

### ITALY

# Italian espresso

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### Summary

- > **Trevi Group** – Estimates and TP increase after higher margins in Q4 (↑)
- > **BP Milano** – EGM in June, cap on withdrawal right (↑)
- > **Campari** – Still risks of estimate cuts ahead (↓)
- > **UBI Banca** – Three lists of candidates for new board (=)
- > **Gemina** – Easyjet started the Milan-Rome route (↑)
- > **Astaldi** – Provisional contract awarding in Poland (=)

### Today's quarterly results

- > Mediaset

### Trevi Group (Industrial engineering)

			2011	2012	2013E	2014E
Rating	Hold		0.37	0.15	0.35	0.44
Share price (EUR)	5.3	25-Mar-13	nm	30.0	15.1	12.1
Target price (EUR)	4.8	(from previous EUR4.2)	Dividend ord. (EUR)	0.13	0.13	0.14
Market cap (EURm)	373		Dividend Yield	1.5%	2.8%	2.7%

Source: Kepler Capital Markets

#### ↑ Estimates and TP increase after higher margins in Q4

During yesterday's conference call the Trevi management touched ground on the marginality jump in Q4 and on the backlog with its related down-payments. The recovery of marginality was led by the mechanicals division thanks to the subsidiary Drillmec, which recovered after the bad performance in Q3. The strong backlog at EUR1,072m vs. our EUR875m estimate was fuelled by the accounting of the three main contracts announced in 2013 (EUR315m) with EUR73m of down-payments attached. Referring to the whole global order intake of Q4 (EUR495m), the down-payments represented a meaningful 15% (vs. the historical lower 6/7%) and management aims to stick to this level for the next awardings too, thanks to more proficient new business opportunities (offshore rigs) and the foray into new markets (Russia).

We raise our 2013-14 EBITDA and net profit estimates by an average 4% and 12% respectively, with the increases concentrated in the mechanicals division. The driver for 2013 should be Oil&Gas and the main contributors are therefore expected to be Drillmec (Mechanicals) and Petreven (Special Foundations). In 2013 we estimate a stable YOY backlog, with a book-to-bill ratio of 1x (as high as in 2012).

Please refer to the last page of this report for "Important disclosures" and analyst(s) certifications.

Amsterdam Frankfurt Geneva London Madrid Milan New York Paris Zurich

We increase our target price from EUR4.2 to EUR4.8, confirming our Hold rating. The company showed a strong marginality recovery in Q4 and the outlook should be sound, but we still notice a limited net debt reduction (we envisage -3% YOY in 2013) despite higher EBITDA and the larger contribution from down-payments.

#### Trevi: estimate revision

EURm	2013E old	2013E new	2014E old	2014E new
Revenues	1,195	1,195	1,255	1,245
EBITDA	117	124	133	135
Margin	9.8%	10.4%	10.6%	10.8%
EBIT	66	72	80	82
Margin	5.5%	6.0%	6.4%	6.5%
Pre-tax profit	41	48	56	60
Net profit	21	25	29	31
Net debt	399	401	367	365

Source: Company data, Kepler Capital Markets

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## BP Milano (Banks)

			2011	2012	2013E	2014E
Rating	Hold		Adj. EPS (EUR)	-0.244	-0.020	0.036
Share price (EUR)	0.44	25-Mar-13	Adj. P/E	na	na	13.7
Target price (EUR)*	0.50		Dividend ord. (EUR)	0.00	0.00	0.01
Market cap (EURm)	1,589		Dividend Yield	0.0%	0.0%	2.0%

\*EUR1.2 pre-capital increase

Source: Kepler Capital Markets

#### ↑ EGM in June, cap on withdrawal right

Yesterday, the management board of BP Milano approved the documents to be presented to the Bank of Italy to require authorization to change the governance of the bank and to increase capital by EUR500m, as already announced last week. The board also called the EGM to approve both arguments on 21 and 22 June, and the notice of the call will be published in the coming days. The price of the withdrawal right due to the shareholders that will not vote in favour of the change of governance or will not attend the EGM will be calculated based on the average market price of the stock in the six months prior to the publication of the notice. Up to now the average price is EUR0.463, at a 6% discount to yesterday's market price. The bank also announced that the efficacy of the EGM decision on the change of governance will be subordinated to a level of exercise of withdrawal rights below a EUR50m cash-out for the bank; the bank could also renounce this condition setting new technicalities with no negative financial impact.

The news is positive as the EGM will be taking place earlier than expected (21/22 June instead of July/August) and the cap placed on the cash-out for the withdrawal right is reassuring. Hold confirmed with a EUR0.50 target price.

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## Campari (Beverages)

			2011	2012	2013E	2014E
Rating	Reduce		Adj. EPS (EUR)	0.28	0.28	0.30
Share price (EUR)	6.1	25-Mar-13	Adj. P/E	18.2	19.5	20.3
Target price (EUR)	5.0		Dividend ord. (EUR)	0.06	0.06	0.07
Market cap (EURm)	3,563		Dividend Yield	1.1%	1.1%	1.1%

Source: Kepler Capital Markets

#### ⬇ Still risks of estimate cuts ahead

We think the limited outlook for Campari in Italy and in Germany (contributing 41% to group sales) could lead to further 2013 estimate cuts (our estimate is already 3% below consensus).

In Italy, with deteriorated macro and the implementation of new payment terms (since October), business weakened to -8% YOY in H2 2012 (vs. +1% YOY in H1). We believe the H2 underlying trend could continue or even deteriorate further in H1 2013, as austerity measures and the political conundrum continue to weigh on consumer