

Trevi

Italy/Construction & Materials

Buy

Recommendation unchanged

Share price: EUR 5.10

closing price as of 17/02/2009

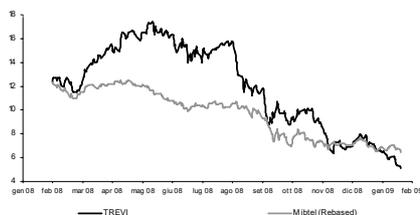
Target price: EUR 8.00

Reuters/Bloomberg

TF1M/TF1M

Market capitalisation (EUR m)	326
Current N° of shares (m)	64
Free float	44%
Daily avg. no. trad. sh. 12 mth	240,526
Daily avg. trad. vol. 12 mth (m)	3
Price high 12 mth (EUR)	17.40
Price low 12 mth (EUR)	5.10
Abs. perf. 1 mth	-29.99%
Abs. perf. 3 mth	-48.74%
Abs. perf. 12 mth	-53.72%

Key financials (EUR)	12/08e	12/09e	12/10e
Sales (m)	1,051	1,147	1,207
EBITDA (m)	166	173	178
EBITDA margin	15.8%	15.1%	14.7%
EBIT (m)	129	129	128
EBIT margin	12.2%	11.3%	10.6%
Net Profit (adj.)(m)	72	72	70
ROCE	12.5%	10.9%	18.5%
Net debt/(cash) (m)	300	311	289
Net Debt/Equity	1.3	1.1	0.8
Debt/EBITDA	1.8	1.8	1.6
Int. cover(EBITDA / in. int	9.2	9.0	8.9
EV/Sales	0.8	0.6	0.6
EV/EBITDA	5.1	4.1	3.9
EV/EBITDA (adj.)	5.1	4.1	3.9
EV/EBIT	6.5	5.5	5.4
P/E (adj.)	6.5	4.5	4.7
P/BV	2.1	1.1	0.9
OpFCF yield	-9.6%	20.9%	31.6%
Dividend yield	1.6%	1.3%	1.3%
EPS (adj.)	1.13	1.12	1.10
BVPS	3.47	4.51	5.55
DPS	0.08	0.07	0.07



Analyst(s):

Paola Saglietti, Banca Akros

paola.saglietti@bancaakros.it

+39 02 4344 4287

FY 08 sales in line with company's guidance

The facts: BoD approved yesterday the FY 08 preliminary results. FY 08 group revenues were over EUR 1,050m, around +25.5% Y/Y (in line with the company guidance and slightly above our estimates of EUR 1,036m).

Trevi Group will approve the final figures for the year 2008 on 30th March 2009.

First outlook on 2009: the management forecast a further growth of group revenues in 2009, in particular thanks to the orders acquired in the final part of 2008 and to the results expected in some growing areas such as Qatar, Abu Dhabi and some emerging countries in Africa (Algeria, Nigeria, Angola and Ivory Coast).

3 new acquisitions: a positive contribute is expected also by 3 new strategic acquisitions realised in the last few months (total amount EUR 24m):

- ARABIAN SOIL CONTRACTOR LTD (foundation works – '08 sales at USD 15m): through this company based in Saudi Arabia Trevi, which is entered in this country last year thanks to an important contract in the drilling division, reinforces its presence also in the foundation sector in order to play a leading role in the infrastructure projects that will be realised in the coming years; this acquisition also consolidates Trevi's leadership position in the entire Gulf region;

- GALANTE S.A. (foundation works – '08 sales at USD 10m): through this company based in Columbia, Trevi consolidates its leadership in the South America and could realize important synergies with the other group's companies in this area (Argentina, Venezuela and Panama);

- WATSON INC (foundation equipment – '08 sales at USD 30m): through this company based in the state of Texas, Soilmec, the equipment division of the group, enforces its leadership in the North American special foundation market (increasing in equipment sales and widening its presence in new markets such as the Midwest and Southern states of USA); besides this acquisition will allow the group to catch all the opportunities that the President Obama "Stimulus Package" will offer to all the American companies.

FY 09 estimates: we expect that the forecast positive performance in the service divisions will be partially offset by the negative growth expected in the equipment divisions, especially Soilmec; therefore, we cautiously set conservative FY 09 estimates: FY 09e sales down from EUR 1,226m to EUR 1,147 and FY 09e EBITDA down from EUR 197m to EUR 172.8m.

Conclusion & Action: Buy recommendation confirmed and target price set to EUR 8.00 per share, while waiting to verify our estimates based on the order book at 31st December '08.

Though, at the current prices, we believe the stock is undervalued compared to its strong growth potential, the present discount on fundamental valuation could start to narrow only when the current scenario, characterised by an expected slowdown in the group's activity sectors in 2009, starts to show clear signs of an inversion.