EL.EN. OUTPERFORM

Price (Eu): 24.20

Target Price (Eu): 31.00

SECTOR: Industrials

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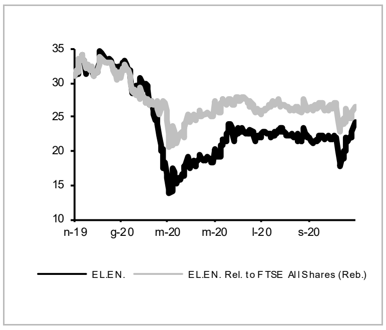
Strong 3Q results, FY20 guidance unchanged amid new restrictions in Europe

- **Record 3Q sales driven by Aesthetics, Cutting.** El.En. recorded its highest-ever 3Q revenues at €106mn, up +12% YoY, 12% above our forecast. Both segments grew, with Medical up +1% (vs our -11%) and Industrial up +29% (vs our +18%). The core group activities were also the main growth drivers last quarter, as Aesthetics (35% of sales) was up +14%, benefitting from resilient demand and robust trends mainly in Japan and the US, and Laser Cutting (36% of sales) was up +43% thanks to the solid performance of Italian and European operations as well as continued growth in Chinese demand. Surgical sales were down -25% due to clients focusing on the Covid-19 emergency.
- **Margins beat estimates despite impact of commercial strategy; strong cash generation.** Gross profit was 2% above our forecast but still down -6%, a -6.3pp margin loss YoY, due to the company's decision to push for gaining or protecting market share at the expense of profitability in both segments. Continued competitive pressure in China and an adverse mix (higher weight of Japan in Medical activities) also contributed to margin contraction. EBITDA/EBIT was €11.3mn/€8.8mn, 9%/13% above our est. but down -6%/-10% or -2pp/-2pp off the margin, as continued cost discipline on travel and marketing spend compensated some of the gross margin loss. Net cash was €50mn, better than our €28mn, up €22mn QoQ thanks to positive margins and supportive WC management.
- **Prudent guidance for FY20 on lower 4Q visibility, positive indications overall.** Guidance for FY20 sales down <-10% and EBIT margin progress in 2H vs 1H20 was reiterated notwithstanding the positive 3Q performance and good trends seen in October, as the rapid worsening of the pandemic in Europe has cut visibility on November and December activity on the continent. Nevertheless, management delivered upbeat messages on continued development in the US and Japanese markets. In China, dynamic domestic demand is seen continuing, supported by returning overseas demand, while Chinese production activities are seen achieving some economies of scale as early as 4Q20. Order books are also fuller at end-3Q than at end-1Q, further testimony to the strength of the underlying recovery in demand. However, operations in Italy (17% of sales), along with Germany and France (<15% of sales), are very likely to suffer from the recent restrictive measures. Overall, confirmed guidance implies a -21% drop in 4Q sales, a figure we see as cautious given the good October trend although it has to be seen in the context of a tough comparison base, given the high +16% sales growth in 4Q19, ELN's strongest ever quarter. The FY20 dividend payout was confirmed.
- **Changes to estimates.** Despite a strong set of 3Q figures, we keep our estimates unchanged to reflect the confirmed guidance. Our forecast reflects a cautious -19% sales decline in 4Q and factors a slight downturn in 4Q margins compared to 3Q, in line with the trends highlighted by the company for the quarter.
- **OUTPERFORM confirmed, TP raised from €27 to €31.** We are lifting our TP on DCF roll-over and lower equity risk premium. We reiterate 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 (revived during 3Q) add up to a robust equity story. Our TP reflects a 15.5x EV/EBIT 21E multiple, broadly 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)		1.333	0.894	1.316	1.578
DPS (Eu)	0.400	0.000	0.125	0.400	0.400

Ratios & Multiples	2018A	2019A	2020E	2021E	2022E
P/E Adj.	27.8	18.1	27.1	18.4	15.3
Div. Yield	1.7%	0.0%	0.5%	1.7%	1.7%
EV/Ebitda Adj.	12.5	9.6	13.4	9.6	7.8
ROCE	21.7%	22.7%	12.4%	16.8%	20.0%

El.En. - 12m Performance



RATING: Unchanged
TARGET PRICE (Eu): from 27.00 to 31.00

Ch. in Adj.EPS est:	2020E	2021E
	0.0%	0.0%

STOCK DATA

Reuters code:	ELEN.MI
Bloomberg code:	ELN IM

Performance	1m	3m	12m
Absolute	10.5%	5.2%	-17.5%
Relative	1.1%	-0.7%	-7.8%
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):	472
Total Mkt Cap (Eu mn):	472
Mkt Float - ord (Eu mn):	244
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:	2.0
Net Financial Position (Eu mn):	38
Enterprise value (Eu mn):	469

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El.En. - *KEY FIGURES*		2018A	2019A	2020E	2021E	2022E
	Fiscal year end	31/12/2018	31/12/2019	31/12/2020	31/12/2021	31/12/2022
PROFIT & LOSS (Eu mn)	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
PER SHARE DATA (Eu)	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%
CASH FLOW (Eu mn)	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
BALANCE SHEET (Eu mn)	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
ENTERPRISE VALUE (Eu mn)	Average mkt cap - current	472	472	472	472	472
	Adjustments (associate & minorities)	(35)	(35)	(35)	(35)	(35)
	Net financial position	63	61	38	55	79
	Enterprise value	445	446	469	452	428
RATIOS(%)	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	3.2	2.7	2.4	2.0	1.9
	EV/Sales	1.3	1.1	1.3	1.1	0.9
	EV/Ebit	14.8	11.7	19.0	12.1	9.5
	Free Cash Flow Yield	-3.2%	2.8%	-0.6%	4.0%	6.2%
GROWTH RATES (%)	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

3Q20 Results

El.En – 3Q/9M20 results snapshot

(Eu mn)	1Q19A	2Q19A	3Q19A	9M19A	2019A	1Q20A	2Q20A	3Q20A	9M20A	2020E	3Q20E	9M20E	AvE 3Q	AvE 9M
Sales	**83.9**	**104.6**	**94.5**	**282.9**	**400.8**	**72.9**	**89.6**	**105.8**	**268.2**	**364.2**	**94.8**	**257.3**	**12%**	**4%**
YoY growth %	20.6%	14.8%	14.1%	16.2%	15.8%	-13.0%	-14.4%	12.0%	-5.2%	-9.1%	0.3%	-9.1%		
Gross profit	**33.2**	**41.2**	**36.8**	**111.1**	**156.0**	**31.5**	**28.4**	**34.5**	**94.4**	**132.5**	**33.6**	**93.5**	**3%**	**1%**
Gross margin %	39.6%	39.4%	38.9%	39.3%	38.9%	43.2%	31.7%	32.6%	35.2%	36.4%	35.4%	36.3%		
YoY growth %	12.0%	17.5%	16.3%	15.4%	13.5%	-5.2%	-31.1%	-6.1%	-15.1%	-15.1%	-8.6%	-15.9%		
EBITDA	**7.7**	**12.9**	**12.0**	**32.6**	**46.3**	**7.1**	**7.4**	**11.3**	**25.8**	**35.1**	**10.4**	**24.9**	**9%**	**4%**
Ebitda margin %	9.2%	12.4%	12.7%	11.5%	11.6%	9.7%	8.3%	10.7%	9.6%	9.6%	11.0%	9.7%		
YoY growth %	19.5%	44.9%	38.3%	35.7%	30.0%	-7.8%	-42.7%	-5.9%	-20.9%	-24.2%	-13.5%	-23.7%		
EBIT	**5.7**	**11.0**	**9.7**	**26.4**	**38.2**	**4.5**	**4.8**	**8.8**	**18.1**	**24.7**	**7.8**	**17.1**	**13%**	**6%**
Ebit margin %	6.8%	10.5%	10.3%	9.3%	9.5%	6.2%	5.3%	8.3%	6.7%	6.8%	8.2%	6.6%		
YoY growth %	7.1%	48.8%	33.8%	32.2%	27.4%	-21.4%	-56.4%	-9.6%	-31.6%	-35.3%	-20.0%	-35.4%		
Pretax Profit	**6.4**	**10.5**	**10.7**	**27.6**	**38.6**	**4.7**	**4.2**	**8.0**	**16.9**	**25.2**	**8.1**	**17.0**	**-2%**	**-1%**
Pretax margin %	7.7%	10.0%	11.4%	9.8%	9.6%	6.5%	4.7%	7.5%	6.3%	6.9%	8.5%	6.6%		
YoY growth %	39.0%	23.6%	57.3%	38.7%	30.8%	-26.8%	-59.5%	-25.8%	-38.8%	-34.7%	-24.6%	-38.3%		
Net Income					**26.0**					**17.4**				
Net margin %					6.5%					4.8%				
YoY growth %					54.9%					-33.0%				
Net financial position	**61.1**	**54.0**	**50.8**	**50.8**	**61.4**	**27.5**	**27.9**	**49.8**	**49.8**	**38.0**	**28.2**	**28.2**	**77%**	**77%**

Source: Company data and Intermonte SIM estimates

3Q20 Results – Top-line breakdown by segment

El.En – Sales breakdown by segment

Breakdown	1Q19A	2Q19A	3Q19A	9M19A	2019A	1Q20A	2Q20A	3Q20A	9M20A	2020E	3Q20E	9M20E	AvE 3Q	AvE 9M
Aesthetic	**25.4**	**35.2**	**32.5**	**93.1**	**134.3**	**28.5**	**27.4**	**37.0**	**92.9**	**118.2**	**29.9**	**85.8**	**24%**	**8%**
growth YoY (%)	15.7%	20.9%	26.7%	21.4%	21.6%	12.2%	-22.2%	13.8%	-0.2%	-12.0%	-8.0%	-7.8%		
% of total sales	30.3%	33.7%	34.4%	32.9%	33.5%	39.1%	30.6%	35.0%	34.6%	32.5%	31.5%	33.3%		
Surgical	**11.1**	**12.2**	**11.3**	**34.6**	**50.3**	**11.1**	**8.8**	**8.5**	**28.4**	**45.8**	**9.7**	**29.6**	**-13%**	**-4%**
growth YoY (%)	18.1%	3.4%	33.9%	16.7%	19.5%	0.0%	-27.9%	-25.2%	-17.9%	-9.0%	-14.0%	-14.4%		
% of total sales	13.2%	11.7%	11.9%	12.2%	12.6%	15.2%	9.8%	8.0%	10.6%	12.6%	10.3%	11.5%		
Physiotherapy	**2.7**	**2.7**	**2.4**	**7.8**	**10.6**	**2.1**	**1.2**	**2.0**	**5.3**	**8.2**	**1.9**	**5.2**	**2%**	**2%**
growth YoY (%)	5.7%	-2.2%	-2.7%	0.2%	-1.9%	-22.2%	-55.6%	-18.7%	-32.1%	-23.0%	-20.0%	-33.1%		
% of total sales	3.2%	2.6%	2.5%	2.8%	2.6%	2.9%	1.3%	1.8%	2.0%	2.2%	2.0%	2.0%		
Total Medical Systems	**39.2**	**50.1**	**46.2**	**135.5**	**196.3**	**41.9**	**37.5**	**47.7**	**126.9**	**172.4**	**41.6**	**121.0**	**15%**	**5%**
growth YoY (%)	15.4%	14.0%	25.6%	18.2%	19.7%	6.9%	-25.2%	3.3%	-6.3%	-12.2%	-9.9%	-10.7%		
% of total sales	46.7%	47.9%	48.9%	47.9%	49.0%	57.5%	41.9%	45.1%	47.3%	47.3%	43.9%	47.0%		
Medical service	**10.4**	**12.0**	**12.2**	**34.6**	**45.9**	**11.6**	**9.3**	**11.9**	**32.8**	**44.5**	**10.7**	**31.6**	**11%**	**4%**
growth YoY (%)	34.9%	49.5%	44.2%	43.0%	35.4%	11.5%	-22.5%	-2.5%	-5.2%	-3.0%	-12.0%	-8.6%		
% of total sales	12.4%	11.5%	12.9%	12.2%	11.5%	15.9%	10.4%	11.2%	12.2%	12.2%	11.3%	12.3%		
Total Medical Revenues	**49.8**	**62.3**	**58.7**	**170.8**	**242.2**	**53.5**	**46.8**	**59.4**	**159.7**	**216.9**	**52.4**	**152.7**	**13%**	**5%**
growth YoY (%)	19.6%	19.9%	29.7%	23.0%	22.4%	7.4%	-24.9%	1.3%	-6.5%	-10.4%	-10.7%	-10.6%		
% of total sales	59.4%	59.6%	62.0%	60.4%	60.4%	73.4%	52.2%	56.2%	59.6%	59.6%	55.2%	59.3%		
Cutting	**25.3**	**33.2**	**26.9**	**85.4**	**119.7**	**12.9**	**36.1**	**38.4**	**87.4**	**113.1**	**34.4**	**83.4**	**12%**	**5%**
growth YoY (%)	21.5%	7.0%	-12.2%	3.5%	3.6%	-49.0%	8.7%	42.9%	2.4%	-5.5%	28.0%	-2.3%		
% of total sales	30.2%	31.8%	28.4%	30.2%	29.9%	17.7%	40.3%	36.3%	32.6%	31.1%	36.3%	32.4%		
Marking	**4.2**	**5.0**	**4.2**	**13.4**	**20.3**	**3.4**	**4.2**	**3.6**	**11.2**	**17.3**	**3.6**	**11.2**	**0%**	**0%**
growth YoY (%)	13.3%	8.8%	13.4%	11.6%	13.4%	-19.0%	-16.0%	-14.3%	-16.4%	-15.0%	-14.0%	-16.3%		
% of total sales	5.0%	4.8%	4.4%	4.7%	5.1%	4.7%	4.7%	3.4%	4.2%	4.7%	3.8%	4.4%		
Laser sources	**1.2**	**1.0**	**1.0**	**3.2**	**4.4**	**0.8**	**-0.1**	**0.8**	**1.5**	**4.1**	**0.9**	**1.6**	**-11%**	**-6%**
growth YoY (%)	31.3%	-14.9%	-20.6%	-4.4%	-10.2%	-33.3%	-110.0%	-20.0%	-53.1%	-7.0%	-10.0%	-50.0%		
% of total sales	1.4%	1.0%	1.1%	1.1%	1.1%	1.1%	-0.1%	0.8%	0.6%	1.1%	0.9%	0.6%		
Total Industrial Systems	**30.7**	**39.2**	**32.1**	**102.0**	**144.7**	**17.2**	**40.4**	**42.8**	**100.4**	**134.7**	**39.0**	**96.6**	**10%**	**4%**
growth YoY (%)	20.0%	6.3%	-10.0%	4.0%	4.4%	-43.9%	3.0%	33.4%	-1.5%	-6.9%	21.6%	-5.2%		
% of total sales	36.6%	37.5%	33.9%	36.0%	36.1%	23.6%	45.1%	40.5%	37.4%	37.0%	41.1%	37.5%		
Industrial service	**3.2**	**3.0**	**3.6**	**9.8**	**13.9**	**2.2**	**2.4**	**3.4**	**8.0**	**12.5**	**3.4**	**8.0**	**-1%**	**0%**
growth YoY (%)	41.4%	28.8%	88.7%	50.8%	44.8%	-31.3%	-20.0%	-5.6%	-18.4%	-10.0%	-5.0%	-18.2%		
% of total sales	3.8%	2.9%	3.8%	3.5%	3.5%	3.0%	2.7%	3.2%	3.0%	3.4%	3.6%	3.1%		
Total Industrial Revenues	**34.1**	**42.2**	**35.9**	**112.2**	**158.6**	**19.4**	**42.8**	**46.2**	**108.4**	**147.2**	**42.4**	**104.6**	**9%**	**4%**
growth YoY (%)	22.3%	7.8%	-4.4%	7.3%	7.0%	-42.9%	1.3%	28.7%	-3.4%	-7.1%	18.2%	-6.7%		
% of total sales	40.6%	40.4%	38.0%	39.6%	39.6%	26.6%	47.8%	43.7%	40.4%	40.4%	44.8%	40.7%		
Total Revenues	**83.9**	**104.6**	**94.6**	**283.0**	**400.8**	**72.9**	**89.6**	**105.8**	**268.2**	**364.2**	**94.8**	**257.3**	**12%**	**4%**

Source: Company data, Intermonte SIM estimates

Peer Group - Absolute Performances

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
EL.EN.	**24.20**	**EUR**	**472**	**10.5%**	**5.2%**	**32.8%**	**-26.8%**	**-17.5%**	**61.1%**
AMADA CO.	1023.00	JPY	355,661	7.2%	18.8%	6.3%	-18.2%	-18.9%	-12.8%
BIOLASE	0.28	USD	26	-9.2%	-31.3%	-25.0%	-49.1%	-48.6%	-78.2%
CUTERA	22.22	USD	392	12.3%	51.9%	81.5%	-38.0%	-37.8%	4.3%
HAN'S LASER TECH IND.	43.54	CNY	45,793	25.0%	9.5%	37.4%	8.9%	18.4%	23.9%
INMODE	41.81	USD	1,489	5.3%	32.7%	73.8%	6.7%	-15.4%	---
IPG PHOTONICS	201.00	USD	10,713	9.7%	27.0%	37.5%	38.7%	42.7%	45.1%
LUTRONIC	7690.00	HKD	190,953	50.5%	28.2%	27.1%	-15.8%	-4.5%	-16.7%
PRIMA INDUSTRIE	12.94	EUR	134	7.8%	-2.1%	1.3%	-21.1%	-13.2%	-30.1%
RA MEDICAL	0.21	USD	15	-19.5%	-33.1%	-73.2%	-81.5%	-86.4%	-97.4%
SISRAM MEDICAL	2.35	HKD	1,039	-6.0%	-9.6%	-11.0%	-43.1%	-44.7%	-52.8%
Mean performance				**8.5%**	**8.8%**	**17.1%**	**-21.7%**	**-20.5%**	**-15.3%**
Italy FTSE Mib	21,317.0	EUR		9.9%	6.4%	26.5%	-9.3%	-9.6%	12.9%

Source: FactSet

Peer Group - Multiple Comparison

Stock	Price	Ccy	Mkt cap	EV/Sales 2020	EV/Sales 2021	EV/Ebitda 2020	EV/Ebitda 2021	EV/Ebit 2020	EV/Ebit 2021	P/E 2020	P/E 2021	Div Yield 2020	Div Yield 2021
EL.EN.	**24.20**	**EUR**	**472**	**1.3**	**1.1**	**13.4**	**9.6**	**19.0**	**12.1**	**27.1**	**18.4**	**0.5%**	**1.7%**
AMADA CO.	1023.00	JPY	355,661	1.4	1.2	10.8	6.8	26.4	12.1	42.7	18.4	2.9%	3.4%
BIOLASE	0.28	USD	26										
CUTERA	22.22	USD	392										
HAN'S LASER TECH IND.	43.54	CNY	45,793	4.1	3.4	28.0	22.5	35.2	27.6	37.9	28.6	0.6%	0.9%
INMODE	41.81	USD	1,489	6.1	4.1	16.3	10.9	17.5	11.4	24.9	19.9	0.0%	0.0%
IPG PHOTONICS	201.00	USD	10,713							66.4	41.9	0.0%	0.0%
LUTRONIC	7690.00	HKD	190,953										
PRIMA INDUSTRIE	12.94	EUR	134	0.8	0.6	10.8	6.3	184.3	15.0		14.4	0.0%	0.8%
RA MEDICAL	0.21	USD	15										
SISRAM MEDICAL	2.35	HKD	1,039										
Median				**2.7**	**2.3**	**13.5**	**8.8**	**30.8**	**13.5**	**40.3**	**19.9**	**0.0%**	**0.8%**

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

EL.EN. - Estimates Comparison with Consensus

	2020			2021		
(Eu mn)	**Intermonte**	**Consensus**	**%diff**	**Intermonte**	**Consensus**	**%diff**
Revenues	364.2	363.5	0.2%	412.8	411.6	0.3%
Ebitda	35.1	33.9	3.6%	47.0	45.1	4.4%
Net Profit	17.4	15.9	9.5%	25.7	25.5	0.7%
EPS	0.894	0.826	8.2%	1.316	1.304	0.9%
Net Debt	38.0	37.2	2.1%	55.4	54.0	2.7%

Source: Intermonte SIM estimates and Factset consensus estimates

DETAILS ON STOCKS RECOMMENDATION

Stock NAME	**$Companyname$**		
Current Recomm:	OUTPERFORM	Previous Recomm:	OUTPERFORM
Current Target (Eu):	31.00	Previous Target (Eu):	27.00
Current Price (Eu):	24.20	Previous Price (Eu):	22.70
Date of report:	17/11/2020	Date of last report:	15/09/2020

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- 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)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 2.5% and a risk premium of 5.0% are being used.
Frequency of research: quarterly.
Reports on all companies listed on the S&PMIB40 Index, most of those on the MIDEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.
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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.
Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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OUTPERFORM:	52,07 %
NEUTRAL:	33,88 %
UNDERPERFORM	06,61 %
SELL:	00,00 %

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (52 in total) is as follows:

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OUTPERFORM:	59,62 %
NEUTRAL:	28,84 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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IKF	0,57	SHORT
LIFE CARE CAPITAL	0,59	LONG
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