.0%	0.0%		
<b>Total Industrial Revenues</b>	<b>34.1</b>	<b>42.2</b>	<b>76.3</b>	<b>82.3</b>	<b>158.6</b>	<b>19.4</b>	<b>42.8</b>	<b>62.2</b>	<b>85.0</b>	<b>147.2</b>	<b>47.5</b>	<b>66.8</b>	<b>-10%</b>	<b>-7%</b>
growth YoY (%)	22.3%	7.8%	13.8%	1.4%	7.0%	-42.9%	1.2%	-18.5%	3.3%	-7.1%	12.5%	-12.4%		
% of total sales	40.6%	40.4%	40.5%	38.7%	39.6%	26.6%	47.8%	38.3%	42.2%	40.4%	54.8%	41.9%		
<b>Total Revenues</b>	<b>83.9</b>	<b>104.6</b>	<b>188.4</b>	<b>212.3</b>	<b>400.8</b>	<b>72.9</b>	<b>89.6</b>	<b>162.5</b>	<b>201.6</b>	<b>364.2</b>	<b>86.7</b>	<b>159.7</b>	<b>3%</b>	<b>2%</b>
growth YoY (%)	20.6%	14.7%	17.3%	14.5%	15.8%	-13.0%	-14.3%	-13.7%	-5.0%	-9.1%	-17.0%	-15.3%		

Source: Company data, Intermonte SIM estimates

## Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>EL.EN.</b>	<b>22.70</b>	<b>EUR</b>	<b>443</b>	<b>-1.3%</b>	<b>3.4%</b>	<b>23.4%</b>	<b>-31.3%</b>	<b>3.9%</b>	<b>-0.1%</b>
AMADA CO.	1055.00	JPY	366,787	22.5%	12.4%	28.5%	-15.6%	-12.2%	-8.2%
BIOLASE	0.30	USD	28	-25.9%	-40.5%	-40.1%	-45.1%	-71.6%	-85.4%
CUTERA	18.55	USD	326	26.8%	39.3%	14.3%	-48.2%	-35.0%	-41.3%
HAN'S LASER TECH IND.	34.99	CNY	36,800	-12.0%	10.6%	5.1%	-12.5%	4.5%	-13.0%
INMODE	36.05	USD	1,284	14.4%	21.0%	83.1%	-8.0%	26.6%	---
IPG PHOTONICS	162.88	USD	8,675	2.9%	4.3%	45.2%	12.4%	11.3%	2.2%
LUTRONIC	5700.00	HKD	141,470	-5.0%	-21.4%	7.1%	-37.6%	-33.3%	-58.4%
PRIMA INDUSTRIE	12.64	EUR	131	-4.4%	-12.2%	23.4%	-22.9%	-9.1%	-60.9%
RA MEDICAL	0.25	USD	18	-19.7%	-59.0%	-81.0%	-77.8%	-85.5%	---
SISRAM MEDICAL	2.60	HKD	1,150	0.0%	-19.5%	-11.6%	-37.0%	-37.8%	-48.3%
<b>Mean performance</b>				<b>-0.2%</b>	<b>-5.6%</b>	<b>8.9%</b>	<b>-29.4%</b>	<b>-21.7%</b>	<b>-34.8%</b>
<b>Italy FTSE Mib</b>	19,793.8	EUR		-1.2%	4.8%	24.1%	-15.8%	-10.8%	-5.2%

Source: FactSet

## 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
				2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
<b>EL.EN.</b>	<b>22.70</b>	<b>EUR</b>	<b>443</b>	<b>1.2</b>	<b>1.0</b>	<b>12.5</b>	<b>9.0</b>	<b>17.8</b>	<b>11.3</b>	<b>25.4</b>	<b>17.2</b>	<b>0.6%</b>	<b>1.8%</b>
AMADA CO.	1055.00	JPY	366,787	1.4	1.2	11.0	6.8	29.1	12.8	50.1	20.4	2.8%	3.3%
BIOLASE	0.30	USD	28										
CUTERA	18.55	USD	326										
HAN'S LASER TECH IND.	34.99	CNY	36,800	3.4	2.8	24.1	18.8	30.0	22.7	30.1	23.1	0.8%	1.0%
INMODE	36.05	USD	1,284	6.4	3.9	19.1	10.7	20.3	10.9	31.0	20.6	0.0%	0.0%
IPG PHOTONICS	162.88	USD	8,675	6.4	5.4	23.4	16.7	34.3	22.5	51.3	35.3	0.0%	0.0%
LUTRONIC	5700.00	HKD	141,470										
PRIMA INDUSTRIE	12.64	EUR	131	0.7	0.6	9.4	6.2	68.6	14.1		13.7	0.0%	0.8%
RA MEDICAL	0.25	USD	18										
SISRAM MEDICAL	2.60	HKD	1,150										
<b>Median</b>				<b>3.4</b>	<b>2.8</b>	<b>19.1</b>	<b>10.7</b>	<b>30.0</b>	<b>14.1</b>	<b>40.6</b>	<b>20.6</b>	<b>0.0%</b>	<b>0.8%</b>

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

## EL.EN. - Estimates Comparison with Consensus

(Eu mn)	2020			2021		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
<b>Revenues</b>	364.2	363.3	0.2%	412.8	421.7	-2.1%
<b>Ebitda</b>	35.1	33.3	5.4%	47.0	45.9	2.5%
<b>Net Profit</b>	17.4	15.4	13.3%	25.7	26.7	-3.8%
<b>EPS</b>	0.894	0.792	12.9%	1.316	1.363	-3.4%
<b>Net Debt</b>	38.0	36.8	3.2%	55.4	55.3	0.3%

Source: Intermonte SIM estimates and Factset consensus estimates

## DETAILS ON STOCKS RECOMMENDATION

Stock NAME	\$Companyname\$			
Current Recomm:	OUTPERFORM		Previous Recomm:	OUTPERFORM
Current Target (Eu):	27.00		Previous Target (Eu):	25.50
Current Price (Eu):	22.70		Previous Price (Eu):	20.40
Date of report:	15/09/2020		Date of last report:	19/05/2020

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- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed; among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales.
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

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

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NEUTRAL:	36,80 %
UNDERPERFORM	08,80 %
SELL:	00,00 %

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NEUTRAL:	20,84 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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