

Trevi (Buy)

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Price: EUR 12.20

Reuters: TFI.MI

Target price: EUR 12.80

Bloomberg: TFI IM

3Q09 results, largely better than our estimate at EBITDA level

Topic: 3Q09 sales came to EUR 264.9mn (-7.3% yoy) slightly below our estimate of EUR 274.4mn. As anticipated in our preview, the sales decrease is due to the closure of important projects during 1H09 and the parallel start of new works which requires some months to generate solid sales.

The positive surprise came from the profitability side: the 3Q09 EBITDA margin was 17.2% vs. our 12.4% estimate, a figure which demonstrates once again the high quality of Trevi's orders portfolio. The 9M09 EBITDA margin reached 19.3% vs. our estimate of 17.6% and our full year projection of 16.1%. 9M09 net income came to EUR 70.1mn, a level which at this stage makes both our and consensus estimates for a 2009 net income of EUR 71.4mn and EUR 73.3mn, respectively, appear conservative.

Net debt decreased slightly compared with the 1H09 to EUR 441.8mn.

Order backlog decreased to EUR 783.5mn (vs. our estimate of EUR 800mn) from the EUR 917mn registered at the end of 1H09. We believe that this correction is attributable to the absence during the 3Q09 of new large orders which are still under negotiation and which we believe could be successfully concluded in the next months.

Our view: Results are extremely positive, especially if we consider the outstanding margins reached by the company in front a 7% yoy sales decrease. We believe that the decrease in order backlog is due only to some delays in closing some large contracts which we believe are in the company's hands, and that should be successfully concluded in the next months. As far as this point is concerned, the company stated that the current order backlog level is highly satisfactory in the current macro climate to ensure good visibility over the coming 12 months.

Conclusion: We believe that after these results consensus will move up on 2009 EBITDA and net income estimates which at present are too low in comparison with the 9M09 results. We reiterate our Buy rating on the stock which on our numbers is currently trading at 2009E/2010E P/E of 11.1x and 9.4x respectively.

TREVI – 3Q09 RESULTS

EUR mn	3Q09		9M09		2009	2009
	Actual	Estimates	Actual	Estimates	Estimates	Consensus
Revenues	264.9	274.4	836.4	845.9	1,151	1,146
yoy change	-7.3%	-4.0%	31.6%	9.0%	7.6%	
EBITDA	45.6	32.9	161.3	148.6	185.2	185
yoy change	-10.5%	-35.3%	23.1%	17.1%	11.4%	
EBITDA margin	17.2%	12.0%	19.3%	17.6%	16.1%	16.1%
EBIT	31.9	21	109.7	99	126.4	130
yoy change	-24.2%	-50.4%	3.1%	-3.5%	-0.9%	
EBIT margin	12.1%	7.6%	13.1%	11.7%	11.0%	11.4%
Net income	18.82		70.1		71.4	73.3

Source: Bloomberg, UniCredit Research estimates