Trevi

Italy/ Construction & Materials

Company update

ESN

02 July 2007

Buy

Recommendation unchanged

Share price*: EUR	**13.35**
Target price: EUR	**16.30**

Reuters/Bloomberg	TFI.MI/TFI IM
Accounting Standard/Since	**IFRS/2005**
Market capitalisation (EURm)	854.0
No. of shares (m)	64.0
Free float	44.1%
Daily avg. no. trad. sh. 12 mth	304,500
Daily avg. trad. vol. 12 mth (m)	2.90
Price high 12 mth (EUR)	13.48
Price low 12 mth (EUR)	5.90
Abs. perf. 1 mth	-0.4%
Abs. perf. 3 mth	28.5%
Abs. perf. 12 mth	105.7%

(EUR)	2006	2007e	2008e
Sales (m)	607	782	958
EBITDA (m)	86	118	151
EBITDA margin	*14.1%*	*15.1%*	*15.7%*
EBIT (m)	59	85	109
EBIT margin	*9.7%*	*10.9%*	*11.3%*
Net Profit (adj.)(m)	27	45	60
ROCE	9.0%	11.4%	13.5%
Net debt/(cash) (m)	176	172	132
Debt Equity	*138.0%*	*100.5%*	*57.6%*
Debt/EBITDA	2.1	1.5	0.9
Int. cover(EBITDA/Fin.int)	6.8	8.2	10.1
EV/Sales	1.1	1.4	1.1
EV/EBITDA	8.1	9.4	7.2
EV/EBIT	11.7	13.1	9.9
P/E (adj.)	15.9	18.8	14.2
P/BV	3.5	5.2	3.8
OFCF yield	*-11.5%*	*0.6%*	*4.1%*
Dividend yield	*0.2%*	*0.2%*	*0.2%*
EPS (adj.)	0.42	0.71	0.94
BVPS	1.91	2.59	3.51
DPS	0.03	0.03	0.03

Shareholders: Trevi Family 56%;

*closing price as of 29/06/2007

Large new orders confirm strong growth rates for both business areas

- **Foundation – Trevi group has established himself as the world leader in special foundation and soil consolidation works.** Based on the strong expected growth in expenditure on infrastructures in several areas (in particular in the USA, United Arab Emirates, Africa and other emerging countries), we believe that Trevi (Foundation service) will focus on projects characterised by high technological complexity, areas where the company operates as a General Specialty Contractor. In particular, we expect Trevi to focus on projects that show a significant technological leadership, such as waterproofing works and maritime works. We also estimate continued consistent sale growth up to 2008 for Soilmec (Foundation equipment), based on the continuing strong sales growth in Q1 07 (+50% Y/Y).
- **Drilling – HH model has established himself as the main growth driver:** thanks to the growing success of the HH model, the most innovative hydraulic rig, as proven by Drillmec's foregoing last big order, we believe that, in the near future, new contracts could be signed by the group both in the drilling services division and in the drilling equipment division.
- **High cash flow generation despite continuous investments:** the investment level to support business development will remain strong in the coming years. However, cash flow generation should remain high over the period due to the continuous improvement in profitability. The Group should guarantee an interesting free operating cash flow yield on current equity (4.2% in 2008e, 6.3% in 2009e and 8.6% in 2010e).
- **DCF Model and SOP Valuation reach the same Fair Value**: Our DCF Model shows a Fair Value of EUR 16.3 per share. Our SOP valuation, based on the Group's four divisions (peer multiple comparison), identifies a Fair Value of EUR 15.9 per share. The peer analysis shows a lower value than the DCF Model, given that the EV/EBITDA '08e multiple does not factor in the drilling sector development which, based on our estimates, will increase from 24% on Group EBITDA in 2006e to 45% on Group EBITDA in 2011e.
- **Buy Rating confirmed**: based on our DCF valuation, we confirm our Buy recommendation and we have set a Target Price of EUR 16.3 per share.

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Produced by: Banca Akros Gruppo Bipiemme

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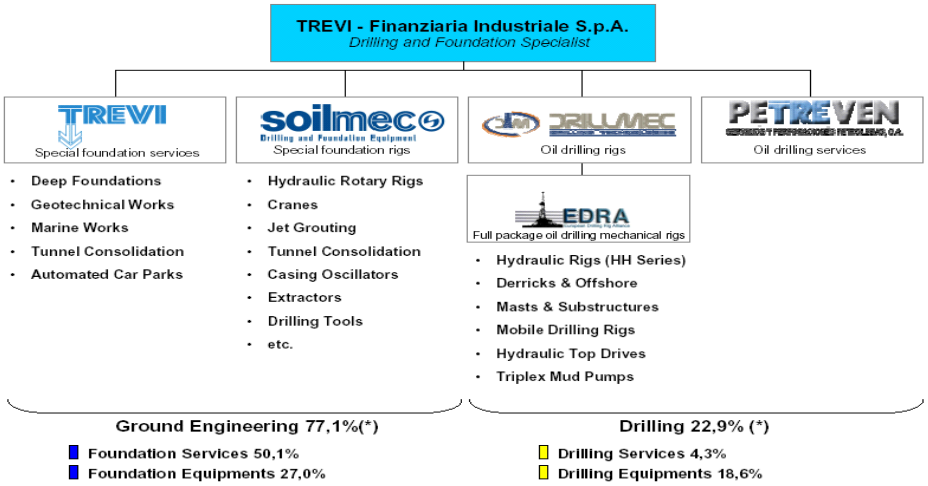
Company profile

Trevi Group was established in 1957 and today has 30 branches in as many countries, and counts on 4,520 employees all told.

The Group operates in four divisions:

- Foundation rigs: plants and rigs used for foundation engineering that are designed and manufactured by SOILMEC.
- Foundation services: special foundations, soil consolidation for infrastructures such as bridges, railways, dams, industrial systems and tunnels, all realized by TREVI through the rigs manufactured by Soilmec.
- Drilling rigs (hydraulic and conventional rigs): drilling rigs that are used for hydrocarbons, and that are designed and manufactured by DRILLMEC.
- Drilling services: well drilling for the extraction of hydrocarbons and for water research, realized by PETREVEN thanks to the use of drilling rigs manufactured by Drillmec.

Trevi Group's structure



Source: Company data *as of 31/12/2006*

SWOT Analysis

Strengths	Weaknesses
▪ High technological level thanks to constant high investments to develop technologies and innovative products ▪ High entry barriers: in the foundation division, represented by a solid track record, and in the drilling division, represented by its innovative hydraulic rigs ▪ Vertical integration among the various business divisions as competitive advantage ▪ High geographical diversification	▪ Currency risk: particularly in the drilling division, a strong and sudden euro/dollar exchange could negatively weigh upon the operating profitability ▪ Country risk: particularly in the drilling and foundation service divisions, the group mainly works in countries that are characterized by growing economies but also by strong instability ▪ High capital intensive business: because of the high level of production resources, two equipment divisions (Drillmec and Soilmec) are decidedly capital intensive ▪ Potential problems related to the growing Group's size (management, technicians, etc)
Opportunities	**Threats**
▪ Strong demand still expected for the coming years both in the foundation sector and in the drilling sector	▪ Cyclical businesses: the Group business areas are closely linked to the trend in the construction and building sector and to the oil sector trend

Q1 07 Results

The Q1 07 results showed a positive performance compared to the same period in 2006.

Net revenues were up +9.6% Y/Y to EUR 178.9m, in particular thanks to Soilmec's excellent increase in sales: , +50% Y/Y (Foundation equipment).

Although the increase in EBITDA, at EUR 25.2m, is lower than the increase in sales (+2.4%) due to the higher level of raw material and service costs (we suppose this is due to the delay in the delivery of some oil drilling plants by Drillmec), operating leverage translated into a much higher EBIT margin, EUR 18.9m (+17.5% Y/Y), 10.6% on net sales, compared to EUR 16.1m in Q1 07 (9.9% on net sales) thanks to the lower incidence of depreciations and amortisation.

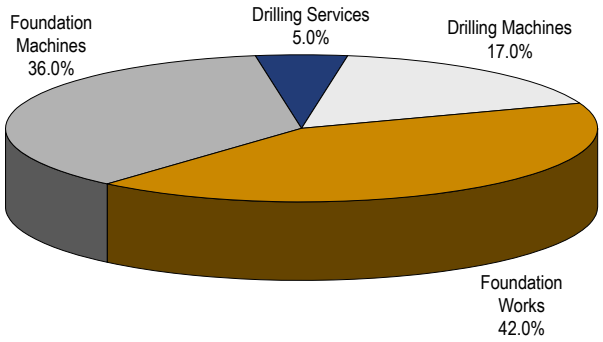
TREVI GROUP: Q1 07 Results

	Q1 06a	Q1 07a	*%Chg*
Net sales	163.2	178.9	*+9.6%*
EBITDA	24.6	25.2	*+2.4%*
EBITDA margin	*15.1%*	*14.1%*	
EBIT	16.1	18.9	*+17.5%*
EBIT margin	*9.9%*	*10.6%*	

Source: Company data

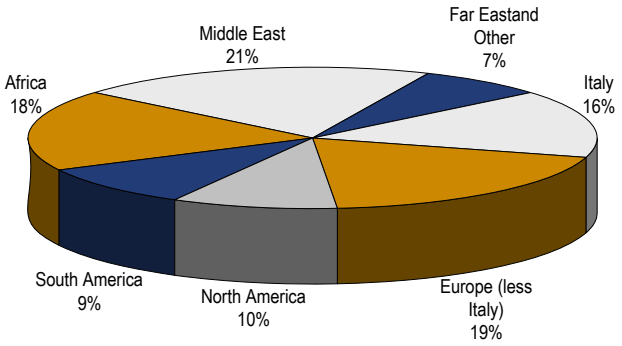
Lastly, it is important to highlight that the order book reached EUR 668.1m and showed a further distinct improvement compared to the same period last year (+15.6%).

Q1 07 Sales breakdown by division



Source: Company data

Q1 07 Sales breakdown by geographical area



Source: Company data

New estimates 2007-08

Based on the significant increase in the order book in Q1 and on the last contract signed by the group, we have revised our forecast for each of the group's divisions.

- **TREVI (Foundation service)**

Based on the strong expected growth in expenditure on infrastructures in several areas (in particular in the USA, United Arab Emirates, Africa and other emerging countries), we believe that Trevi will focus on projects characterised by high technological complexity, where the company operates as the General Specialty Contractor. In particular, we expect Trevi to focus on projects in which it has significant technological leadership, such as waterproofing works and maritime works.

Besides, it is important to stress two significant contracts Trevi signed past few week through its US subsidiary Trevi Icos: 1) the first one for the execution of foundation diaphragm walls for the extension of the Harvard Law School in Cambridge, Massachusetts; 2) the second one, awarded by Walsh Brothers, is to design and install the foundation diaphragms for the MIT. The contracts total USD 18m (these orders follow others for an aggregate amount of US$ 40 million that Trevi recently won from the same Universities and which are part of their long-term building programmes). Although these orders do not have a considerable impact on group revenues, we believe they are extremely positive from a strategic point of view as they confirm Trevi Group's accreditation in the US market. Lastly, these contracts increase the visibility on the outlook, announced by the management, for the FY 07 results of the foundation service division of a turnover increase of around 10%.

Therefore, according to the management, we confirm our sales forecast for 2007e and we increase our sales growth estimates from + 9.9% to +13.0% in 2008e and we maintain our previous profitability forecasts for an increase in the average EBITDA margin.

The following table is a summary of our new forecasts.

TREVI (Foundation services) – 2007-09 forecasts

	2006	2007e	2008e	2009e
Sales	**322.4**	**355.5**	**401.8**	**442.1**
%Chg	*19.6%*	*10.3%*	*13.0%*	*10.0%*
EBITDA	**43.5**	**54.0**	**64.3**	**61.9**
EBITDA%	*13.5%*	*15.2%*	*16.0%*	*14.0%*

Source: BANCA AKROS estimates

- **SOILMEC (Foundation equipment)**

Based on the continuing strong sales growth in Q1 07 (+50% Y/Y) and on company guidance, we estimate a continuing consistent sales growth up to 2008, so we increase our FY 08 sales from +14% to +16.0%.

The following table is a summary of our new forecasts.

SOILMEC (Foundation equipment) – 2007-09 forecasts

	2006	2007e	2008e	2009e
Sales	**173.1**	**216.4**	**253.2**	**265.9**
%Chg	*35.7%*	*25.0%*	*17.0%*	*5.0%*
EBITDA	**25.9**	**33.6**	**36.7**	**37.2**
EBITDA%	*15.0%*	*15.5%*	*14.5%*	*14.0%*

Source: BANCA AKROS estimates

- **DRILLMEC (Oil drilling rigs)**

Thanks to the excellent results achieved by the PETREVEN subsidiary in carrying out long-term contracts in the oil drilling sector for REPSOL YPF in Argentina, Drillmec, the Trevi Group subsidiary specialized in the production of drilling equipment, announced the acquisition of a new contract from YPF SA two weeks ago, a company that belongs to the Spanish group Repsol YPF. The supply regards five hydraulic drilling rigs, including accessories, for a total amount of USD 79.1m. The rigs will be delivered between the second half of 2007 and the first half of 2008 and are to be used by the client in Argentina.

In our opinion, this new contract is important because:

1) it supports the management's estimates of Drillmec sales growing by around 30-40% per year up to 2009;
2) based on the importance of the client, the order confirms the high technological level reached by the group's equipment. Furthermore, we believe that it will constitute a further aspect to Trevi's track record so that it will be able to acquire new contracts in the coming months;
3) the sale of hydraulic drilling rigs, which are characterised by higher technology than traditional plants, allows the company to reach a higher operating profitability.

Therefore, we maintain our sales estimates, but we increase our EBITDA margin forecast from 10.8% to 11.5% in 2007e and from 12.2% to 12.8% in 2008e.

The following table is a summary of our new forecasts.

DRILLMEC (Drilling equipment) – 2007-09 forecasts

	2006	2007e	2008e	2009e
Sales	**119.5**	**167.2**	**225.8**	**282.2**
%Chg	*51.7%*	*40.0%*	*35.0%*	*25.0%*
EBITDA	**13.7**	**19.2**	**28.9**	**37.2**
EBITDA%	*11.5%*	*11.5%*	*12.8%*	*13.2%*

Source: BANCA AKROS estimates

- **PETREVEN (Oil drilling services)**

Thanks to the growing success of the HH model, the most innovative hydraulic rig, as proven by Drillmec's foregoing last big order, we believe that, in the near future, the group could sign some new contracts also in the drilling services division.

In the event there is a strong increase in the demand for drilling services, Trevi Group would have to invest heavily in the construction of new hydraulic rigs in order to allow Petreven to satisfy new potential orders; a strong increase in investments will mean making the financial structure heavy.

Therefore, we believe that, in order to support the strong expected growth in this division, without weighing on excessively the financial structure, the group could use several kinds of contracts for future agreements, more like leasing arrangements; in fact, through these tools Trevi, could transfer a significant part of these investments to its own clients.

Based on the foregoing considerations, we projected a possible group P&L structure in case of use of contracts for future agreements more like leasing arrangements. In our opinion, recourse to these new contracts involves the following effects: 1) a lower capital outlay for the construction of new hydraulic rigs, because Trevi could transfer a significant part of these investments to its own clients; 2) this contribution to investments by the clients should involve the arising of operative leasing fees which could reduce the EBITDA margin from 30-33% to 25-26%; 3) a strong increase in the EBITDA and EBIT margins from the years 2013/14 after contract expiry. In fact, although these kinds of contracts could involve a

decrease in profitability in the short term, they have a very positive impact on the operating margins in the medium term. From 2013/14 onwards, that is at the end of the contracts signed in 2007/08 (in the supposition the contracts last five years), Trevi Group will own the hydraulic rigs and the equipment costs will be almost completely amortised; as such the company will continue to utilize the rigs for new contracts which will ensure an EBITDA and EBIT margin increase and a consequent strong rise in cash generation.

The following table is a summary of our new forecasts.

PETREVEN (Drilling services) – 2007-09 forecasts

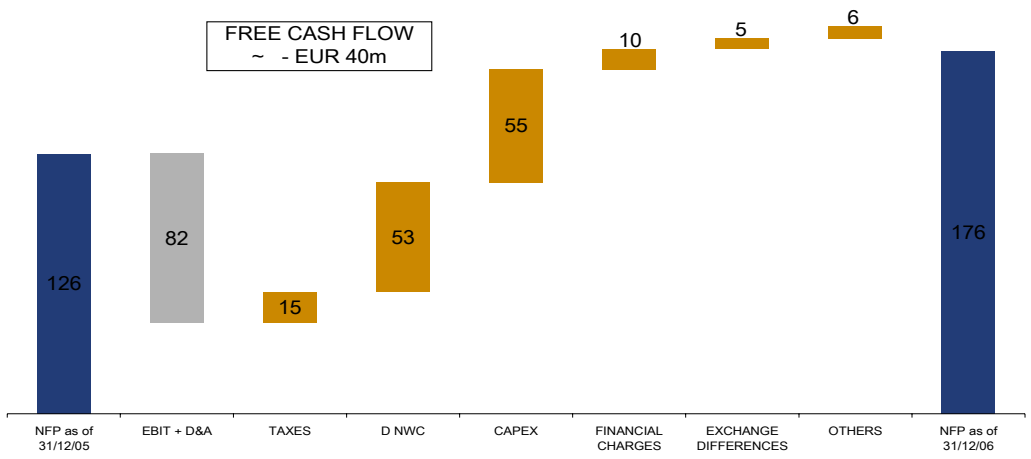
	2006	2007e	2008e	2009e
Sales	**27.4**	**42.6**	**77.0**	**99.0**
%Chg	*49.5%*	*55.8%*	*80.6%*	*28.6%*
EBITDA	**7.6**	**11.5**	**20.8**	**27.2**
EBITDA%	*28.0%*	*27.0%*	*27.0%*	*27.5%*

Source: BANCA AKROS estimates

2007-2009e cash flow generation

The strong increase in operative margins realized by the company in the past few years (EBIT margin rose from 0.7% in 2001 to 9% in 2006) translated into good cash flow generation. In fact, as showed by the graph below, despite the EUR 55m set aside for investment and the cash absorption of EUR 52m to finance NWC following the strong growth in all the business areas, the free cash generation in 2006 was negative only for EUR 44m.

Change in NFP (EUR m)



Source: Company data

D/E was 1.38x at the end of 2006. If we consider the possibility to exercise the share settlement option on the indirect exchangeable bond issued on 30 November 2006, the gearing decreases to 0.53x (we remind investors that the stock price exceeded the strike price by EUR 11.30 in February 2007).

Even if the drilling divisions (Drillmec and Petreven) grow strongly in the coming years, we believe that the management will be able to maintain a well balanced level of financial structure. In fact, the strong increase in NWC, linked to the growth of Drillmec, will be offset by the high down payments; we estimate that Trevi is quite capable of obtaining down

payments from its clients of around 10-30% on the total order, in particular in the contracts for the HH model thanks to the strong demand for these new rigs. Instead, the strong investments in own equipment required by new potential contracts signed by Petreven will be offset thanks to new kinds of contracts described in the paragraph above.

Although we have decreased our capex estimates, based on management indications, from EUR 168m to EUR 153m between 2007 and 2010, the investment level to support the business development remains very strong also in the coming years. However, cash flow generation should remain significant over the period due to the continuous improvement in profitability. The Group should guarantee an interesting free operating cash flow yield on current equity (4.2% in 2008e, 6.3% in 2009e and 8.6% in 2010e).

TREVI GROUP Cash Flow model (EUR m)

	2006	2007e	2008e	2009e	2010e
Net Profit (reported) + Minorities	27.9	46.5	61.5	72.1	80.9
Non cash items	27.6	33.0	42.1	38.3	42.3
Cash Flow	**55.5**	**79.6**	**103.6**	**110.4**	**123.2**
Change in Net Working Capital	-53.3	-30.1	-29.3	-20.8	-16.8
Capex	-55.0	-44.0	-39.0	-37.0	-33.0
Operating Free Cash Flow- OpFCF	**-52.7**	**5.5**	**35.4**	**52.6**	**73.4**
Net Financial Investment	0.0	0.0	0.0	0.0	0.0
Dividends	-1.6	-1.6	-1.6	-1.6	-1.6
Others (incl.Capital Increase)	-6.8	-0.2	6.0	3.5	1.9
Free Cash Flow	**-61.2**	**3.7**	**39.8**	**54.5**	**73.7**
Net Debt	**175.8**	**172.2**	**132.4**	**77.9**	**14.2**
Debt / Equity	1.4x	1.0x	0.6x	0.3x	0.0x

Source: BANCA AKROS estimates

Valuation

Our valuation of Trevi Group is based on a DCF Model and takes a peer multiples comparison into account.

DCF valuation

In light of our estimates for each division in the previous paragraphs, and based on our DCF model, we have set a target price of EUR 16.30 per share, showing an upside of above 22.0% on the current share price.

We have run our DCF analysis based on the following assumption:

- Sales and profitability forecast: a) for the period 2007/2009e we assume our estimates described in the previous paragraphs; b) for the period 2010/2011e, we estimate a sales CAGR of 4.5%, as the growth average for each sector division is characterized by various growth rates; c) in terms of long-term forecasts, we assume a EBIT margin stable at 11.0%.
- A WACC calculated by assuming: a) a risk-free rate of 4.5% and a market risk premium of 4.0%; b) a target capital structure with debt covering 25% of net capital employed; c) a beta at 1.1.
- A terminal growth rate of 2.0% looks appropriate to reflect Trevi's potential growth rates in the future.

Our assumptions are showed in the following tables.

TREVI GROUP : WACC calculation

Risk free rate	*4.5%*
Beta	1.1
Mkt risk premium	*4.0%*
Cost of Equity	***8.9%***
% equity	*75.0%*
Cost of Debt (gross)	*6.8%*
Tax rate	*33.0%*
Cost of Debt (net)	***4.6%***
% debt	*25.0%*
WACC	***7.8%***

Source: BANCA AKROS estimates

TREVI GROUP: Free Cash Flow projection (EUR m)

	2007e	2008e	2009e	2010e	2011e
EBITA	85.4	108.7	125.4	139.4	149.6
Taxes	-29.4	-37.4	-43.2	-48.0	-51.5
Tax rate	*34.4%*	*34.4%*	*34.4%*	*34.4%*	*34.4%*
NOPLAT	**56.0**	**71.3**	**82.2**	**91.4**	**98.1**
Depreciation & other provisions	33.0	42.1	38.3	42.3	41.9
Operating Cash Flow	**89.1**	**113.4**	**120.6**	**133.7**	**140.0**
Capex	-44.0	-39.0	-37.0	-33.0	-30.0
Change in Net Working Capital	-30.1	-25.3	-20.8	-16.8	-16.3
Free Operating Cash Flow (FOCF)	**15.0**	**49.2**	**62.7**	**83.9**	**93.7**

Source: BANCA AKROS estimates

TREVI GROUP: DCF analysis

Perpetual Growth Rate	*2.0%*
WACC	*7.8%*
Terminal Value	**1,479.6**
Discounting Rate of Terminal Value	0.66
Discounted Terminal Value	980.8
Cumulated DFOCF	**241.9**
Financial Assets as of 31/12/06	17.5
Enterprise Value (EUR m)	**1,240.3**
Net Financial Debt as of 31/12/06 (EUR m)	(175.8)
Minorities market value (EUR m)	(21.3)
Equity Value (EUR m)	**1,043.1**
Value per share (EUR)	**16.3**

Source: BANCA AKROS estimates

SOP based on a peer multiples comparison for each Group Division

Our SOP valuation, based on a peer multiple comparison for each Group Division, shows an Enterprise Value of EUR 1,155.7m (a Fair Value of EUR 15.9 per share), calculated on 2008e EV/EBITDA.

The peer analysis shows a lower value than the DCF Model, given that the EV/EBITDA '08e multiple does not factor in the development in the drilling sector which, based on our estimates, will increase from 24% on Group EBITDA in 2006e to 45% on Group EBITDA in 2011e.

In particular, each division (Foundation Services, Foundation Rigs, Drilling Rigs, Drilling Services) is valuated through a specific group of peer multiples.

- **Foundation Services (Trevi)** - We applied the 2008e EV/EBITDA consensus multiple of Keller and Bauer, two of Trevi's listed players. We did not apply any discount because the company is one of the four world leaders in the field of soil engineering and also the main player in the Italian market.

TREVI GROUP: Foundation services peer multiples

	08e EV/EBITDA
BAUER	7.3x
KELLER	7.9x
AVERAGE	**7.6x**

Source: Bloomberg data and BANCA AKROS estimates

- **Foundation Rigs (Soilmec)** - We applied the 2008e EV/EBITDA consensus multiple on the two main machinery producers in the world (Caterpillar and Atlas Copco). We did not apply a discount because the company is the second largest player in the world and the world leader in the middle-high segment in equipment building for subsoil engineering.

TREVI GROUP: Foundation equipment peer multiples

	08e EV/EBITDA
CATERPILLAR	11.2x
ATLAS COPCO	9.0x
AVERAGE	**10.1x**

Source: Bloomberg data and BANCA AKROS estimates

- **Drilling Rigs (Drillmec)** - We applied the 2008e EV/EBITDA consensus multiple for the main US and European drilling equipment producers. We applied a 15% discount for the large size of these players compared with Drillmec and because these drilling equipment producers operate only in the oil industry, while Drillmec is only a part of Trevi Group's activity.

TREVI GROUP: Drilling rigs peer multiples

	08e EV/EBITDA
TRANSOCEAN	7.6x
ROWAN	4.6x
NATIONAL OILWELL	8.8x
COOPER CAMERON CORPORATION	8.1x
TENARIS	7.3x
SOCOTHERM	6.9x
AVERAGE	**7.2x**
Average DISCOUNTED (15%)	**6.1x**

Source: Bloomberg data and BANCA AKROS estimates

- **Drilling services (Petreven)** - We applied the 2008e EV/EBITDA consensus multiple of the main US and European drilling services operators. We applied a 15% discount for the large size of these players compared with Petreven and because these drilling services operators operate only in the oil industry, while the oil division is only one of Trevi Group's two core business areas.

TREVI GROUP: Drilling services peer multiples

	08e EV/EBITDA
GLOBAL SANTA FE'	6.2x
SAIPEM	10.0x
PRECISION DRILLING	6.0x
PRIDE INTERNATIONAL	4.8x
AVERAGE	**6.7x**
Average DISCOUNTED (15%)	**5.7x**

Source: Bloomberg data and BANCA AKROS estimates

TREVI GROUP: SOP on 2008 EV/EBITDA multiples (EUR m)

Brand	EV 08	EV/ EBITDA	08e EBITDA Division	*% on Group EBITDA*	*08e EBITDA margin*
Foundation works	488.2	7.7x	64.3	*43%*	*16%*
Drilling services	119.2	5.7x	20.8	*14%*	*27%*
Drilling Equipement	177.1	6.1x	28.9	*19%*	*15%*
Foundation equipment	371.2	10.1x	36.7	*24%*	*13%*
Total	**1,155.7**		**150.7**	***100%***	
Net debt	(132)				
Minorities	(5.5)				
Equity Value (SOP)	**1,017.8**				
Sh. Outs.	64,000				
FAIR VALUE	15.90				

Source: Bloomberg data and BANCA AKROS estimates

Trevi: Summary tables

PROFIT & LOSS (EURm)	2003	2004	2005	2006	2007e	2008e	CAGR 08/03
Sales	**366.6**	**366.4**	**496.7**	**606.9**	**781.8**	**957.8**	***21.2%***
Cost of Sales & Operating Costs (excl. Pers. Expenses)	-239.5	-249.3	-357.4	-452.2	-708.5	-847.4	
Personnel Expenses	-85.8	-81.5	-94.0	-104.7	-113.0	-120.9	
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0	
EBITDA	**41.7**	**41.7**	**55.3**	**85.6**	**118.3**	**150.7**	***29.3%***
Depreciation, Amortisation & Write Downs	-24.6	-23.2	-26.6	-27.6	-33.0	-42.1	
EBIT (reported)	**17.1**	**18.4**	**28.7**	**59.0**	**85.3**	**108.6**	***44.8%***
Net Financial Interest	-10.1	-7.4	-9.0	-12.6	-14.5	-15.0	
Other Financials	-0.1	-1.4	5.6	-5.1	0.0	0.0	
Associates	0.0	0.0	0.0	0.0	0.0	0.0	
Other Non Recurrent Items	-2.2	0.0	0.0	0.0	0.0	0.0	
Earnings Before Tax (EBT)	**4.7**	**9.6**	**25.3**	**41.4**	**70.8**	**93.6**	***81.9%***
Tax	-3.2	-6.4	-11.6	-14.7	-24.4	-32.3	
Tax rate	*67.3%*	*66.9%*	*45.8%*	*34.4%*	*34.4%*	*34.4%*	
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0	
Minorities	0.0	-0.6	-0.9	-1.2	-1.1	-1.3	
Net Profit (reported)	**1.4**	**2.6**	**12.8**	**25.5**	**45.3**	**60.0**	***nm***
Net Profit (adj.)	2.3	2.6	12.8	26.8	45.4	60.2	
CASH FLOW (EURm)							
Net profit (reported) + Minorities	1.5	3.2	13.7	26.7	46.4	61.3	
Non cash items	24.7	24.7	21.1	32.6	33.0	42.1	
Cash Flow	**26.1**	**27.8**	**34.8**	**59.3**	**79.4**	**103.4**	***31.7%***
Change in Net Working Capital	4.8	-9.2	-5.3	-53.3	-30.1	-29.3	
Capex	-22.0	-25.8	-28.0	-55.0	-44.0	-39.0	
Operating Free Cash Flow (OpFCF)	**9.0**	**-7.1**	**1.4**	**-48.9**	**5.4**	**35.2**	***31.5%***
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0	
Dividends	0.0	0.9	1.0	1.6	1.6	1.6	
Other (incl. Capital Increase & share buy backs)	-17.1	0.1	2.3	-0.8	0.0	0.0	
Free Cash Flow	**-8.2**	**-6.1**	**4.7**	**-48.2**	**7.0**	**36.8**	
NOPLAT	9.2	10.0	15.6	32.0	46.2	58.8	
BALANCE SHEET & OTHER ITEMS (EURm)							
Net Tangible Assets	126.7	154.4	168.7	192.4	213.5	214.0	
Net Intangible Assets (incl.Goodwill)	3.1	3.8	3.5	4.9	4.9	4.9	
Net Financial Assets & Other	4.1	2.0	14.3	17.5	17.5	17.5	
Total Fixed Assets	**134.0**	**160.2**	**186.5**	**214.8**	**235.9**	**236.4**	***12.0%***
Net Working Capital	70.0	81.3	86.6	139.9	169.9	199.2	
Total capital invested/employed	199.9	239.5	258.8	337.2	388.3	418.1	
Shareholders Equity	**66.8**	**77.2**	**97.2**	**122.0**	**165.8**	**224.4**	***27.4%***
Minorities Equity	3.5	3.7	4.8	5.4	5.5	5.5	
Net Debt	**113.4**	**148.0**	**126.0**	**175.8**	**172.2**	**132.4**	***3.1%***
Provisions	10.7	0.0	30.9	35.4	45.1	54.8	
Other Liabilities	9.6	12.6	14.2	16.1	17.4	18.6	
Total Market Cap	**52.5**	**67.1**	**167.1**	**424.7**	**854.4**	**854.4**	
Enterprise Value (EV adj.)	183.5	220.3	351.4	691.4	1,117.3	1,080.0	
MARGINS AND RATIOS							
Sales growth	*11.6%*	*-0.1%*	*35.6%*	*22.2%*	*28.8%*	*22.5%*	
EBITDA growth	*50.8%*	*0.0%*	*32.8%*	*54.7%*	*38.3%*	*27.4%*	
EBIT growth	*242.9%*	*8.0%*	*55.8%*	*105.6%*	*44.5%*	*27.3%*	
EBITDA margin	***11.4%***	***11.4%***	***11.1%***	***14.1%***	***15.1%***	***15.7%***	
EBIT margin	*4.7%*	*5.0%*	*5.8%*	*9.7%*	*10.9%*	*11.3%*	
Debt/Equity (gearing)	***161.5%***	***183.0%***	***123.5%***	***138.0%***	***100.5%***	***57.6%***	
Debt/EBITDA	2.7	3.6	2.3	2.1	1.5	0.9	
Interest cover (EBITDA/Fin.interest)	4.1	5.6	6.2	6.8	8.2	10.1	
ROCE	*4.5%*	*4.1%*	*5.7%*	*9.0%*	*11.4%*	*13.5%*	
WACC	*7.7%*	*7.7%*	*7.7%*	*7.7%*	*7.7%*	*7.7%*	
ROCE/WACC	**0.6**	**0.5**	**0.7**	**1.2**	**1.5**	**1.7**	
EV/CE	0.90	0.91	1.29	1.95	2.75	2.48	
OpFCF/CE	*4.4%*	*-2.9%*	*0.5%*	*-13.8%*	*1.3%*	*8.1%*	
EV/Sales	0.50	0.60	0.71	1.14	1.43	1.13	
EV/EBITDA	**4.4**	**5.3**	**6.4**	**8.1**	**9.4**	**7.2**	
EV/EBIT	10.8	12.0	12.2	11.7	13.1	9.9	
P/E (adj.)	**23.1**	**26.3**	**13.0**	**15.9**	**18.8**	**14.2**	
P/CF	2.0	2.6	4.2	7.8	10.9	8.4	
P/BV	0.8	0.9	1.7	3.5	5.2	3.8	
OpFCF yield	***17.1%***	***-10.6%***	***0.8%***	***-11.5%***	***0.6%***	***4.1%***	
Payout ratio	*61.4%*	*37.6%*	*12.5%*	*6.0%*	*3.5%*	*2.7%*	
Dividend yield (gross)	***1.8%***	***1.4%***	***1.0%***	***0.2%***	***0.2%***	***0.2%***	
PER SHARE DATA (EUR)							
EPS (reported)	0.02	0.04	0.20	0.42	0.71	0.94	***nm***
EPS (adj.)	**0.04**	**0.04**	**0.20**	**0.42**	**0.71**	**0.94**	***92.5%***
CFPS	0.41	0.40	0.62	0.85	1.23	1.60	***31.4%***
BVPS	1.04	1.21	1.52	1.91	2.59	3.51	***27.4%***
DPS	**0.02**	**0.02**	**0.03**	**0.03**	**0.03**	**0.03**	***10.8%***

Source: Company, Banca Akros estimates
2005 restated as IFRS proforma

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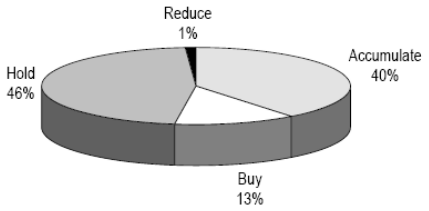
- **Reduce**: the stock is expected to generate a total return of **0 to -15%** during the next 6 months time horizon
- **Sell**: the stock is expected to generate a total return **below -15%** during the next 6 months time horizon
- **Rating Suspended**: the rating is suspended due to a capital operation (take-over bid, SPO, …) where the issuer or a related party of the issuer is or could be involved or to a change of analyst covering the stock
- **Not Rated**: there is no rating for a company being floated (IPO) by the issuer or a related party of the issuer

Banca Akros Ratings Breakdown



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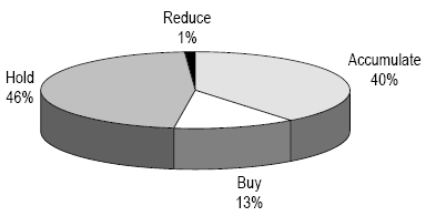
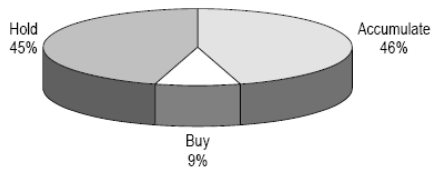
Percentuale delle raccomandazioni al 30 giugno 2007

Tutte le raccomandazioni | **Raccomandazioni su titoli in conflitto di interessi (*)**





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