

Higher Operating Profits than Expected.

1Q07 results.

1Q07 results and order backlog & inflow.

EUR M	1Q06	1Q07	yoy %	1Q07E	Act. vs. est. %
Revenues	163.2	178.9	9.6	175.6	1.9
EBITDA	24.6	25.2	2.4	24.3	3.9
EBITDA margin (%)	15.1	14.1		13.8	
EBIT	16.1	18.9	17.5	17.0	11.2
EBIT margin (%)	9.9	10.6		9.7	
Pre-tax income	12.7	15.6	22.3	14.0	11.3
Net income	6.5	10.0	54.3	8.4	19.1
	Backlog FY06	Backlog 1Q07		Inflow FY06	Inflow 1Q07
Machines for foundations works	57	67		179	74
Drilling machinery	159	180		150	51
Drilling services	159	154		310	3
Special foundations works	261	267		125	82
Total	637	668		763	210

Source: Company data, Banca IMI estimates.

Trevi Group's 1Q07 revenue was in line with estimates, while operating profits beat our expectations. The consolidated sales growth (9.6% yoy) was driven by higher deliveries of machines for foundation works (50% yoy), above all in Europe (in particular France and UK) and by the increased number of machines managed by the drilling services division, Petreven. The special foundation works revenue declined by 10% yoy, due to a delay in the execution of several orders in the Middle East, while the slight yoy sales decrease (-2%), registered by Drillmec (drilling machines), was attributable to the different timing of deliveries in respect to 1Q06. The consolidated EBITDA margin decreased by 100bps yoy to 14.1%, above our 13.8% forecast. Note that 1Q06 was characterised by very positive profitability performances for Trevi's business units, which was not maintained in the remaining part of the year. In 2007, management expects a less pronounced seasonal impact on profitability. In 1Q07, the EBIT margin improved by 70bps, thanks to the lower depreciation/sales ratio. In spite of the higher financial charges, related to the increased net debt and interest rates, the group's net profit reached EUR 10M (+54.3% yoy), thanks to both the improved operating profitability and a lower tax rate (33.6% vs. 45.8% 1Q06). At 31.03.2007, the order backlog amounted to EUR 668.1M (+4.8% vs. December 2006).

Catalysts.

We believe that high demand for drilling services and machines for foundation works should continue to drive the revenue and EBITDA growth in 2007E. Drillmec and the special foundation works divisions are also expected to confirm their sales growth targets (+25% and +5% yoy, respectively), even if they did not post particularly brilliant 1Q07 results. Production efficiencies, orders' selectivity and concentrating assets in foreign countries, where the group has a competitive advantage and demand is buoyant, should support the operating profitability of foundation works. Management's focus should continue to be on reducing the NWC/sales ratio and on containing net debt.

Valuation.

Our SOP value of the group's two divisions, drilling and foundations, based on a DCF model, continues to point to a EUR 13.6/share. Our SOP valuation based on peers' multiples points to a valuation of EUR 12.4/share, slightly lower than our DCF model valuation, probably due to the fact that 2009E Trevi's growth expectations not fully captured by market multiples.

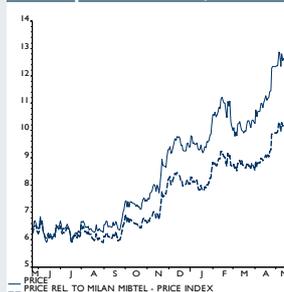
Italy - Engineering & Construction

Equity Research

Bruno Permutti

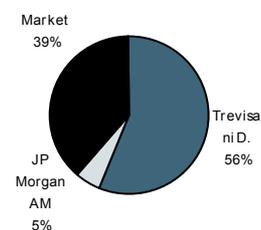
Research Analyst
+39 02 7751 2416
bruno.permutti@bancaimi.it

Price performance, -1Y.



Source: Datastream.

Shareholder structure.



Notes: Source: Company data.

Basic figures.

Current price (EUR)	13.2
Market cap. (EUR M)	847
No. of shares (M)	64.0
52-week range (EUR)	13.5-5.9
Major shareholder (%)	Trevisani D., 56
Free float (%)	39
Reuters	TFI.MI
Bloomberg	TFI IM
Mibtel	34035

Performance %	
Absolute	Rel. to Mibtel
-1M	16.0
-3M	21.6
-12M	106.9
-1M	15.2
-3M	17.8
-12M	67.2

Source: Company data, Datastream.

Trevi Group: Financials.

Trevi Group - Key figures (2005-09E).					
Current price (EUR)	13.2				
Market capitalisation (EUR M)	847				
No. of shares, ord. (M)	64.0				
Values per share (EUR)	2005	2006	2007E	2008E	2009E
EPS	0.20	0.42	0.65	0.79	0.95
CFPS	0.59	0.83	1.08	1.27	1.47
BVPS	1.52	1.91	2.50	3.23	4.10
DPS	0.03	0.05	0.06	0.08	0.10
Payout (%)	12.5	12.0	10.0	10.0	10.0
Stock market ratios (x)	2005	2006	2007E	2008E	2009E
EV/sales	0.6	1.2	1.2	1.1	0.9
EV/EBITDA	5.4	9.7	9.2	7.7	6.5
EV/EBIT	10.4	14.3	12.5	10.3	8.6
EV/CE	1.3	2.7	3.0	2.7	2.5
P/E	13.0	24.6	20.4	16.7	13.9
P/CF	4.4	12.4	12.3	10.5	9.0
P/BV	1.7	5.4	5.3	4.1	3.2
Yield (%)	1.0	0.5	0.5	0.6	0.7
Income statement (EUR M)	2005	2006	2007E	2008E	2009E
Total revenues	496.7	642.4	775.4	873.1	962.2
EBITDA	55.3	85.6	110.4	128.7	146.7
EBIT	28.7	58.1	81.4	96.5	111.2
Pre-tax profit	25.3	42.6	69.3	84.7	101.7
Net profit	12.8	26.8	41.5	50.7	60.9
Balance sheet (EUR M)	2005	2006	2007E	2008E	2009E
Net fixed assets	175.2	199.7	214.6	226.0	234.1
Net working capital	76.2	128.5	147.3	159.3	173.3
Invested capital	251.3	328.2	361.9	385.3	407.3
Shareholders' funds	97.2	122.0	160.3	206.8	262.7
Minorities	4.8	5.4	7.2	9.4	12.1
NFP debt(+)/cash(-)	126.0	176.0	169.6	144.2	107.7
Long-term liabilities	23.3	24.8	24.8	24.8	24.8
Total sources	251.3	328.2	361.9	385.3	407.3
Cash flow (EUR M)	2005	2006	2007E	2008E	2009E
Gross cash flow	34.2	51.1	68.4	81.5	95.5
Change in NWC	-6.5	-50.8	-18.8	-11.9	-14.0
Capex	-23.8	-48.7	-40.0	-40.0	-40.0
Cash from operations	4.0	-48.4	9.6	29.6	41.5
Dividend payment	-1.0	-1.6	-3.2	-4.1	-5.1
Other	-17.5	0.0	0.0	0.0	0.0
Free cash flow	-14.5	-50.0	6.4	25.4	36.4
Profitability and financial ratios (%)	2005	2006	2007E	2008E	2009E
EBITDA margin	11.1	13.3	14.2	14.7	15.3
EBIT margin	5.8	9.0	10.5	11.0	11.6
ROI	14.1	21.9	25.4	27.7	29.9
ROE	15.9	24.4	29.4	27.6	26.0
Growth (%)	2005	2006	2007E	2008E	2009E
Total revenues	35.7	29.3	20.7	12.6	10.2
EBITDA	35.9	54.9	28.9	16.6	14.0
EBIT	64.2	102.4	40.1	18.5	15.3
Net income	442.2	108.7	55.0	22.3	20.1

Source: Company data and Banca IMI estimates.

General warning.

This document has been prepared by Banca IMI Spa's. Research department (Banca IMI is a member of the Intesa Sanpaolo Group), an authorised bank regulated by the Bank of Italy for the conduct of designated investment business.

The information provided and the opinions expressed in this document are based upon information and data from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made by Banca IMI as to their accuracy, completeness or correctness. Any opinions, forecasts or estimates contained herein constitute a judgement as at the date of this document, and there can be no assurance that the future results of the Companies and/or any future events will be consistent with any such opinions, forecasts or estimates. Any information herein is subject to change, update or amendment without notice by Banca IMI subsequent to the date of this document, with no undertaking by Banca IMI to notify any recipient of this document of such change, update or amendment.

This document is for information purposes only. This document is not, nor may it be construed, to constitute, an offer for sale or subscription of or a solicitation of any offer to buy or subscribe for any securities issued or to be issued by the Companies. Neither Banca IMI, nor any other company of the Intesa Sanpaolo Group, nor any of its directors, managers, officers or employees, accepts any liability whatsoever (in negligence or otherwise), and accordingly no liability whatsoever shall be assumed by, or shall be placed on, Banca IMI, or any other company of the Intesa Sanpaolo Group, or any of its directors, managers, officers or employees, for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document.

To the extent permitted by relevant law, Banca IMI allows its directors, managers, officers, employees and/or respective family members to have long or short positions or effect transactions in the securities (or options, warrants or rights with respect to, or interest in, the shares or other securities) of the Companies. The aforementioned persons may also carry out, have carried out or be about to make purchases or sales of any financial instruments on the market.

Banca IMI publishes research on the Companies on a regular basis. The previous Corporate Broking Review was published on 06.12.2006.

Residents in Italy: This document is intended for distribution only to institutional investors as defined in art. 31, Consob Regulation no. 11522 of 01.07.1998 either as a printed document and/or in electronic form, and will be distributed with deposit at Consob on the same day in electronic form and disseminated to the general public by being posted on Banca IMI's website.

Persons and residents in the UK: This document is not for distribution in the United Kingdom to persons who would be defined as private customers under the rules of the FSA.

US persons: This document is intended for distribution in the United States only to Qualified Institutional Investors as defined in the US Securities Act of 1933. US Customers wishing to effect a transaction should do so only by contacting a representative at Banca IMI Securities Corp. in the US.

Disclosure of potential conflicts of interest.

Banca IMI discloses potential conflicts of interest, as defined by: Article 69, paragraph 4 and 5, of Consob Resolution No. 11971 of 14.05.1999, as subsequently amended and supplemented, and Consob's Notice No. DME/3019271 of 26.03.2003; the New York Stock Exchange Inc.'s Rule 472; the FSA Policy Statement 04/06 "Conflicts of Interest in Investment Research – March 2004".

The Bank maintains procedures and organisational mechanisms (Chinese walls) to professionally manage conflicts of interest in relation to investment research; for further information please see Banca IMI's website for "Banca IMI's Policy for Managing Conflicts of Interest in Relation to Investment Research".

Analyst certification.

The analysts who prepared this report, and whose names and roles appear on the front page, certify that:

- (a) The views expressed on the Companies mentioned herein accurately reflect their personal views;
- (b) No direct or indirect compensation has been or will be received in exchange for any views expressed.

Specific disclosures.

1. None of the analysts nor any member of their households have a financial interest in the securities of the Companies.
2. None of the analysts nor any member of their households serve as officers, directors or advisory board members of the Companies.
3. Four analysts named in the document are members of AIAF.
4. The analysts of this report do not receive bonuses, salaries, or any other form of compensation that are based upon specific investment banking transactions.

Disclosures.

5. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it plans to solicit investment banking business or intends to seek compensation from the Companies in the next three months.
6. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI has signed a Corporate Broking agreement with Astaldi to publish research on the Company (August 2004).
7. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it has issued substantial financing to Astaldi and its group.
8. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Joint Global Coordinator, Listing Partner, Placer of the public offering of Biancamano (March 2007).
9. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Buongiorno and its group.
10. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI has signed a Corporate Broking agreement with Caleffi to publish research on the Company (May 2006).
11. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI signed a Corporate Broking agreement with Centrale del Latte di Torino to maintain liquidity in its shares and to publish research on the Company (May 2006).
12. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Sponsor and Specialist in the IPO of Cobra Automotive Technologies (November 2006).
13. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Global Coordinator in the public offering of Cobra Automotive Technologies (November 2006).
14. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Lead Manager and Sole Bookrunner in the institutional offering of Cobra Automotive Technologies (November 2006).
15. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is responsible for the placement of the public offering of Cobra Automotive Technologies shares (November 2006).
16. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Cobra Automotive Technologies and its group.
17. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as listing partner and Joint Bookrunner in the institutional placement and Co-ordinator of the offer by Conafi Prestitò (April 2007).
18. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for some financial instruments issued by Conafi Prestitò.
19. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it has financial relations with the parent company of Conafi Prestitò.
20. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Esprinet and its group.
21. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI signed a Corporate Broking agreement with Esprinet to maintain liquidity in its shares and to publish research on the Company.
22. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Exprivia and its group.
23. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI signed a corporate broking agreement with Exprivia (previously Aisoftware) to maintain liquidity in its shares and to publish research on the Company (January 2006).
24. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI signed a corporate broking agreement with FullSix (previously Inferentia) to maintain liquidity in its shares and to publish research on the Company.

25. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI has signed an agreement with Gabetti to maintain liquidity in its shares.
26. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for I.NET relative to some financial instruments issued.
27. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it holds a stake in the share capital of I.NET.
28. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Intermediary in the takeover bid on I.NET (March 2007).
29. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for Isagro relative to some financial instruments issued.
30. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Placer and Guarantor in the institutional offering of Isagro (March 2007).
31. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Jolly Hotels and its group.
32. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for Jolly Hotels relative to some financial instruments issued.
33. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it holds a stake in the share capital of Jolly Hotels.
34. The Intesa Sanpaolo Group has a conflict of interest inasmuch it is part of the syndicate pact stipulated by the main shareholders in Jolly Hotels.
35. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it has provided corporate finance services to Jolly hotels over the last 12 months.
36. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for Juventus relative to some financial instruments issued.
37. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Juventus and its group.
38. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Giovanni Agnelli & Co. Sapa, major shareholder of IFIL Investimenti Spa, owns a significant stake in Intesa Sanpaolo.
39. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it has issued financial instruments linked to Luxottica.
40. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Luxottica and its group.
41. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for Mariella Burani
42. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for MARR relative to some financial instruments issued.
43. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for Mondo TV and Mondo HE relative to some financial instruments issued.
44. The Intesa Sanpaolo Group has a conflict of interest inasmuch it is one of the main financiers of Mondo TV and its group.
45. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for Navigazione Montanari relative to some financial instruments issued.
46. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it has provided corporate finance services to Navigazione Montanari over the last 12 months.
47. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI acted as Global Coordinator, Sponsor, Bookrunner, Italian Lead Manager and Syndicate Member both in the Italian public and institutional offerings of Omnia Network (January 2007).
48. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is acting as Specialist for Omnia Network relative to some financial instruments issued.
49. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI is acting as Specialist for PanariaGroup relative to some financial instruments issued.
50. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it holds a stake in the share capital of Panaria Group.
51. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it is one of the main financiers of Safilo and its group.

52. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI has signed a corporate broking agreement with Trevi to maintain liquidity in its shares and to publish research on the group.
53. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI offered financial consultancy to Uni Land within its secondary offering for the rebuilding of its free float. With regards to the latter, Banca IMI has acquired blocks of Uni Land's ordinary shares (May 2006) and has signed two equity swap agreements with Cemlux expiring in six months, with the ability, for hedging purposes, to sell on the market the acquired shares of Uni Land within the expiry date of the swap agreement (May-July 2006).
54. The Intesa Sanpaolo Group has a conflict of interest inasmuch as Banca IMI has signed a Corporate Broking agreement with Uni Land to publish research on the Company (March 2006).
55. The Intesa Sanpaolo Group has a conflict of interest inasmuch as it holds a stake in the share capital of Uni Land.

Recommendation definition and history.

As at 30.09.2003, research produced by Banca IMI did not include specific stock ratings or target prices. Therefore, we do not show target price and rating histories, nor a stock rating system and distribution of ratings (in aggregate or for companies for which Banca IMI has provided investment banking services in the last 12 months).

This document is prepared, approved and distributed by Banca d'Intermediazione Mobiliare IMI Spa ("Banca IMI", a member of the Intesa Sanpaolo Group), Milan, an authorised bank regulated by Bank of Italy and Consob for the conduct of designated investment business; this document is also distributed by Banca IMI Spa – London Branch (a member of the London Stock Exchange) regulated by the FSA for the conduct of designated investment business in the UK, and by Banca IMI Securities Corp. (a member of the NYSE and NASD) regulated by the SEC for the conduct of designated investment business in the US.

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly to any other person or published, in whole or in part, for any purpose without prior written consent by Banca IMI. The copyright and intellectual property rights on the data, information, opinions and valuations contained in this document are the exclusive property of the Intesa Sanpaolo Group, unless otherwise indicated. The data, information, opinions and valuations contained in this document may not be subject to further distribution or reproduction, in any form or via any means, even in part, unless expressly consented by Banca IMI.

By accepting this document you agree to be bound by all of the forgoing provisions.

Banca d'Intermediazione Mobiliare IMI Spa co-ordinates the investment banking activities of the Intesa Sanpaolo Group. Worldwide, these activities are conducted through the companies listed on this page.

**Banca d'Intermediazione
Mobiliare IMI Spa**

Corso Matteotti 6,
20121 Milan, Italy

Tel: (39) 02 7751 5604

**Banca IMI
Securities Corp.**

245 Park Avenue, 35th Floor
10167 New York, NY, USA

Tel: (1) 212 326 1230

**Banca d'Intermediazione
Mobiliare IMI Spa
London Branch**

Warwick Court,
18-24 Warwick Lane,
Paternoster Square
London EC4M 7LZ, UK

Tel: (44) 207 454 4800