

TREVI Group

TREVI- Finanziaria Industriale S.p.A.

Consolidated Quarterly Report

First Quarter 2002

TREVI – Finanziaria Industriale S.p.A.
Headquarters in Cesena (FC) - Via Larga 201 -
Share Capital Euro 32,000,000 fully paid up
Chamber of Commerce Forlì – Cesena nr. 201.271
Fiscal and VAT Code and Register of Companies of Forlì – Cesena nr. 01547370401
Internet Homepage: www.trevifin.com

BOARD OF DIRECTORS

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Managing Directors

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Cesare Trevisani

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Conte Teodorani Fabbri Pio

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Statutory Auditors

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Giacinto Alessandri

Giancarlo Poletti

Alternate Statutory Auditors

Marco Alessandri

Giancarlo Daltri

Independent Accountants

PricewaterhouseCoopers S.p.A.

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The Quarterly Report is not audited

KEY FINANCIAL INFORMATION

In thousands of Euro

12.31.2001		03.31.2002	03.31.2001	Change
369,739	Production value	80,743	88,606	-8,9%
349,739	Total revenues	78,851	85,971	-8,3%
104,530	Added value	27,880	27,480	1,5%
29,9%	% on total revenues	35,4%	32,0%	
19,819	EBITDA	6,978	7,324	-4,7%
5,67%	% on total revenues	8,85%	8,52%	
2,400	Net operating income	2,339	3,552	-34,1%
0,65%	Net operating income/Total revenues	2,97%	4,13%	
(3,909) (1)	Net result before taxation and minority interest	243	1,386	-82,4%
42,739	Gross technical investments	8,049	4,893	+64,5%
205,565	Net invested capital	209,960	176,747	+ 18,8%
(103,116)	Net financial position	(108,247)	(64,833)	+ 67,0%
102,449	Total net stockholders' equity	101,713	111,914	-9,1%
97,882	Group's net equity	97,146	108,171	-10,2%
4,567	Minority interests	4,567	3,743	+22,0%
2,445	Nr. of employees (2)	2,344		
317,669	Works' portfolio	386,539	318,716	+ 21,3%
1,17%	Net operating result/ Net stockholders' equity (R.O.I.) (3)	4,46%	8,04%	
0,69%	Net operating result/Total revenues (R.O.S.)	2,97%	4,13%	
1,01	Net financial position/ Total net stockholders' equity (Debt/Equity)	1,06	0,58	

(1) The result as at 12/31/2001 also includes taxes.

(2) Totally consolidated companies

(3) Values pertaining to the first quarter are calculated on a yearly basis.

QUARTERLY MANAGEMENT REPORT

Group Profile and Activity

TREVI - Finanziaria Industriale S.p.A. and its controlled companies (hereafter referred to as “TREVI Group or “The Group”) operate in the following sectors: public contracts and engineering services for the laying of foundations for public projects and infrastructures, oil services and manufacturing of plants and equipment for special foundations, tunnel excavation and well drillings for the extraction of hydrocarbons and water research. Activity sectors are coordinated by the two main companies of the Group: Trevi S.p.A., heading the division that operates in the field of soil engineering (“Trevi Division”), and Soilmec S.p.A., leading the division that manufactures and markets plants and equipment for the soil engineering, for well drilling in order to extract hydrocarbons and for water research (“Soilmec Division”).

The Group is controlled by TREVI-Finanziaria Industriale S.p.A..

Accounting principles and evaluation criteria

The quarterly report is drafted on a consolidated basis since the Company is bound to draft the consolidated report.

The Group’s consolidated financial statements for the first quarter 2002 have been drafted by using the same accounting principles, consolidation methods and foreign exchange conversion criteria adopted to prepare the Consolidated Financial Statements as at 31st December 2001, but with all necessary adjustments to reflect the three-month period performances.

Overall, the information provided by the report does not significantly differ from that which would have been presented by using year-end and six-month consolidated accounting principles.

The quarterly report is not audited.

The consolidation area didn’t undergo changes compared to the one of the financial statements as at 31st December 2001.

Quarterly performance

The first quarter of the financial year 2002 was characterised by a reduction in total consolidated revenues that reached 78,851 thousand Euro from 85,971 thousand Euro of the first three-month period of previous financial year. While activities in North America and Turkey got out of the red, this quarter is affected by the deepening of the monetary crisis in Argentina, a situation that had already affected the financial statements of the previous financial year.

The engineering sector showed a high degree of seasonality. Especially the triennial exhibition in Las Vegas prevented Soilmec from getting several jobs until the end of the March.

The postponement of the acquisition and the effective start of some important jobs in the field of services supplied to the oil companies in Africa lead to the loss of about 26 % of the revenues in that area compared to the same three-month period of the previous year.

The expectation for the second quarter is already different due to the acquisition of the latest job and the recent agreements that have been stipulated. The forecast of an increase in revenues by 7% in the fiscal year 2002 compared to 2001 is therefore confirmed.

Revenues per geographic area

As for the geographic distribution of revenues and compared to the first quarter of the year 2001 there is a sharp downturn in the Middle East market and increase in the European one. A run-down also characterizes other markets in which the company operates compared to the same period of the previous fiscal year.

The first quarter also bears the consequences of some events that won't take place again in the following quarter. The trend will become positive again already in the second quarter, following to some jobs recently awarded.

Revenues per product line

One of the operating events that mainly characterised the three months of January, February and March of the year 2002 is certainly the reduced turnover achieved by the Sector involved in the production of well drilling rigs, due to the slow down in the deliveries in the Middle East area, following to the existing war climate.

Already signed contracts for jobs to be executed in that area amount to about 50 million Euro and are not included in the works' portfolio due to uncertainty reasons. In Venezuela the oil drilling services had to take a pause because of the cut in the crude oil production by OPEC and the well-known institutional crisis, that now seems to be heading towards a gradual solution.

Over the quarter the revenues of the "core business" sector increased by 7,3% as for the foundation engineering services; the manufacturing of foundation rigs is mainly unchanged compared to the first quarter of 2001.

Divisions' result

Soilmec Engineering Division achieved a production volume of 27 million Euro, through the factories of Cesena and Piacenza, with an operating result of 1,04 million Euro.

Trevi Division, specialized in soil engineering services, achieved a production volume of about 55 million Euro during the 1st quarter, mainly through the controlled companies in U.S.A., Hong Kong, Nigeria and South America. While forecasts for the Venezuelan market in the second three-month period are positive, there are

still uncertainties about the recovery of the foundation works in Argentina that, during the first quarter, didn't achieve significant revenues. The operating result of Trevi Division was of 1,3 million Euro.

Margins

At a consolidated level, the margins' trend followed the one of production: the EBITDA passed from 7,324 to 6,978 thousand Euro; while the Operating Income was of 2,339 thousand Euro (3,552 thousand Euro as at 03/31/2001). The net result before taxes and before other interests is equal to 243 thousand Euro compared to 844 thousand Euro of the first quarter of 2001. Said result was still undergoing the effects of the unfavourable trend of the fiscal year just concluded and the fact that important jobs will be only started from the second quarter on, therefore the resulting benefits could be noticed starting from that date. The quarter is still affected by the problems linked to the profitability from the activities performed in Italy, both directly and through consortia with other companies.

Main after-date events

As for Trevi Division important jobs have been awarded in Venezuela, amounting to US\$ 27 million for the design and the execution of an impermeabilisation intervention as well as repair works for a dam, in USA other US\$ 27 million and in West Africa for US\$ 37 million.

As for the Engineering Division, during the quarter Soilmec S.p.A. signed two important partnership agreements in China, in the drilling sector, whose effects in terms of income will be recognizable only later on; the first foresees the know-how transfer for the construction of drilling rigs amounting to about US\$ 2,6 million, and the second foresees the supply of drilling rigs.

An important agreement has been stipulated within the Car Parking Sector with the Danish company Nordicom A/S, a company listed in the Copenhagen stock exchange, for the exclusive grant of the rights relevant to automated underground car park systems, Trevipark type, in Scandinavian countries, Poland and Northern Germany. The agreement also foresees the supply of turnkey systems, the sale of Management System and the execution of specialized civil works required for the construction of the underground parking system.

Following to what stated above as at 31st March the Group has a remarkable orders' portfolio equal to Euro 387 million (+21,3%), of which 236 million are to be carried out during the next remaining nine months of the fiscal year; 317 million of said portfolio belongs to the Trevi Division and 70 million to the Soilmec one.

For the Board of Directors

Eng. Davide Trevisani

Chairman

Abbreviated consolidated financial statement of the Group

TREVI GROUP
QUARTERLY REPORT
CONSOLIDATED PROFIT AND LOSS
ACCOUNT
(IN THOUSANDS OF EURO)

	Ist Quarter 2002	Ist Quarter 2001	CHANGES
A. TOTAL REVENUES	78,851	85,971	(7,120)
Changes in the stocks and work in progress, semi-manufactures and finished goods	(360)	2,116	(2,476)
Increases of fixed assets for internal works	2,252	519	1,733
B. PRODUCTION VALUE	80,743	88,606	(7,863)
Consumption of raw materials and external services	52,046	60,230	(8,184)
Other operating expenses	817	896	(79)
C. ADDED VALUE	27,880	27,480	400
Labour cost	20,902	20,156	746
D. EBITDA	6,978	7,324	(346)
Amortizations, depreciations and write downs	4,639	3,772	867
E. OPERATING RESULT	2,339	3,552	(1,213)
Financial proceeds (outlay)	(2,168)	(2,196)	28
Value adjustments of financial activities	(69)	(100)	31
Extraordinary proceeds (outlay)	141	130	11
F. RESULT BEFORE TAXES AND MINORITY INTEREST	243	1,386	(1,143)

TREVI GROUP
CONSOLIDATED BALANCE SHEET
AS AT 03/31/2002
(IN THOUSANDS OF EURO)

12.31.2001	03.31.2002	03.31.2001	<i>Changes</i>
A) Fixed assets			
7,207 - Intangible assets	7,392	8,537	(1,145)
126,999 - Tangible assets	129,060	107,981	21,079
3,206 - Long-term investments	2,941	1,458	1,483
137,412	139,393	117,976	21,417
B) Net working capital			
83,013 - Inventories	90,940	87,438	3,502
100,940 - Accounts receivable	104,380	95,174	9,206
(91,286) - Accounts payable (-)	(90,364)	(89,861)	(503)
(17,192) - Accounts (-)	(20,974)	(18,211)	(2,763)
936 - Other assets and liabilities (-)	(4,954)	(8,027)	3,073
76,411	79,028	66,513	12,515
213,823 C) Invested capital less the operating liabilities (A+B)	218,421	184,489	33,932
(8,258) D) Severance indemnity (-)	(8,461)	(7,742)	(719)
205,565 E) NET INVESTED CAPITAL (C+D)	209,960	176,747	33,213
<i>Financed by:</i>			
97,882 F) Stockholders' equity	97,146	108,171	(11,025)
4,567 G) Minority interests	4,567	3,743	824
103,116 H) Net financial position	108,247	64,833	43,414
205,565 H) TOTAL FINANCING SOURCES (F+G+H)	209,960	176,747	33,213

(1) The Net Stockholders' equity as at 03/31/2002 and 03/31/2001 takes into account the result achieved in the period under consideration gross of taxes and includes the minority interests.

NET CONSOLIDATED FINANCIAL POSITION
(IN THOUSANDS OF EURO)

12.31.2001	03.31.2002	03.31.2001	<i>Changes</i>
(53,150) Short term borrowings from banks	(55,317)	(38,367)	(16,950)
(18,385) Short term borrowings from other lenders	(18,202)	(10,822)	(7,380)
26,711 Short term cash	23,564	30,591	(7,027)
(44,824) Short term total	(49,955)	(18,598)	(31,357)
(35,578) Medium and long term borrowing from banks	(35,578)	(26,999)	(8,579)
(22,714) Medium and long term borrowings from other lenders	(22,714)	(19,236)	(3,478)
(58,292) Medium and long term total	(58,292)	(46,235)	(12,057)
(103,116) Net financial position	(108,247)	(64,833)	(43,414)

STATEMENT OF CONSOLIDATED CASH FLOWS

(IN THOUSANDS OF EURO)

	03/31/2002	12/31/2001
Net Financial Position (opening amount)	(103,116)	(48,892)
Income (loss) of the fiscal year before taxes and minority result	243	(3,909) (1)
Depreciations and Amortizations	4,414	16,790
Provision to the reserve for employees termination indemnity, pension funds and similar burdens	476	2,263
Change in minority interest in capital and reserves	0	534
Cash generated from operations before changes in working capital	5,133	15,678
Changes in working capital:		
Inventories	(7,927)	(3,497)
Commercial receivables	(3,440)	(21,369)
Other activities	3,672	(7,726)
Commercial debts	2,356	4,765
Other liabilities	3,027	(917)
Reserves for risks and charges	(743)	2,212
Total	(3,055)	(26,532)
Net cash flow for investing activities:		
Intangible fixed assets	(1,169)	(2,077)
Tangible fixed assets	(5,491)	(34,667)
Financial fixed assets	295	(3,595)
Other changes (including changes in the scope of consolidation)	(633)	(1,080)
Total	(6,998)	(41,419)
Cash flow from (used in) financing activities:		
Distribution of dividends	0	(960)
Changes in the reserve for employee termination indemnities	(211)	(991)
Total	(211)	(1,951)
Net change in cash flow	(5,131)	(54,224)
Net financial position, end of year	(108,247)	(103,116)

(1) The result as at 12/31/2001 also includes taxes and minority interest

Notes to the Consolidated Financial Statements for the first quarter 2002

Notes to the key financial information

Net revenues pertaining to the first quarter amount to 78,851 thousand Euro, hence registering a decrease of 7,120 thousand Euro, equal to 8,3% compared to the corresponding period of the previous fiscal year 2001.

The following tables respectively report the distribution per geographic area and per productive sector of the revenues from sales of products and services and the change in the works in progress.

Geographic Area	Ist Quarter 2002	Ist Quarter 2001	Change
Italy	10,023	10,769	(746)
Europe (excluding Italy)	10,194	4,368	5,826
U.S.A. and Canada	22,834	24,516	(1,682)
Latin America	4,180	6,981	(2,801)
Africa	9,771	11,620	(1,849)
Middle East	7,074	15,798	(8,724)
Far East	12,031	8,969	3,062
Rest of the world	30	14	15
Total	<u>76,136</u>	<u>83,034</u>	<u>(6,898)</u>

The above prospect, besides highlighting the international status of the Group, also underlines an overall decrease in the volume of revenues except for the Far East area. Said decrease is mainly due to seasonal phenomena, the difficulties encountered by some companies of the Group in Latin America following to the recent turmoil and the conclusion of some contracts. Anyway the consistency of the orders' portfolio, especially after the awarding of the last jobs, assures a remarkable recovery starting from the month of June, and especially in the African and American area. The temporary drop, compared to the same period of last financial year, in the sales to the Middle East is mainly ascribable to the Soilmec Division, that is waiting for delivering the rigs produced in this period and for carrying out the jobs already in the portfolio.

The distribution among the main operative sectors of the Group is the following:

Productive Sector	Ist Quarter 2002	Ist Quarter 2001	Change
Production of special foundation rigs	16,960	15,726	1,234
Production of drilling rigs for oil, gas and water wells	7,204	16,646	(9,442)
Oil drillings	1,450	3,572	(2,122)
Special foundation works	50,305	46,879	3,426
Car parks	217	211	6
Total	<u>76,136</u>	<u>83,034</u>	<u>(6,898)</u>

The main fact characterising this first quarter 2002 is the temporary slowdown of the activity in the drilling sector, meant as production of well drilling rigs and as sole drilling activity. In this connection we refer to what above stated regarding the production of drilling rigs and the activity carried out by the controlled company Petreven C.A. in Venezuela.

The traditional sector of foundation works and production of relevant rigs maintained its growing trend, although in a much more contained way compared to the previous fiscal years.

The added value of the quarter is equal to 27,880 thousand Euro (27,480 thousand as at 03/31/2001) and is basically unchanged compared to the first quarter of last fiscal year.

The EBITDA for the quarter amounts to 6,978 thousand Euro (7,324 thousand as at 03/31/2001) and is equal to 8,85 % of net revenues. The decrease in absolute terms compared to the datum of the previous year is mainly attributable to the drop in the volume of activities of the Soilmec Division and to the temporary slowdown of the drilling activity performed by the controlled Petreven C.A.

The jobs recently awarded in USA and in West Africa will be able to bring margins back to past values starting from the second quarter.

The operating income is equal to 2,339 thousand Euro (3,552 thousand as at 03/31/2001). This result is affected by amortizations and depreciations amounting to 4,639 thousand. The increase in amortizations is ascribable to the investments performed by the Group following to the procurement of new job contracts and to the continuous research aimed at improving plants and rigs from a technological point of view.

Net financial charges amount to 2,168 thousand Euros and are basically unchanged compared to the same period of the previous fiscal year.

Notes to the main assets and liabilities

The net invested capital, equal to 209,960 thousand Euro, increases by 4,395 thousand compared to 31st December 2001, and this is partly attributable to the investments in plant and machinery and partly to the working capital.

The intense activity of the quarter lead to an increase in accounts receivable and in inventory, especially of the Soilmec division, considering the large amount of deliveries foreseen for the following months.

Gross investments for the quarter amounted to about 8,049 thousand Euro, and relate to investments in rigs and equipments needed to fulfil job contracts started during this quarter and others that will start in the next three-month period, among which the start of new sites in USA and Middle East.

Inventory as at 31st March 2002 amounts to 90,940 thousand Euro, showing an increase by 7,927 thousand Euro (83,013 thousand as at 31st December 2001) compared to 31st December 2001.

The increase in stock compared to 31st December 2001 is due both to the several deliveries foreseen for the following months in the engineering sector and to the balance change in the works in progress that is mainly attributable to job contracts managed by the controlled Trevi S.p.A. and carried out in Venezuela and Italy.

Notes to the net financial position

The net passive financial position of the Trevi Group, that is highlighted in the relevant cash flow statement, showed an amount of 108,247 thousand Euro as at 03.31.02, pointing out an increase compared to the one as at 12.31.2001 (equal to 103,116 thousand) as a consequence of the increase in the liquid and fixed assets and due to longer collecting times from clients.)

During the first quarter 2002 the loan cost level was still contained, although in the presence of contradictory signals.

With reference to the borrowing composition, medium and long-term investments equal to 58,292 thousand Euros should be noted. Said amount is mainly attributable to debts with leasing companies following to stipulation of some financing contracts.