12E PE of 15.9x and EV/EBITDA of 5.2x.

Upside risk to SFL might come from a throughout **restructuring plan.** Accordingly, we note that, following the poor stock performance (-64% YTD), **SFL main shareholder, Dutch private equity HAL (37% stake) might be tempted to increase its stake or take the company private before starting the restructuring.**

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Trevi (TFI-IT) BUY

Estimates cut. Buy with no catalyst

Last (€)	6,28
Valuation Range (€)	8.8-9.2
Mkt Cap (€m)	396
Free Float	44,8%
Av Daily Vol (m sh.)	0,25
YTD	-41.74%

	2011E	2012E
P/E (x)	10,3	8,5
EV/EBITDA (x)	5,9	5,4
Div. Yield	2,2%	2,2%
EV/IC (x)	1,0	1,0
ROIC	6,8%	7,7%
FCF Yield	2,8%	10,1%
Debt/Equity	98,7%	82,2%

After the weaker than expected 3Q'11 results, we cut our estimates on Trevi, stripping out the Mozul contract which we were partially factoring in. Trevi remains a Buy in light of its cheap valuation with no real catalyst ahead.

- **3Q'11 results were below expectations both on sales and margins:**
- **Sales at €250m, +6% vs 3Q'10, Consensus set at €264m, Fidentiis at €268m**
- **EBITDA at €32m, -13% vs 3Q'10, Consensus at €35m, Fidentiis at €36m**
- **EBIT at €20m, -8% vs 3Q'10, Consensus at €22m, Fidentiis at €24m**
- **Net debt at €386m, increasing from €334m reported at 1H'11.**
- **Order backlog at €1bn, increasing from €940m reported in 1H'11**

The increasing value of production, +18.4%, will lead to a good sales trend in 4Q'11. Trevi will be able to achieve FY sales in the range of €1bn, but with margins below Fidentiis/Consensus estimates. We downgraded '11 EBITDA by 12% to €137m. Consensus is set at €144m. We cut our bottom line expectations by 37% also in light of higher taxation and financial costs.

We revised down our '12E estimates in order to 1) strip out the Mozul works which we were already factoring in at €210m sales and €26m EBITDA and 2) reduce the organic growth related to the Foundation equipment and the service divisions. We revised '12E EBITDA by 19%, moving to €143m, Consensus is set at €158m.

Rating unchanged: Buy only on the valuation. The stock is trading at a cheap 5.4x and 7.8x '12E EV/EBITDA and PE on our new estimates. Mozul dam, preannounced by Bauer, could be still a catalyst in which we don't trust anymore. Valuation down to €8.8-9.2.

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