Trevi

Italy/Materials, Construction & Infrastructure

Accumulate

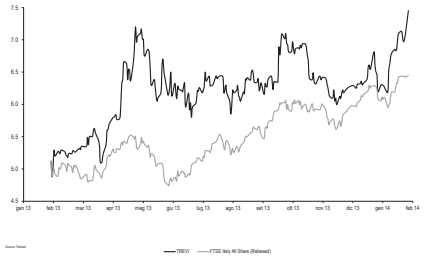
from Hold

Share price: EUR	**7.45**
closing price as of 24/02/2014	
Target price: EUR	**8.30**
from Target Price: EUR	**6.30**

Reuters/Bloomberg TFI.MI/TFI IM

Market capitalisation (EURm)	523
Current N° of shares (m)	70
Free float	50%
Daily avg. no. trad. sh. 12 mth	512,435
Daily avg. trad. vol. 12 mth (m)	3,722
Price high 12 mth (EUR)	7.45
Price low 12 mth (EUR)	4.88
Abs. perf. 1 mth	20.16%
Abs. perf. 3 mth	17.88%
Abs. perf. 12 mth	46.22%

Key financials (EUR)	12/12	12/13e	12/14e
Sales (m)	1,115	1,202	1,284
EBITDA (m)	112	123	135
EBITDA margin	*10.1%*	*10.2%*	*10.5%*
EBIT (m)	47	64	77
EBIT margin	*4.3%*	*5.3%*	*6.0%*
Net Profit (adj.)(m)	11	21	31
ROCE	5.6%	6.8%	8.0%
Net debt/(cash) (m)	411	484	481
Net Debt/Equity	*1.0*	*1.1*	*1.0*
Debt/EBITDA	3.7	3.9	3.6
Int. cover(EBITDA/Fin. int)	5.2	5.3	5.4
EV/Sales	0.7	0.9	0.9
EV/EBITDA	7.1	8.4	8.2
EV/EBITDA (adj.)	7.1	8.4	8.2
EV/EBIT	16.8	16.2	14.5
P/E (adj.)	26.3	20.7	16.9
P/BV	0.7	1.0	1.2
OpFCF yield	*10.8%*	*-8.1%*	*2.9%*
Dividend yield	*1.7%*	*1.7%*	*1.7%*
EPS (adj.)	0.15	0.30	0.44
BVPS	5.97	6.15	6.46
DPS	0.13	0.13	0.13



Shareholders: Trevi family 50%;

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Gradual improvement in the Middle East activities

The facts: Trevi group was awarded new orders for civil works and special foundations for infrastructure projects in Qatar, Kuwait, Saudi Arabia, Oman and Dubai for a total amount of USD 100m.

Gradual improvement in the visibility in the Middle east: these orders, in addition to orders for a value of USD 25m announced in January, confirm the gradual recovery in the demand of foundation services in the Middle East. Furthermore, we remind investors that the works realized in this area are usually characterized by a high profitability.

FY 13e NFP better than previous forecast: thanks to some orders delivered in Q4 13, we believe that NFP at the end of December 2013 could be better than previous forecast; so, we reduce our FY 13e Net Debt from EUR 506m to EUR 484.3m.

Conclusion & Action: *the improvement in the financial structure and the increasing visibility on 2014 due to the recent orders received both in foundation service and in the drilling sector allow us to further reduce WACC from 7.90% to 7.40%. Therefore, based on the roll-over of our DCF model, our Target Price moves from EUR 6.30 to EUR 8.30 per share. Consequently, we change our recommendation from Hold to Accumulate.*