

Trevi

Italy/Construction & Materials

Buy

Recommendation unchanged

Share price: EUR **6.83**

closing price as of 19/08/2011

Target price under review

Reuters/Bloomberg

TFLM/TFIIM

Market capitalisation (EURm)	437
Current N° of shares (m)	64
Free float	44%
Daily avg. no. trad. sh. 12 mth	202,671
Daily avg. trad. vol. 12 mth (m)	2
Price high 12 mth (EUR)	11.46
Price low 12 mth (EUR)	6.83
Abs. perf. 1 mth	-24.41%
Abs. perf. 3 mth	-36.05%
Abs. perf. 12 mth	-42.31%

Key financials (EUR)	12/10	12/11e	12/12e
Sales (m)	953	1,059	1,183
EBITDA (m)	137	157	182
EBITDA margin	14.4%	14.9%	15.4%
EBIT (m)	84	101	123
EBIT margin	8.8%	9.5%	10.4%
Net Profit (adj.)(m)	46	57	73
ROCE	10.9%	11.9%	14.2%
Net debt/(cash) (m)	395	417	399
Net Debt/Equity	1.1	1.0	0.9
Debt/EBITDA	2.9	2.7	2.2
Int. cover(EBITDA/Fin. int)	8.8	9.8	11.2
EV/Sales	1.2	0.9	0.8
EV/EBITDA	8.6	6.1	5.1
EV/EBITDA (adj.)	8.6	6.1	5.1
EV/EBIT	14.1	9.4	7.6
P/E (adj.)	14.9	7.7	6.0
P/BV	1.9	1.1	1.0
OpFCF yield	15.6%	18.8%	28.1%
Dividend yield	1.9%	1.9%	1.9%
EPS (adj.)	0.72	0.89	1.14
BVPS	5.53	6.29	6.81
DPS	0.13	0.13	0.13



Source: Factset

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H1 11 preview

The facts: H1 11 results are due out on 29th August.

Results in the first part of the year is expected to be below than in H2: as already anticipated by the management in the previous months, H1 11 results will be weaker than H2 11; although the group received several significant orders in the first part year, H1 11e results will not benefit from them, which will be delivered in the second part of the year; therefore, we can see the benefits of the signed contracts only in H2 11 results.

H1 11e results:

H1 11e sales are expected to grow by 3.0% due to: despite we expect Q2 revenues to grow strongly especially thanks to a growing trend of drilling service results and a strong recovery of foundation equipment sales, H1 revenues should show a still slight growth due to the negative impact of weak Q1 sales.

H1 11e EBITDA is expected to slightly decrease by -4.8%: the still low revenues trend and the initial costs sustained for starting phase of the projects will impact negatively on the operating margins.

The following table shows our sales and profitability forecast.

TREVI: Q2 11e and H1 11e preview

	Q2 10a	Q2 11e	%Chg.	H1 10a	H1 11e	%Chg.
Sales	217.7	249.3	+14.5%	452.7	466.2	+8.1%
EBITDA	30.1	33.5	+11.3%	68.9	65.5	-4.8%
Margin %	13.8%	13.4%		15.2%	14.1%	

Source: Company Data and BANCA AKROS estimates

Q2 11e order portfolio is expected in line with Q1 11 and new order for the oil equipment division in Eastern Europe: we expect an order book around EUR 990m at the end of June, it should be substantially in line with the order level at the end of March 2011 (EUR 986.4m). Furthermore, it is important to highlight that, in addition to this order level, the group signed last week a new contract to supply 5 oil and gas drilling rigs, including hydraulic and conventional plant, to clients operating in Eastern Europe and Russia for the total value of around EUR 45m (this order, which increases the business visibility, is important because it allows the group to further expand the presence of its equipment in this important region, in which the operators are recommencing significant investment programmes). Lastly, as confirmed by the management during the last contacts, based on several projects that are currently tendering worldwide, group's order book will continue to grow in the coming months.

In the light on the good trend in the order intake, we maintain our FY 11e and FY12e estimates, while we are waiting to verify them based on the H1 results.

Conclusion & Action. We maintain our positive stance on the stock and, consequently, we confirm our Buy recommendation. We put our target price under review in order to verify our estimates based on the indications that the management could give in the post result conference call on 30th August.