

EL.EN.

OUTPERFORM

SECTOR: Industrials

Price (Eu):

33.95

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Target Price (Eu):

40.00

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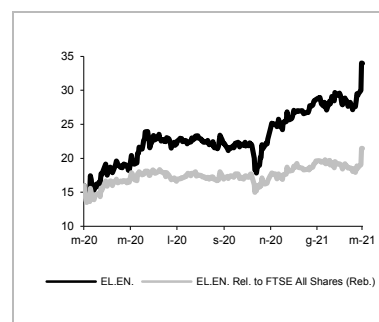
## Record 4Q Paves Way for Another Year of Robust Growth

- Exceptional 4Q blows past expectations.** 4Q sales were €408mn, up +18.8% YoY (vs. the record 4Q19), way above the cautious company guidance given post-3Q (implied -21.5%) and our slightly higher estimate (-18.5%). Continued fast growth in the Industrial sector (44% of FY20 sales) was mainly powered by Cutting activities up +51% mainly thanks to China (RoW +97%) and Italy (+11%). Medical sales were down slightly (-4% YoY) with a positive trend in Japan and the US, only partly offsetting the slowdown in Italian demand. Resilient Aesthetics and Components (60%/20% FY20 Medical sales) up +6%/+18% YoY, were offset by still weak demand for Surgical (-37%) and Physiotherapy (-18%) products.
- Margins and cash flow more than satisfactory, materially above forecasts.** EBITDA/EBIT were up +10%/+2% YoY to €15mn/€12mn, with the gross margin down -4pp YoY, affected by the segment and product mix (faster growth of lower-margin Industrial and hair removal products). Excluding a one-off €2.2mn share-based reward for Chinese managers EBITDA/EBIT would have been up +26%/+21%, implying expanding margins YoY. Pre-tax profit was flat at €11mn, partly affected by lower contributions from investments. The FY20 tax rate was low at 19% (vs. 26% in FY19), due to a positive €3mn one-off rebate in Italy (30% without). Net cash flow of €19mn in 4Q was powered by robust margins and solid working capital management. NFP was €+69mn, up from €+50mn in 3Q and €+61mn in FY19. DPS €0.40.
- Growth momentum to continue in 2021, margin guidance good but cautious.** 2021 guidance points to i) sales growth of over +10% YoY; and ii) EBIT growing YoY, with EBIT margins "hopefully" up YoY. Industrial top line growth should remain the fastest, dragged down by the strong momentum of Cutting in China (plants close to full capacity) and Europe, and new more powerful systems. A rebound in Medical sales should also be driven by new products (hair removal, body-shaping, muscle stimulation) and distribution of additional items in the US. Margin guidance was rather cautious as a weak USD and an adverse rebalancing of the mix (weight of components and US on sales seen lowering) could burden the recovery in group margins. Part of the FY20 fixed marketing cost savings should remain in place in FY21. Guidance does not include a rebound in sales of some star medical products (AcurAcne, MonaLisa Touch), which could potentially offer some upside. CapEx is foreseen flat (€13mn) with WC partly normalising due to longer lead times for key components.
- Change in estimates:** The +14%/+20% change in our EPS reflects our expectation for continued robust top line growth (+13% in 2021) in both segments on a higher FY20 starting point, along with some gross margin recovery (36.5% in 2021 vs. 34.7% in 2020), with fixed OpEx back close to 2019 levels. We factor in a degree of WC normalisation due to rising inventories.
- OUTPERFORM confirmed; target from €31 to €40.** Excellent 4Q figures reached record levels, with the magnitude of the resilience witnessed in 4Q and the strength of the optimistic messages on 2021 the real positives. We also highlight that these record results were achieved despite the most accretive activities still struggling (Surgical, Physiotherapy) due to the Covid emergency, a situation that we believe should eventually reverse. We confirm our positive stance on the stock as our new DCF-based target reflects the material estimates upgrade (+€7.4ps) and stronger cash position at YE20 (+€1.6ps). EV/EBITDA multiples of 13.8x/11.0x for 2021/22 implied in our TP are broadly aligned with the high levels seen prior to historical disturbances (Covid-19, FDA warning on MonaLisa Touch marketing).

Next event:

1Q21 Results out May 14<sup>th</sup> 2021

## EL.EN. - 12m Performance



RATING: Unchanged

TARGET PRICE (Eu): from 31.00 to 40.00

 Ch. in Adj. EPS est: 2021E 2022E  
 14.4% 19.8%

## STOCK DATA

 Reuters code: ELEN.MI  
 Bloomberg code: ELN IM

Performance	1m	3m	12m
Absolute	17.7%	25.5%	112.2%
Relative	13.1%	15.3%	53.8%
12 months H/L:	34.00/13.90		

## SHAREHOLDER DATA

No. of Ord. shares (mn):	20
Total No. of shares (mn):	20
Mkt Cap Ord (Eu mn):	665
Total Mkt Cap (Eu mn):	665
Mkt Float - ord (Eu mn):	344
Mkt Float (in %):	51.7%
Main shareholder:	
Cangioli Andrea	15.2%

## BALANCE SHEET DATA

	2021
Book value (Eu mn):	242
BVPS (Eu):	12.34
P/BV:	2.8
Net Financial Position (Eu mn):	76
Enterprise value (Eu mn):	641

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 on the last page of this report

Key Figures	2019A	2020A	2021E	2022E	2023E
Sales (Eu mn)	401	408	460	502	534
Ebitda (Eu mn)	46	41	54	66	72
Net profit (Eu mn)	26	20	30	37	41
EPS - New Adj.(Eu)	1.340	0.978	1.505	1.890	2.111
EPS - Old Adj.(Eu)	1.333	0.894	1.316	1.578	
DPS (Eu)	0.000	0.400	0.400	0.400	0.400

Ratios & Multiples	2019A	2020A	2021E	2022E	2023E
P/E Adj.	25.3	34.7	22.6	18.0	16.1
Div. Yield	0.0%	1.2%	1.2%	1.2%	1.2%
EV/Ebitda Adj.	14.1	15.9	11.8	9.4	8.2
ROCE	22.7%	17.2%	24.0%	28.1%	29.9%

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**EL.EN. - KEY FIGURES**

		2019A	2020A	2021E	2022E	2023E	
Fiscal year end		31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023	
<b>PROFIT &amp; LOSS (Eu mn)</b>	Sales	401	408	460	502	534	
	EBITDA	46	41	54	66	72	
	EBIT	38	30	43	55	61	
	Financial income (charges)	0	(2)	1	1	1	
	Associates & Others	(0)	(0)	0	0	0	
	Pre-tax profit (Loss)	39	28	44	55	62	
	Taxes	(10)	(5)	(11)	(14)	(16)	
	Tax rate (%)	-25.5%	-19.3%	-26.0%	-26.0%	-26.0%	
	Minorities & discontinue activities	(3)	(2)	(3)	(4)	(4)	
	Net profit	26	20	30	37	41	
	Total extraordinary items						
	Ebitda excl. extraordinary items	46	43	54	66	72	
	Ebit excl. extraordinary items	38	32	43	55	61	
Net profit restated	26	19	30	37	41		
<b>PER SHARE DATA (Eu)</b>	Total shares out (mn) - average fd	20	20	20	20	20	
	EPS stated fd	1.340	1.036	1.505	1.890	2.111	
	EPS restated fd	1.340	0.978	1.505	1.890	2.111	
	BVPS fd	11.393	11.252	12.340	13.808	15.490	
	Dividend per share (ord)	0.000	0.400	0.400	0.400	0.400	
	Dividend per share (sav)						
	Dividend pay out ratio (%)	0.0%	38.7%	26.6%	21.2%	18.9%	
<b>CASH FLOW (Eu mn)</b>	Gross cash flow	37	33	43	52	56	
	Change in NWC	1	7	(16)	(9)	(6)	
	Capital expenditure	(23)	(13)	(13)	(13)	(13)	
	Other cash items	0	0	0	0	0	
	Free cash flow (FCF)	14	27	15	30	37	
	Acquisitions, divestments & others	(21)	(21)	0	0	0	
	Dividend	(9)	0	(8)	(8)	(8)	
	Equity financing/Buy-back	0	0	0	0	0	
Change in Net Financial Position	(1)	8	6	22	29		
<b>BALANCE SHEET (Eu mn)</b>	Total fixed assets	89	92	94	96	98	
	Net working capital	80	73	88	98	104	
	Long term liabilities	11	7	7	7	7	
	Net capital employed	179	171	189	200	209	
	Net financial position	61	69	76	97	126	
	Group equity	241	241	265	298	335	
	Minorities	18	20	23	27	31	
Net equity	222	221	242	271	304		
<b>ENTERPRISE VALUE (Eu mn)</b>	Average mkt cap - current	665	665	665	665	665	
	Adjustments (associate & minorities)	(51)	(51)	(51)	(51)	(51)	
	Net financial position	61	69	76	97	126	
	Enterprise value	655	647	641	619	591	
<b>RATIOS(%)</b>	EBITDA margin*	11.6%	10.5%	11.8%	13.1%	13.5%	
	EBIT margin*	9.5%	7.9%	9.4%	10.9%	11.5%	
	Gearing - Debt/equity	-25.5%	-28.7%	-28.5%	-32.7%	-37.7%	
	Interest cover on EBIT	nm	17.1	nm	nm	nm	
	Debt/Ebitda	nm	nm	nm	nm	nm	
	ROCE*	22.7%	17.2%	24.0%	28.1%	29.9%	
	ROE*	12.3%	9.1%	12.8%	14.5%	14.4%	
	EV/CE	3.9	3.7	3.6	3.2	2.9	
	EV/Sales	1.6	1.6	1.4	1.2	1.1	
	EV/Ebit	17.2	21.5	14.8	11.3	9.6	
Free Cash Flow Yield	2.0%	3.8%	2.0%	4.2%	5.2%		
<b>GROWTH RATES (%)</b>	Sales	15.8%	1.8%	12.6%	9.2%	6.4%	
	EBITDA*	30.0%	-7.1%	25.8%	21.8%	9.0%	
	EBIT*	27.4%	-15.4%	34.3%	26.2%	11.9%	
	Net profit	54.9%	-22.1%	45.6%	25.6%	11.7%	
	EPS restated	54.0%	-27.1%	54.0%	25.6%	11.7%	

\* Excluding extraordinary items

Source: Intermonte SIM estimates

## 4Q20 Results snapshot

### El.En – 4Q results snapshot

(Eu mn)	4Q19A	2019A	REPORTED					Guidance	INTERMONTE			
			1H20A	3Q20A	4Q20A	2H20A	2020A		4Q20E	2020E	AvE 4Q	AvE FYQ
Medical Segment	72.1	242.2	100.3	59.4	69.4	128.8	<b>229</b>		57.2	216.9	21.3%	5.6%
YoY growth %	22.1%	22.4%	-10.5%	1.3%	-3.8%	-1.0%	-5.4%		-20.7%	-10.4%		
Industrial Segment	46.8	158.6	62.2	46.2	70.6	116.8	<b>179</b>		38.8	147.2	81.8%	21.6%
YoY growth %	7.4%	7.0%	-18.5%	28.7%	50.8%	41.9%	12.9%		-17.0%	-7.1%		
<b>Sales</b>	<b>117.8</b>	<b>400.8</b>	<b>162.5</b>	<b>105.6</b>	<b>139.9</b>	<b>245.6</b>	<b>408.1</b>		<b>96.0</b>	<b>364.2</b>	<b>45.8%</b>	<b>12.1%</b>
YoY growth %	14.8%	15.8%	-13.8%	11.8%	18.8%	15.7%	1.8%	<b>FY ≥ -10%</b>	-18.5%	-9.1%		
<b>Gross profit</b>	<b>44.9</b>	<b>156.0</b>	<b>59.9</b>	<b>34.5</b>	<b>47.2</b>	<b>81.7</b>	<b>141.6</b>		<b>38.1</b>	<b>132.5</b>	<b>24.0%</b>	<b>6.9%</b>
Gross margin %	37.7%	38.9%	36.8%	32.7%	33.7%	33.3%	34.7%		39.7%	36.4%		
YoY growth %	9.0%	13.5%	-19.5%	-6.1%	5.2%	0.1%	-9.2%		-15.2%	-15.1%		
<b>EBITDA</b>	<b>13.7</b>	<b>46.3</b>	<b>14.5</b>	<b>11.3</b>	<b>15.0</b>	<b>26.3</b>	<b>40.8</b>		<b>9.3</b>	<b>35.1</b>	<b>60.8%</b>	<b>16.2%</b>
Ebitda margin %	11.6%	11.6%	8.9%	10.7%	10.7%	10.7%	10.0%		9.7%	9.6%		
YoY growth %	18.2%	30.0%	-29.7%	-6.1%	9.7%	2.4%	-11.9%		-31.7%	-24.2%		
<b>EBIT</b>	<b>11.8</b>	<b>38.2</b>	<b>9.3</b>	<b>8.8</b>	<b>12.0</b>	<b>20.8</b>	<b>30.1</b>		<b>6.6</b>	<b>24.7</b>	<b>81.7%</b>	<b>21.8%</b>
Ebit margin %	10.0%	9.5%	5.7%	8.4%	8.6%	8.5%	7.4%	<b>2H &gt; 1H</b>	6.9%	6.8%		
YoY growth %	17.7%	27.4%	-44.4%	-9.1%	1.8%	-3.1%	-21.2%		-44.0%	-35.3%		
<b>Pretax Profit</b>	<b>11.0</b>	<b>38.6</b>	<b>8.9</b>	<b>7.9</b>	<b>11.0</b>	<b>19.0</b>	<b>27.9</b>		<b>8.3</b>	<b>25.2</b>	<b>32.1%</b>	<b>10.6%</b>
Pretax margin %	9.4%	9.6%	5.5%	7.5%	7.9%	7.7%	6.8%		8.7%	6.9%		
YoY growth %	14.4%	30.8%	-47.1%	-26.1%	0.0%	-12.8%	-27.8%		-24.3%	291.9%		
<b>Net financial position</b>		<b>61.4</b>	<b>27.9</b>	<b>49.8</b>			<b>69.2</b>			<b>38.0</b>		<b>82.3%</b>

Source: Company data, Intermonte SIM estimates

## Changes to estimates

### El.En – Changes to estimates

	New Estimates			Old Estimates		Delta %	
	2021	2022	2023	2021	2022	2021	2022
<b>Revenue</b>	<b>460</b>	<b>502</b>	<b>534</b>	<b>413</b>	<b>452</b>	<b>11%</b>	<b>11%</b>
%YoY	12.6%	9.2%	6.4%	13.4%	9.6%		
<b>EBITDA</b>	<b>54</b>	<b>66</b>	<b>72</b>	<b>47</b>	<b>55</b>	<b>15%</b>	<b>20%</b>
%YoY	32.6%	21.8%	9.0%	34.0%	16.4%		
%margin	11.8%	13.1%	13.5%	11.4%	12.1%		
<b>EBIT</b>	<b>43</b>	<b>55</b>	<b>61</b>	<b>37</b>	<b>45</b>	<b>16%</b>	<b>21%</b>
%YoY	44.1%	26.2%	11.9%	51.1%	20.7%		
%margin	9.4%	10.9%	11.5%	9.0%	10.0%		
<b>EPS</b>	<b>1.51</b>	<b>1.89</b>	<b>2.11</b>	<b>1.32</b>	<b>1.58</b>	<b>14%</b>	<b>20%</b>
%YoY	54.0%	25.6%	11.7%	47.2%	20.0%		
<b>NFP</b>	<b>76</b>	<b>97</b>	<b>126</b>	<b>55</b>	<b>79</b>	<b>36%</b>	<b>24%</b>

Source: Intermonte SIM estimates

## Intermonte estimates

### El.En – Top-line breakdown by segment

Breakdown	2017A	2018A	2019A	2020A	2021E	2022E	2023E
<b>Aesthetic</b>	<b>100.0</b>	<b>110.4</b>	<b>134.3</b>	<b>136.5</b>	<b>148.1</b>	<b>158.5</b>	<b>166.4</b>
growth YoY (%)	19.1%	10.4%	21.6%	1.6%	8.5%	7.0%	5.0%
% of total sales	32.6%	31.9%	33.5%	33.4%	32.2%	31.6%	31.2%
<b>Surgical</b>	<b>34.5</b>	<b>42.1</b>	<b>50.3</b>	<b>38.3</b>	<b>44.4</b>	<b>48.0</b>	<b>51.3</b>
growth YoY (%)	-7.3%	21.9%	19.5%	-23.9%	16.0%	8.0%	7.0%
% of total sales	11.3%	12.2%	12.6%	9.4%	9.7%	9.6%	9.6%
<b>Physiotherapy</b>	<b>9.4</b>	<b>10.8</b>	<b>10.6</b>	<b>7.6</b>	<b>9.0</b>	<b>9.6</b>	<b>10.1</b>
growth YoY (%)	11.1%	14.5%	-1.9%	-28.3%	18.0%	7.0%	5.0%
% of total sales	3.1%	3.1%	2.6%	1.9%	2.0%	1.9%	1.9%
<b>Total Medical Systems</b>	<b>144.6</b>	<b>164.0</b>	<b>196.3</b>	<b>183.0</b>	<b>201.8</b>	<b>216.0</b>	<b>227.8</b>
growth YoY (%)	10.9%	13.4%	19.7%	-6.8%	10.3%	7.1%	5.4%
% of total sales	47.2%	47.4%	49.0%	44.8%	43.9%	43.0%	42.7%
<b>Medical service</b>	<b>29.9</b>	<b>33.9</b>	<b>45.9</b>	<b>46.1</b>	<b>50.7</b>	<b>55.3</b>	<b>58.0</b>
growth YoY (%)	-16.4%	13.5%	35.4%	0.4%	10.0%	9.0%	5.0%
% of total sales	9.7%	9.8%	11.5%	11.3%	11.0%	11.0%	10.9%
<b>Total Medical Revenues</b>	<b>174.4</b>	<b>197.9</b>	<b>242.2</b>	<b>229.1</b>	<b>252.5</b>	<b>271.3</b>	<b>285.8</b>
growth YoY (%)	5.0%	13.4%	22.4%	-5.4%	10.2%	7.5%	5.4%
% of total sales	56.9%	57.2%	60.4%	56.1%	54.9%	54.1%	53.5%
<b>Cutting</b>	<b>102.9</b>	<b>115.5</b>	<b>119.7</b>	<b>147.4</b>	<b>169.5</b>	<b>189.9</b>	<b>205.0</b>
growth YoY (%)	66.8%	12.2%	3.6%	23.1%	15.0%	12.0%	8.0%
% of total sales	33.6%	33.4%	29.9%	36.1%	36.9%	37.8%	38.4%
<b>Marking</b>	<b>17.3</b>	<b>17.9</b>	<b>20.3</b>	<b>17.3</b>	<b>19.9</b>	<b>21.5</b>	<b>22.6</b>
growth YoY (%)	27.7%	3.5%	13.4%	-14.8%	15.0%	8.0%	5.0%
% of total sales	5.6%	5.2%	5.1%	4.2%	4.3%	4.3%	4.2%
<b>Laser sources</b>	<b>3.4</b>	<b>4.9</b>	<b>4.4</b>	<b>2.3</b>	<b>4.3</b>	<b>4.5</b>	<b>4.6</b>
growth YoY (%)	24.0%	45.7%	-10.2%	-47.7%	85.0%	5.0%	4.0%
% of total sales	1.1%	1.4%	1.1%	0.6%	0.9%	0.9%	0.9%
<b>Total Industrial Systems</b>	<b>123.7</b>	<b>138.6</b>	<b>144.7</b>	<b>167.3</b>	<b>194.0</b>	<b>216.1</b>	<b>232.6</b>
growth YoY (%)	58.0%	12.0%	4.4%	15.7%	15.9%	11.4%	7.6%
% of total sales	40.4%	40.0%	36.1%	41.0%	42.2%	43.1%	43.6%
<b>Industrial service</b>	<b>8.3</b>	<b>9.6</b>	<b>13.9</b>	<b>11.7</b>	<b>13.1</b>	<b>14.4</b>	<b>15.6</b>
growth YoY (%)	0.5%	5.0%	44.8%	-15.8%	12.0%	10.0%	8.0%
% of total sales	2.7%	2.8%	3.5%	2.9%	2.9%	2.9%	2.9%
<b>Total Industrial Revenues</b>	<b>132.0</b>	<b>148.2</b>	<b>158.6</b>	<b>179.0</b>	<b>207.1</b>	<b>230.6</b>	<b>248.2</b>
growth YoY (%)	52.5%	12.2%	7.0%	12.9%	15.7%	11.3%	7.6%
% of total sales	43.1%	42.8%	39.6%	43.9%	45.1%	45.9%	46.5%
<b>Total Revenues</b>	<b>306.5</b>	<b>346.0</b>	<b>400.8</b>	<b>408.1</b>	<b>459.6</b>	<b>501.9</b>	<b>534.0</b>
growth YoY (%)	21.3%	12.9%	15.8%	1.8%	12.6%	9.2%	6.4%

Source: Intermonte SIM estimates (E), Company data (A)

**El.En – P&L forecasts**

(Eu mn)	2017A	2018A	2019A	2020A	2021E	2022E	2023E
<b>Sales</b>	<b>306.5</b>	<b>346.0</b>	<b>400.8</b>	<b>408.1</b>	<b>459.6</b>	<b>501.9</b>	<b>534.0</b>
YoY growth %	21.3%	12.9%	15.8%	1.8%	12.6%	9.2%	6.4%
<b>Gross profit</b>	<b>127.3</b>	<b>137.5</b>	<b>156.0</b>	<b>141.6</b>	<b>165.4</b>	<b>185.7</b>	<b>199.6</b>
Gross margin %	41.5%	39.7%	38.9%	34.7%	36.0%	37.0%	37.4%
YoY growth %	15.2%	8.0%	13.5%	-9.2%	16.8%	12.3%	7.5%
<b>EBITDA</b>	<b>36.1</b>	<b>35.6</b>	<b>46.3</b>	<b>40.8</b>	<b>54.1</b>	<b>65.9</b>	<b>71.9</b>
Ebitda margin %	11.8%	10.3%	11.6%	10.0%	11.8%	13.1%	13.5%
YoY growth %	11.5%	-1.4%	30.0%	-11.9%	32.6%	21.8%	9.0%
<b>EBIT</b>	<b>30.4</b>	<b>30.0</b>	<b>38.2</b>	<b>30.1</b>	<b>43.4</b>	<b>54.7</b>	<b>61.2</b>
Ebit margin %	9.9%	8.7%	9.5%	7.4%	9.4%	10.9%	11.5%
YoY growth %	10.4%	-1.5%	27.4%	-21.2%	44.1%	26.2%	11.9%
<b>Pretax Profit</b>	<b>27.2</b>	<b>29.5</b>	<b>38.6</b>	<b>27.9</b>	<b>43.9</b>	<b>55.2</b>	<b>61.7</b>
Pretax margin %	8.9%	8.5%	9.6%	6.8%	9.5%	11.0%	11.6%
YoY growth %	-48.4%	8.5%	30.8%	-27.7%	57.1%	25.9%	11.8%
<b>Net Income</b>	<b>15.6</b>	<b>16.8</b>	<b>26.0</b>	<b>20.3</b>	<b>29.5</b>	<b>37.0</b>	<b>41.4</b>
Net margin %	5.1%	4.9%	6.5%	5.0%	6.4%	7.4%	7.7%
YoY growth %	-61.3%	7.4%	54.9%	-22.1%	45.6%	25.6%	11.7%

Source: Intermonte SIM estimates (E), Company data (A)

**El.En – Cash Flow forecasts**

Cash Flow Statement (Eu mn)	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Net income	15.6	16.8	26.0	20.3	29.5	37.0	41.4
Minorities	4.8	5.0	2.8	2.3	3.0	3.8	4.3
Amortization & Depr.	5.7	5.6	8.1	10.7	10.8	11.2	10.7
Change in working capital	(8.6)	(17.4)	0.6	6.9	(15.7)	(9.1)	(6.0)
<b>Operating cash flow</b>	<b>17.5</b>	<b>10.1</b>	<b>37.5</b>	<b>40.1</b>	<b>27.5</b>	<b>43.0</b>	<b>50.4</b>
Capex (Tangible+Intangible)	(7.9)	(26.3)	(23.4)	(13.0)	(13.0)	(13.0)	(13.0)
<b>FCF</b>	<b>9.6</b>	<b>(16.2)</b>	<b>14.1</b>	<b>27.1</b>	<b>14.5</b>	<b>30.0</b>	<b>37.4</b>
Acquisition / JV	0.0	0.0	0.0	(25.6)	0.0	0.0	0.0
Divestments (Tangible+Intanç	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	(7.7)	(8.4)	(8.7)	0.0	(8.2)	(8.3)	(8.4)
Other	(0.2)	2.6	(6.5)	4.7	0.0	0.0	0.0
<b>Change in net (cash)/debt</b>	<b>1.7</b>	<b>(22.0)</b>	<b>(1.1)</b>	<b>7.8</b>	<b>6.3</b>	<b>21.7</b>	<b>28.9</b>
<b>Net Financial Position</b>	<b>84.5</b>	<b>62.5</b>	<b>61.4</b>	<b>69.2</b>	<b>75.5</b>	<b>97.2</b>	<b>126.1</b>
<b>Net debt/EBITDA</b>	<b>-2.3x</b>	<b>-1.8x</b>	<b>-1.3x</b>	<b>-1.7x</b>	<b>-1.4x</b>	<b>-1.5x</b>	<b>-1.8x</b>

Source: Intermonte SIM estimates (E), Company data (A)

**El.En – Simplified balance sheet forecast**

Balance Sheet (Eu mn)	2017A	2018A	2019A	2020A	2021E	2022E	2023E
Commercial working capital	83.8	102.2	110.7	110.7	126.4	135.5	141.5
<b>Net working capital</b>	<b>62.9</b>	<b>80.3</b>	<b>79.6</b>	<b>72.7</b>	<b>88.5</b>	<b>97.6</b>	<b>103.6</b>
Net Fixed Asset	47.0	68.0	89.1	92.1	94.3	96.1	98.4
Other non current assets	9.9	8.5	10.5	6.7	6.7	6.7	6.7
<b>Net capital employed</b>	<b>119.8</b>	<b>156.7</b>	<b>179.2</b>	<b>171.5</b>	<b>189.4</b>	<b>200.4</b>	<b>208.7</b>
<b>Net (debt) / cash</b>	<b>84.5</b>	<b>62.5</b>	<b>61.4</b>	<b>69.2</b>	<b>75.5</b>	<b>97.2</b>	<b>126.1</b>
<b>Net Equity</b>	<b>204.3</b>	<b>219.2</b>	<b>240.6</b>	<b>240.7</b>	<b>265.0</b>	<b>297.6</b>	<b>334.8</b>
Shareholders Funds	190.3	200.7	222.4	220.5	241.8	270.6	303.6
Minorities	14.0	18.6	18.2	20.1	23.1	27.0	31.3
<b>Net capital employed</b>	<b>119.8</b>	<b>156.7</b>	<b>179.2</b>	<b>171.5</b>	<b>189.4</b>	<b>200.4</b>	<b>208.7</b>

Source: Intermonte SIM estimates (E), Company data (A)

## Valuation snapshot

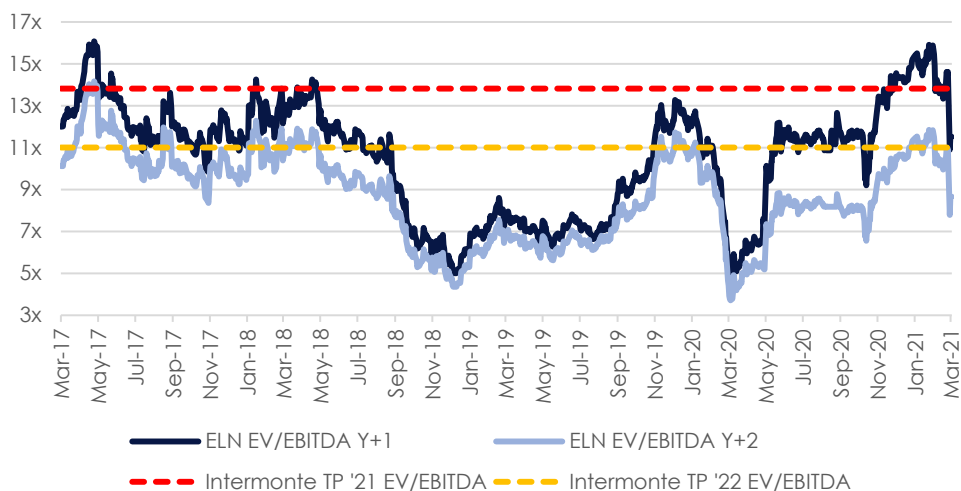
### El.En – DCF valuation

(Eu mn)	2021E	2022E	2023E	2024E	2025E	2026E	2027E
EBITDA	54.1	65.9	71.9	77.0	79.3	81.7	83.3
Tax on EBIT	-11.3	-14.2	-15.9	-17.4	-17.9	-18.4	-19.3
WC Change	-15.7	-9.1	-6.0	-4.2	-4.3	-4.6	-2.3
Capex	-13.0	-13.0	-13.0	-11.0	-11.3	-11.7	-11.9
<b>FCFF</b>	<b>14.1</b>	<b>29.6</b>	<b>37.0</b>	<b>44.3</b>	<b>45.8</b>	<b>47.0</b>	<b>49.8</b>
<b>PV (FCFF)</b>	<b>13.6</b>	<b>26.5</b>	<b>30.9</b>	<b>34.4</b>	<b>33.1</b>	<b>31.6</b>	<b>31.1</b>
PV FCFF 21-27	201	26%					
PV TV	566	74%					
<b>EV</b>	<b>767</b>						
Financial Assets	12						
Net Cash	69						
Participations @BV	2						
Minorities (@22x PE)	-65						
<b>Equity Value</b>	<b>785</b>						
NOSH	19.6						
<b>Fair Value per share</b>	<b>40.0</b>						

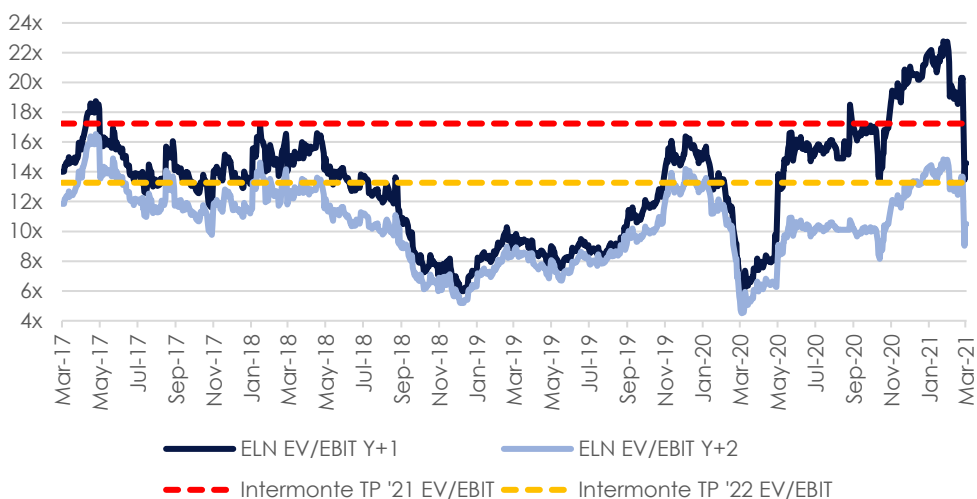
We	100%
Rf	2.00%
Rm-Rf	5.50%
β	1.0
<b>WACC</b>	<b>7.5%</b>
<b>g</b>	<b>2.0%</b>

		WACC				
		7.00%	7.25%	7.50%	7.75%	8.00%
Terminal growth rate	1.0%	38.5	37.0	35.5	34.5	33.0
	1.5%	41.0	39.5	37.5	36.0	34.5
	2.0%	44.0	42.0	<b>40.0</b>	38.5	36.5
	2.5%	47.5	45.0	43.0	41.0	39.0
	3.0%	52.5	49.0	46.5	44.0	42.0

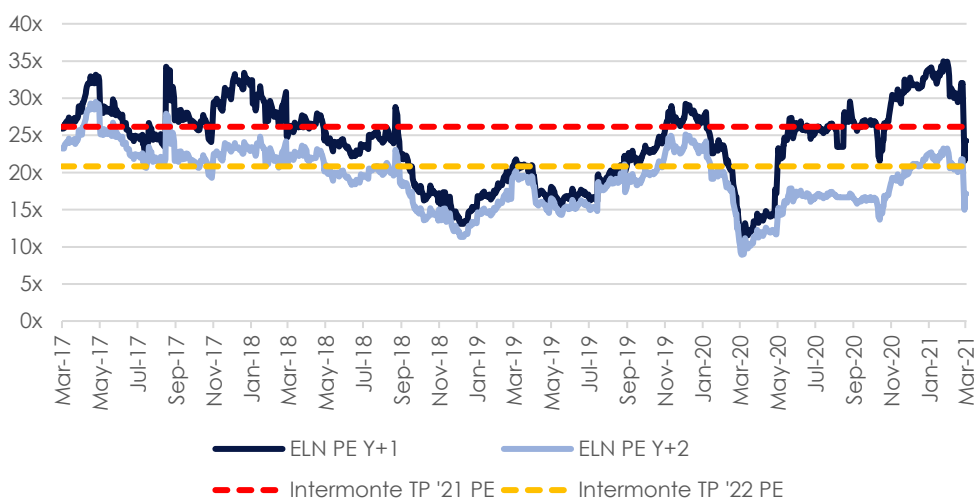
Source: Intermonte SIM estimates

**El.En – EV/EBITDA historical multiples vs Intermonte TP implied multiples**


Source: Factset, Intermonte SIM estimates

**El.En – EV/EBIT historical multiples vs Intermonte TP implied multiples**


Source: Factset, Intermonte SIM estimates

**El.En – PE historical multiples vs Intermonte TP implied multiples**


Source: Factset, Intermonte SIM estimates

**Peer Group - Absolute Performances**

Stock	Price	Ccy	Mkt cap	1M	3M	6M	YTD	1Y	2Y
<b>EL.EN.</b>	<b>33.95</b>	<b>EUR</b>	<b>665</b>	<b>17.7%</b>	<b>25.5%</b>	<b>53.3%</b>	<b>27.9%</b>	<b>112.2%</b>	<b>79.4%</b>
AMADA CO.	1330.00	JPY	462,392	2.6%	23.4%	30.1%	17.4%	66.5%	22.9%
BIOLASE	1.03	USD	150	-12.7%	260.4%	231.0%	147.2%	164.1%	-57.4%
CUTERA	32.57	USD	574	0.5%	43.5%	58.4%	35.1%	134.8%	78.0%
HAN'S LASER TECH IND.	39.65	CNY	41,701	-23.2%	-0.4%	12.3%	-7.3%	31.4%	-6.0%
INMODE	70.79	USD	2,704	2.1%	52.1%	93.9%	49.1%	376.4%	---
IPG PHOTONICS	216.78	USD	11,605	-8.8%	-0.1%	28.4%	-3.1%	74.5%	41.1%
LUTRONIC	12000.00	HKD	300,595	14.3%	19.4%	110.2%	24.9%	126.8%	3.0%
PRIMA INDUSTRIE	21.00	EUR	218	29.3%	44.2%	68.8%	50.4%	94.8%	1.9%
RA MEDICAL	6.38	USD	19	-28.9%	-13.1%	-2.3%	-14.1%	-76.1%	-94.2%
SISRAM MEDICAL	5.84	HKD	2,582	-24.5%	114.7%	123.8%	76.4%	115.5%	17.5%
<b>Mean performance</b>				<b>-2.9%</b>	<b>51.8%</b>	<b>73.4%</b>	<b>36.7%</b>	<b>111.0%</b>	<b>8.6%</b>
<b>Italy FTSE Mib</b>	24,281.1	EUR		4.8%	10.3%	23.0%	9.2%	58.5%	15.4%

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
				2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
<b>EL.EN.</b>	<b>33.95</b>	<b>EUR</b>	<b>665</b>	<b>1.4</b>	<b>1.2</b>	<b>11.8</b>	<b>9.4</b>	<b>14.8</b>	<b>11.3</b>	<b>22.6</b>	<b>18.0</b>	<b>1.2%</b>	<b>1.2%</b>
AMADA CO.	1330.00	JPY	462,392	1.5	1.3	7.6	6.4	13.5	10.0	20.6	15.5	2.7%	3.2%
BIOLASE	1.03	USD	150										
CUTERA	32.57	USD	574										
HAN'S LASER TECH IND.	39.65	CNY	41,701	3.1	2.7	19.9	17.1	25.0	21.2	25.5	22.1	1.0%	1.2%
INMODE	70.79	USD	2,704	9.1	7.1	22.8	17.7	24.1	18.7	29.3	26.1	0.0%	0.0%
IPG PHOTONICS	216.78	USD	11,605	7.4	6.4	22.3	18.2	28.6	22.6	41.1	33.1	0.0%	0.0%
LUTRONIC	12000.00	HKD	300,595	1.9	1.4	8.4	5.2	11.8	6.7	14.7	9.6	0.3%	0.3%
PRIMA INDUSTRIE	21.00	EUR	218	0.8	0.7	8.9	6.6	21.2	12.6	28.2	16.0	0.2%	0.8%
RA MEDICAL	6.38	USD	19										
SISRAM MEDICAL	5.84	HKD	2,582										
<b>Median</b>				<b>2.5</b>	<b>2.0</b>	<b>14.4</b>	<b>11.9</b>	<b>22.7</b>	<b>15.7</b>	<b>26.9</b>	<b>19.0</b>	<b>0.3%</b>	<b>0.6%</b>

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

**EL.EN. - Estimates Comparison with Consensus**

(Eu mn)	2021			2022		
	Intermonte	Consensus	%diff	Intermonte	Consensus	%diff
<b>Revenues</b>	459.6	457.5	0.5%	501.9	534.6	-6.1%
<b>Ebitda</b>	54.1	51.1	5.9%	65.9	66.3	-0.6%
<b>Net Profit</b>	29.5	27.0	9.2%	37.0	38.2	-3.0%
<b>EPS</b>	1.505	1.399	7.6%	1.890	1.980	-4.5%
<b>Net Debt</b>	75.5	77.8	-3.0%	97.2	93.2	4.3%

Source: Intermonte SIM estimates and Factset consensus estimates

**DETAILS ON STOCKS RECOMMENDATION**

Stock NAME	EL.EN.			
Current Recomm:	OUTPERFORM		Previous Recomm:	OUTPERFORM
Current Target (Eu):	40.00		Previous Target (Eu):	31.00
Current Price (Eu):	33.95		Previous Price (Eu):	24.20
Date of report:	18/03/2021		Date of last report:	17/11/2020



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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)

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&P500 Index, most of those on the MIBEX 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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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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As at 31 December 2020 IntermonTE's Research Department covered 124 companies. IntermonTE's distribution of stock ratings is as follows:

BUY:	10,57 %
OUTPERFORM:	50,41 %
NEUTRAL:	34,95 %
UNDERPERFORM	04,07 %
SELL:	00,00 %

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BUY:	18,37 %
OUTPERFORM:	55,10 %
NEUTRAL:	26,53 %
UNDERPERFORM	00,00 %
SELL:	00,00 %

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Emittente	%	Long/Short
AEDES NEW	3,7	LONG
COGEME SET SPA	1,6	SHORT
IKF	0,57	SHORT
OLIDATA	0,74	SHORT

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