UniCredit Markets & Investment Banking

Company Update	Fashion & Luxury Goods	Italy	8 August 2008

Aicon

9M2007/08 results review and business update

- **Hit by a 'perfect storm', 9M2007/08 profits sunk.** Production quality problems for open yachts, deterioration of macroeconomic conditions, and bad publicity following FY2006/07 accounts auditing issues, drove a substantial cancellation in orders for FY2007/08 (we estimate half of those placed by independent customers). As a consequence, revenues in 9M07/08 dropped 35% y-o-y, EBITDA fell 94% (nearly 80% excluding exceptional items), while the company logged a net loss of EUR 2.4mn from a profit of EUR 9.6mn in 9M06/07. Net debt increased to EUR 57mn from EUR 32mn at end FY2006/07, due to capex and NWC.
- **Business plan targets sensibly downsized, time horizon extended.** Following the radical change in the business environment, management provided new business plan guidelines. The time horizon was extended by 2 years, from FY2010/11 to FY2012/13, while the revenue target was cut to EUR 310mn from over EUR 465mn, capex reduced by 40% from EUR 198mn to EUR 122mn.
- **Targeting breakeven for FY2007/08E, low visibility on FY2008/09E.** Management believes breakeven in FY2007/08 to be an achievable goal, while it provided no update on order backlog for FY2008/09. We anticipate group revenues down 17% in FY2007/08E, with EBITDA down 66%, and a net loss of EUR 1.2mn. Due to damages to the Aicon brand following recent events and doubts regarding the sustainability of business with related parties (ca. 30% of FY2007/08E revenues), we expect a modest recovery in FY2008/09E revenues, which should, however, be sufficient to post a EUR 5mn profit. A focus on NWC should allow Aicon to keep debt under control, medium-term.
- **Large premium to peers on EV/EBITDA.** Based on our estimates, Aicon trades at FY2007/08E EV/EBITDA of 9.1x, a 68% premium to the sector 5.4x median multiple. For FY2008/09 we estimate an EV/EBITDA multiple of 6.1x, a 42% premium to peers.
- **Rating suspended pending resolution of accounting issues.** The Consob's decision to bring FY2006/07 company accounts before a civil court means dark clouds still loom on the horizon. Pending a conclusion of the accounting issue, we maintain our rating on the stock suspended.

EURmn	2004/05	2005/06	2006/07R	2007/08E	2008/09E
Sales	290.0	59.1	126.9	95.6	102.2
EBITDA	13.2	20.4	38.3	11.8	19.2
Group Net Profit	1.8	8.9	17.2	-1.2	4.7
EPS Reported	0.02	0.09	0.16	-0.01	0.04
After tax ROIC	41.6%	31.3%	28.5%	0.00	0.00
P/E	n.a.	n.a.	24.0x	-81.3x	20.3x
P/CF	n.a.	n.a.	16.0x	12.1x	6.5x
EV/EBITDA	n.a.	n.a.	11.5x	9.1x	6.1x
EV/EBIT	n.a.	n.a.	13.4x	32.9x	11.9x
Free cash flow yield	n.a.	n.a.	-0.2%	11.1%	-9.2%

R: Restated Source: Aicon, UniCredit Global Research

Not rated

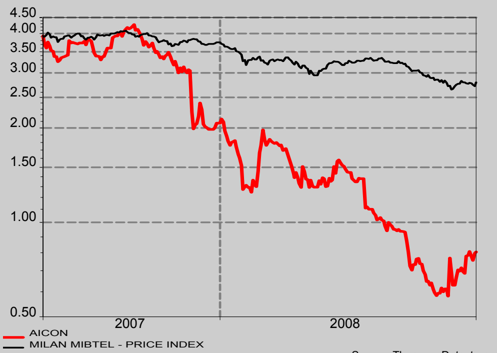
Price on 7 Aug 2008	**EUR 0.88**
Target price	**n.a.**
Upside to TP	n.a.
Cost of equity	n.a.
High/Low (12M)	4.27/0.58

STOCK DATA

Reuters/Bloomberg	BW1.MI/AIC IM
Average daily volumes ('000)	1216.6
Free float (%)	37.2
Market capitalization (mn)	86.9
No. of shares in issue (mn)	109.0
Shareholders	Lino Siclari (62.8%)

UPCOMING EVENTS

4Q07/08 results release	16 October 2008
FY2007/08 results release	6 November 2008



Source: Thomson Datastream

STOCK PERFORMANCE (% CHG.)

	1M	3M	6M
absolute	34.0	-28.0	-52.0
rel. to MIBTEL	37.0	-10.0	-33.0
rel. to ES Pers. & Househ.	30.0	-18.2	-39.8

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9M07/08 Results Highlights

Income statement

New accounting principles applied starting from 1H07/08 results

With the release of 1H07/08 results on 30 April 2008, Aicon decided to apply new accounting principles for the motor yachts (up to 80') segment. The company noted that as of the last part of 2007, market conditions had markedly deteriorated, impacting affluent customers in key markets, Italy and Western Europe in particular. In addition, according to the company, customers in emerging markets are not inclined to forgo the long waiting times typical of 'made to order' yacht production.

Shift to IAS 2 accounting principle for motor yacht revenues

To face these new challenging market conditions, the company decided to produce an increasing number of yachts without having specific customer orders (i.e. a production based on forecasts rather than on orders). Thus, in accordance with external auditors, management decided to apply the IAS 2 principle to the motor yacht segment, by which revenues are booked to the income statement only upon delivery of the yacht to the customer, rather than in line with the production process evolution, as per IAS 11 principle.

IAS 11 still applied to mega yachts

Since no changes took place neither in customer demand nor in the company's production procedures for mega yachts (above '80), management decided to continue to apply the IAS 11 principle to this business segment, according to which revenues are booked based on the production process evolution.

Aicon thus presented 1H07/08 accounts based on new accounting principles, whilst also providing restated accounts for FY2006/07 interim and full year results.

Sharp decline in 1H07/08 revenues, stabilization in 3Q07/08

Revenues down 35% y-o-y in 9M07/08

Aicon revenues declined 35% y-o-y in 9M07/08 to EUR 54.8mn, a result of a 51% drop in 1H07/08 to EUR 27.2mn (revenues in 1Q07/08 based on old accounting principles showed a 22% y-o-y increase), with a relative stabilisation recorded in 3Q07/08, when revenues declined 5% y-o-y to EUR 27.7mn (see table to follow).

The key reasons for the sharp deterioration in the company's business trends, especially from 2Q07/08 onwards, which also led to the revision of applied accounting principles, were:

- A general worsening of the macroeconomic environment, that primarily hit affluent customers, the main buyers of motor yachts (40-80' long).
- The emergence of some quality issues regarding the production of open yachts, in particular the 62' open, due to the rapid growth experienced the previous year.
- The negative publicity suffered by the company following problems with the audit of accounts in December 2007, which put Aicon in a position of weakness vis-à-vis its dealers. Most evidently, the company lost a great part of its negotiation power with dealers, in particular the possibility to deliver finished yachts in periods of low business seasonality.

16 yachts delivered in 1H07/08, 23 in 3Q07/08

The company thus delivered only 16 yachts in the first six months of FY2007/08, while deliveries in 3Q07/08 increased to 23 units, for a total of 39 yachts delivered in the 9-month period (we estimate that deliveries in 9M06/07 were in the region of 50 units).

EBITDA just above breakeven, EBIT in the red in 9M07/08

In 9M07/08 the company generated EBITDA of EUR 1.5mn, equal to 2.7% of sales, compared with a restated EBITDA of EUR 23.8mn (28.1% margin) in the same period the previous year. Restated EBIT of EUR 20.0mn in 9M06/07 turned into a loss of EUR 5.5mn in 9M2007/08.

EUR 4mn exceptional costs further depressed 9M07/08 EBITDA

Besides the sharp drop in revenues and a cost base calculated to support a substantial growth in business volumes, the drop in 9M07/08 operating profits was also consequence of exceptional factors such as additional works on the open yachts subject to quality issues (for a total EUR 1.3mn) and receivables writedowns (EUR 2.63mn). Net of these exceptional items, group EBITDA in 9M07/08 would have been in the region of EUR 5.4mn, with a 9.9% margin on sales, still nearly 80% lower than in the same period the previous year.

Net loss of EUR 2.4mn in 9M07/08, contained due to tax benefits

EUR 6.8mn deferred tax benefit in 9M07/08

At the bottom-line, the company reported a net loss of EUR 2.4mn in 9M07/08 (a EUR 9.6mn profit was recorded the previous year), which was contained thanks to the positive effect of deferred taxes worth EUR6.8mn

AICON – INCOME STATEMENT HIGHLIGHTS, 9M06/07-9M07/08

EURmn	1H06/07R	3Q06/07R	9M06/07R	1H07/08	3Q07/08	9M07/08
Revenues	**55.4**	**29.2**	**84.6**	**27.2**	**27.7**	**54.8**
y-o-y % chg.				-51.0%	-5.1%	-35.1%
EBITDA	**14.7**	**9.1**	**23.8**	**(0.1)**	**1.6**	**1.5**
EBITDA Margin	26.5%	31.1%	28.1%	-0.5%	5.8%	2.7%
EBIT	**12.3**	**7.7**	**20.0**	**(4.4)**	**(1.1)**	**(5.5)**
EBIT Margin	22.3%	26.3%	23.7%	-16.2%	-4.0%	-10.0%
Pretax Profit	11.3	7.0	18.3	(7.0)	(2.4)	(9.4)
Net Profit	**5.8**	**3.7**	**9.6**	**(5.7)**	**3.3**	**(2.4)**

Note: '2006/07R' restated, based on new accounting principles

Source: Aicon

Balance Sheet

Limited impact of new IAS accounting application on balance sheet

The main effects of the application of new accounting principles on the company's balance sheet refer primarily to the accounting of inventory, as works in progress covered by orders have in the large part been restated as products in stock. Among liabilities, the restatement led to an increase in trade payables and to a reduction in equity, a consequence of the lower P&L reported profits.

Net debt nearly doubled from end-FY2006/08

Net debt at the end of May 2008 (9M07/08) was EUR 56.6mn, virtually unchanged from the EUR 55.8mn at the end of February 2008 (1H07/08), and nearly EUR 25mn higher than the EUR 31.8mn net debt recorded at the end of August 2007, due to the costs for the acquisition of Morgan and to seasonal NWC requirements.

EUR 20mn long-term financing granted by the controlling shareholder

Compared to end August 2007, the group's net financial position shows a substantial increase in long-term debt, due to the EUR 20mn financing granted by the controlling shareholder Airon, of which EUR 15mn utilised as at May 2008.

AICON – CONSOLIDATED NET DEBT

EURmn	1Q 2006/07	1H 2006/07	9M 2006/07	FY2006/07	1Q 2007/08	1H 2007/08	9M 2007/08
Short-Term Debt	31.6	30.7	26.3	28.5	47.1	41.6	36.7
Cash & Equivalent	(12.0)	(13.8)	(38.3)	(6.5)	(5.3)	(2.6)	(5.2)
Net Short-Term Debt	**19.5**	**16.9**	**(12.0)**	**21.9**	**41.8**	**39.1**	**31.5**
Long-Term Debt	13.9	12.2	11.4	9.9	14.2	16.8	25.1
Net Financial Debt	**33.4**	**29.1**	**(0.6)**	**31.8**	**56.0**	**55.8**	**56.6**

Source: Aicon

As at 31 May 2008, Aicon counted EUR 41.2mn in short-term financing granted by banks, and EUR 19.4mn long-term debt. At the same date, the company was utilising 95% of long term debt and an average 79% of short-term facilities. The company had overdrawn its cash allowance (*fido di cassa*), pending the discount of new commercial contracts.

AICON – GRANTED FINANCING AND UTILISATION, AS AT 31 MAY 2008

EURmn	Granted	Utilized	% utilization
Self-Liquidating	35.8	25.0	70%
Hot Money	1.0	1.0	100%
Guarantees (*Fidejussioni*)	0.9	0.6	70%
Cash	3.5	5.8	164%
Total Short-Term Debt	**41.2**	**32.4**	**79%**
Long-Term Debt	**19.4**	**18.4**	**95%**

Source: Aicon

Lower trade working capital, higher net invested capital

Lower receivables offset higher inventory in 9M07/08

Trade working capital at the end of May 2008 showed a reduction compared with end February 2008 and end August 2007, mostly driven by a reduction in trade receivables which offset the increase in inventory and the reduction in payables.

Total working capital, however, increased from the end of FY2006/07 due to the reduction in non-commercial/non-financial payables.

Capex boosted net invested capital

Total net invested capital at end 9M07/08 had increased from the end of FY2006/07 by EUR 20mn, reaching EUR 111.9mn, largely due to higher fixed assets, a result of investments in tangible and intangible assets (including the Morgan acquisition).

AICON – RESTATED BALANCE SHEET, FY2006/07-9M 2007/08

EURmn	FY2006/07	FY2006/07R	1H 2007/08	9M 2007/08
Inventory	47.3	47.3	69.9	60.3
Trade Receivables	59.2	59.2	49.4	42.3
Trade Payables	(38.9)	(45.9)	(54.6)	(46.6)
Trade Working Capital	**67.6**	**60.6**	**64.7**	**56.1**
Other Net Receivables	(8.6)	(8.6)	(0.8)	4.2
Net Working Capital	**59.0**	**52.1**	**63.9**	**60.3**
Fixed Assets	40.1	41.7	47.0	54.6
Long-Term Non Financial Liabilities	(2.8)	(2.8)	(2.9)	(3.0)
Net Invested Capital	**96.3**	**90.9**	**108.0**	**111.9**
Net Debt	31.8	31.8	55.8	56.6
Shareholders Equity	64.5	59.1	52.2	55.3
Sources of Finance	**96.3**	**90.9**	**108.0**	**111.9**

R: Restated

Source: Aicon

Related parties still contribute a huge portion of business

The external auditors' report on FY2006/07 accounts pointed out that a substantial portion of the company's business is carried out in conjunction with related parties. In particular, in compliance with the auditors' requests, Aicon disclosed for the first time the related party nature of the dealer for Sicily and Calabria, Astra Yachts, formerly a supplier of logistic services to the company and named Aicon One, whose main shareholders were employees of Aicon (or were employed in a subsidiary of the group).

30% of FY2006/07 revenues generated by related parties

Together with the nautical tourist company Aironblue, and the dealer for the Liguria region HL, both owned by Airon (Aicon's majority shareholder owned by the company's CEO Lino Siclari), related parties contributed 30% of Aicon's total revenues in FY2006/07. In addition, these customers were granted fairly relaxed payment terms: on average, related parties had commercial debt outstanding with Aicon equal to 68% of revenues (48% for Aironblue and 80% for Astra Yachts), compared with the average of independent customers of 38%.

Related parties' contribution to 9M07/08 revenues increased to 54%, and 44% of volumes

In spite of the suspension of product deliveries to Astra Yachts, pending the payment of outstanding debt, related parties' contribution to Aicon's business in 9M07/08 increased further, reaching 54% of revenues and 44% of volumes (which means related parties are purchasing larger yachts). Revenues generated by both Aironblue and HL in 9M07/08 were 50% higher than those generated during the full FY2006/07.

Related parties to account for 36% of FY2007/08E deliveries

Based on company's references to order backlog for the current year, related parties are due to be delivered 26 yachts this year, equal to 36% of the total 73 orders for the year.

With the exception of Aironblue, payments from related parties do not seem to be proceeding very smoothly. Astra Yachts was scheduled to repay EUR 5.1mn at the end of May, but it paid only EUR 0.8mn. At the end of 9M07/08 HL had a debt of EUR 4.1mn with Aicon which, following the end of the quarter, was compensated by the cancellation of Aicon's EUR 4.6mn debt with the controlling shareholder Airon.

AICON – RELATED PARTIES REVENUES AND RECEIVABLES, FY2006/07-FY2007/08E

EURmn	FY2006/07	FY2006/07	9M07/08	9M07/08	9M07/08	FY2007/08E
	Revenues	Trade Receivables	Revenues	Deliveries	Receivables	Deliveries
Group Total	**126.9**	**59.2**	**54.8**	**39**	**50.4**	**73**
Aironblue	11.5	5.5	17.2	8	3.2	
HL	9.0	6.3	13.4	8	4.1	
Astra Yachts	17.2	13.8	(1.5)	0	5.1	
Flagship Yachts			0.6	1	3.1	
Total Related parties	**37.7**	**25.7**	**29.6**	**17**	**15.5**	**26**
% of group's total	***30%***	***43%***	***54%***	***44%***	***31%***	***36%***

Source: Aicon, UniCredit Global Research

Outlook and Estimates

Business plan revision

With the release of 1H07/08 results at the end of April 2008, and based on the radical change in business conditions following the troublesome period which emerged in December 2007,, management revised business plan guidelines presented in October 2007. Key guidelines for new company targets include:

Sharp downsizing in business plan targets, longer time horizon

- Group revenues in FY2012/13 reaching a level which implies an 18% CAGR increase from FY2006/07 revenues. This means a FY2012/13 revenue target in the region of EUR 310mn, compared with previous target of EUR 465-530mn revenues in FY2010/11.
- Revenue growth supported by investments in production capacity and customer service, expansion of the dealership network, introduction of 18 new models.
- Capex of EUR 122mn over the 6 year period to FY2012/13, covered by senior debt guaranteed by the controlling shareholder, Airon. This compares with previous investment plans of EUR 198mn in the 4 years to FY2010/11.
- Higher priority given to control of net working capital, as opposed to top-line growth.

The revised business plan does not include specific guidelines for operating margins, nor for the net financial position and working capital.

AICON – BUSINESS PLAN GUIDELINES

EURmn	Restated	Old Plan (Worst Case)	Revised Plan
	FY2006/07	FY2010/11	FY2012/13
Revenues	114.9	465	310
EBITDA	34.5	138	n.a.
Margin	*30.0%*	*29.7%*	*n.a.*
Cumulated Capex	n.m.	198	122
Net Debt	31.8	77	n.a.

Source: Aicon, UniCredit Global Research

FY2007/08-2008/09 outlook

Company guidance for FY2007/08 points to bottom-line breakeven

Aicon did not provide detailed guidance for the current fiscal year, ending August 2008, but simply stated that it maintains breakeven to be an achievable goal.

Orders for 73 yachts in FY2007/08

In the 1H07/08 results press release, the company stated that after the delivery of 16 yachts in the first half of the current year, it had orders for an additional 57 units to be delivered before August 31, 18 of which coming from related parties. In 2Q07/08 Aicon delivered 23 yachts, which means ordered yachts to be delivered in 4Q07/08 amount to 34 units.

Company indications on orders for the year show a dramatic impact resulting from the problems experienced in relation to the December 2007 accounting issues: no later than a couple of months before, the company had indeed declared an order backlog worth over EUR 160mn, and was still targeting the delivery of some 120 yachts.

December troubles led to cancellation of ca. half of orders from independent clients

The commercial impact of the auditing issues is even more evident considering that nearly 40% of volumes for this year are due to be delivered to related parties. This means that about half of the orders received up to mid October 2007 from independent customers, have ultimately been cancelled.

FY2007/08E sales -17% y-o-y to EUR 96mn, EBITDA -66% to EUR 12mn

The delivery of 34 yachts in a quarter is quite a challenging task, not least considering that August is not a traditionally busy month for deliveries. Assuming, however, full delivery of yachts in the backlog, at an average price in line with the EUR 1.2mn per yacht recorded in 3Q07/08, total FY2007/08 revenues could reach EUR 95.6mn (assuming no large incremental revenues generated by work in progress on mega yachts).

In the absence of additional exceptional charges, the operating leverage effect of potential business volumes increase in 4Q07/08 could allow the company to maintain EBITDA in the last quarter in the region of 25% of sales, thus leading to a FY2007/08E EBITDA in the region of EUR 12mn, or 12.4% of sales.

After rising D&A and financial charges, we would thus expect the company to close FY2007/08 with a net loss in the region of EUR 1.2mn, not too far from the management's breakeven goal for the year.

Limited visibility on FY2008/09

How sustainable is business with related parties?

Visibility on medium-term results is at this stage limited owing to the lack of updates on the order backlog and by the fact that still nearly 40% of the total FY2007/08 volumes are expected to be generated by related parties. It is hard to determine the level of sustainability of business volumes with related parties in the near future, considering that during FY2007/08 the nautical tourism company Aironblue was completing investments in the fleet build-up, and that in the near future purchases are most likely to be related to replacements. Mr Siclari's dealer in Liguria, HL, does not appear to be reporting very high sell-out, and Airon's intentions to take on the dealer's debt with Aicon do not seem to suggest HL is in good financial health.

Furthermore, it is difficult to predict the impact on the Aicon brand of the recent negative publicity related to accounting issues and production quality in the open yachts segment. It might even take several years for the brand to re-build credibility with dealers and final customers.

We expect EBITDA margin of 19% and a return to profit in FY2008/09E

Assuming the stabilisation of business volumes with independent customers, a return to 'normal' levels of business with related parties (around 20% of the total), and a fairly successful launch of new models, we would expect FY2008/09E revenues in the region of EUR 102mn. With a better revenue mix (larger yachts) and assuming no additional exceptional costs, EBITDA margin could return to around 19% of sales, while the bottom-line could return in the black, in the region of an estimated EUR 5mn.

AICON – INCOME STATEMENT HIGHLIGHTS, FY2006/07-FY2008/09E

EURmn	4Q06/07	4Q07/08E	FY2006/07	FY2007/08E	FY2008/09E
Revenues	**30.3**	**40.7**	**114.9**	**95.6**	**102.2**
y-o-y % chg.		*34%*		*-17%*	*7%*
EBITDA	**10.8**	**10.4**	**34.5**	**11.8**	**19.2**
EBITDA Margin	*35.6%*	*25.4%*	*30.0%*	*12.4%*	*18.8%*
EBIT	7.9	8.8	27.9	3.3	9.8
EBIT Margin	*25.9%*	*21.6%*	*24.3%*	*3.4%*	*9.6%*
Net Profit	**4.1**	**1.2**	**13.7**	**(1.2)**	**4.7**

Source: Aicon, UniCredit Global Research

Balance Sheet: focus on NWC could keep debt under control mid-term

According to management, balance sheet will become a, if not *the*, key priority in the near-term. In particular, a strong emphasis is to be placed on NWC management, especially on receivables and inventory.

In the absence of specific guidance or targets, we have assumed a significant improvement in trade working capital at the end of FY2007/08E, and a stabilisation (in absolute terms) the following year.

Based on our NWC assumptions and new capex guidance, we would expect the company to cut net debt to EUR 21mn by the end of FY2007/08E, before returning to an estimated EUR 30mn the following year, boosted by capex in support of product lines expansion.

AICON – BALANCE SHEET, FY2006/07-2008/09E

EURmn	FY2006/07R	FY2007/08E	FY2008/09E
Inventory	47.3	33.4	35.3
As a % of sales	*41.2%*	*35.0%*	*34.5%*
Trade Receivables	59.2	43.0	43.9
As a % of sales	*51.5%*	*45.0%*	*43.0%*
Trade Payables	(38.9)	(28.7)	(30.7)
As a % of sales	*-33.8%*	*-30.0%*	*-30.0%*
Trade Working Capital	**67.6**	**47.8**	**48.6**
As a % of sales	*58.9%*	*50.0%*	*47.5%*
Other Net Receivables	(8.6)	2.3	4.9
Net Working Capital	**59.0**	**50.1**	**53.5**
As a % of sales	*51.4%*	*52.4%*	*52.4%*
Fixed Assets	**40.1**	**61.5**	**73.5**
L/T Non Fin. Liabilities	(2.8)	(3.4)	(4.0)
Net Invested Capital	**96.3**	**108.2**	**123.0**
Net Debt	31.8	21.2	30.1
Shareholders Equity	64.5	87.0	92.9
Sources of Finance	**96.3**	**108.2**	**123.0**

Source: Aicon, UniCredit Global Research

Conclusion of accounting issues yet to come

Consob contested FY2006/07 consolidated accounts

FY2006/07 accounts sent by Consob to Milan court

On 16 July 2008, Aicon issued a press release stating that the company had been notified of a legal proceeding (*atto di citazione)* against it, by which the Italian stock market watchdog Consob has asked the Milan civil court to verify whether the company's consolidated accounts for the FY2006/07 are compliant with IAS 1, 11, 38 and 24. In particular, Consob pointed out the following issues:

- Accounting of work in progress does not appear to be compliant with the applied IAS 11;
- Valuation and accounting of intangible assets do not appear to be compliant with IAS 38, due to the lack of reliable industrial accounting and control procedures;
- Information regarding related parties appears to be incomplete and thus not compliant with IAS 24.

According to Aicon, the Consob's initiative is in evident contrast to the 'clean' opinion received by the company from the external auditors regarding FY2006/07 accounts. In addition, Aicon maintains that the points raised by the Consob do not influence the company's financial and economic situation, and therefore do not justify the legal proceeding opened by it. More specifically, in a press release the company stated that:

- The company has already modified the accounting of work in progress, shifting from IAS 11 to IAS 2 for the motor yacht segment, starting from the release of 1H07/08 results. The company has also provided accounts for the previous year, restated in accordance with new accounting principles.
- Although in absence of completely automated internal control procedures, the accounting methodology and procedures applied ultimately produced results which the company's external auditors consider to be correct.
- The company has provided all available information regarding related parties.

Valuation References

Trading multiples calculation

Based on our estimates, Aicon trades at FY2007/08-2008/09E EV/EBITDA multiples of 9.1x and 6.1x respectively. As we expect a bottom-line loss, the FY2007/08 P/E multiple is not meaningful, while for the following year the stock trades at an estimated 20.3x multiple.

AICON – KEY TRADING MULTIPLES

EURmn	2007/08E	2008/09E
No. Of Shares (m)	109.0	109.0
Price (EUR)	0.88	0.88
Market Cap	**96**	**96**
Net Debt @ Year End	21	30
Financial Assets	9	9
Enterprise Value	**108**	**117**
Sales	95.6	102.2
EBITDA	11.8	19.2
EBIT	3.3	9.8
Net Profit	(1.2)	4.7
EV/Sales	1.1	1.1
EV/EBITDA	**9.1**	**6.1**
EV/EBIT	32.9	11.9
P/E	**(81.3)**	**20.3**

Source: UniCredit Global Research

Peer group comparison

Based on consensus estimates, yacht makers stocks trade at FY2007/08E EV/EBITDA in the 4.2x-11.4x range, with a median value of 5.4x; for the following year, the range is 3.5x-8.1x, with a median of 4.3x.

AICON – TRADING MULTIPLES COMPARISON

	EV/EBITDA FY2007/08E	EV/EBITDA FY2008/09E	P/E FY2007/08E	P/E FY2008/09E
Aicon	**9.1**	**6.1**	**(81.3)**	**20.3**
Couach	11.4	8.1	18.5	11.5
Rodriguez	5.0	3.5	12.6	5.1
Brunswick	5.4	4.7	n.a.	n.a.
Beneteau	4.2	3.8	9.8	9.2
HanseYachts	7.1	4.3	11.5	8.5
High	11.4	8.1	18.5	11.5
Average	6.6	4.9	13.1	8.6
Median	**5.4**	**4.3**	**12.1**	**8.9**
Low	4.2	3.5	9.8	5.1

Source: FactSet, UniCredit Global Research

AICON – KEY DATA

EURmn	2004/05	2005/06	2006/07	2007/08E	2008/09E
Market Data					
Price Ord	n.a.	n.a.	3.79	0.88	0.88
No. Issued Shares	100.0	100.0	109.0	109.0	109.0
Total Market Cap	n.a.	n.a.	413.1	95.9	95.9
P&L					
Group Net Sales	36.8	59.1	126.9	95.6	102.2
y-o-y % change	22.6%	60.7%	114.8%	-24.7%	6.9%
EBITDA	13.2	20.4	38.3	11.8	19.2
EBITDA Margin	35.8%	34.5%	30.2%	12.4%	18.8%
EBIT	10.7	16.5	33.0	3.3	9.8
EBIT Margin	29.0%	27.9%	26.0%	3.4%	9.6%
Pretax	9.3	14.3	30.4	-1.9	7.2
Group Net Profit	1.8	8.9	17.2	-1.2	4.7
Net profit margin	4.9%	15.0%	13.5%	-1.2%	4.6%
Adj. Group Net Profit	1.8	8.9	17.2	1.2	4.7
Adj. EBITDA	13.2	20.4	38.3	11.8	19.2
Balance Sheet					
Net Fixed assets	19.0	24.9	40.1	61.5	73.5
Net working capital	5.9	21.3	59.0	50.1	53.5
Long term liabs. and TFR	-2.3	-3.1	-2.8	-3.4	-4.0
Net Capital Required	22.6	43.1	96.3	108.2	123.0
Shareholders' Equity	7.4	12.2	64.5	87.0	92.9
Net Financial Debt (Cash)	15.2	30.9	31.8	21.2	30.1
Cash flow statement					
Operating Cash Flow	4.2	-2.4	-17.7	28.4	14.6
Capex	-10.2	-11.1	-18.4	-15.8	-21.4
Dividends	0.0	0.0	0.0	0.0	0.0
Change in net financial position	-9.7	-15.7	-1.0	10.6	-8.8
Leverage					
Debt/Equity	3.5x	2.6x	0.5x	0.2x	0.3x
Debt/EBITDA	1.2x	1.5x	0.8x	1.8x	1.6x
EBITDA Interest Coverage	9.6x	9.5x	14.5x	2.3x	7.5x
EV Ratios					
EV	n.a.	n.a.	441.1	107.4	116.5
EV/Sales	n.a.	n.a.	3.5x	1.1x	1.1x
EV/EBITDA	n.a.	n.a.	11.5x	9.1x	6.1x
EV/EBIT	n.a.	n.a.	13.4x	32.9x	11.9x
[EV/CE]/[ROCE/WACC]	n.a.	n.a.	1.1x	2.0x	1.2x
Per Share Data					
EPS	0.02	0.09	0.16	-0.01	0.04
Adj. EPS	0.02	0.09	0.16	0.01	0.04
Free CFPS	-0.06	-0.13	-0.33	0.12	-0.06
BVPS	0.04	0.12	0.59	0.80	0.85
DPS Ord	0.00	0.00	0.00	0.00	0.00
Valuation Ratios					
P/E Ord	n.a.	n.a.	24.0x	-81.3x	20.3x
Adj. P/E Ord	n.a.	n.a.	24.0x	78.6x	20.3x
Free cash flow yield	n.a.	n.a.	-0.2%	11.1%	-9.2%
Div. Yield Ord	n.a.	n.a.	0.0%	0.0%	0.0%

Source: Aicon, UniCredit Global Research

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Company	Key
Aicon	3, 5, 7

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