Trevi

Italy/Construction & Materials

Trevi (Buy) Highly probable if inexpensive

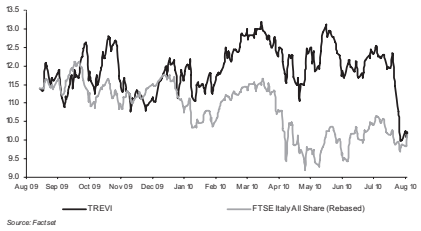
Buy

Recommendation unchanged

Share price: EUR	**10.22**
closing price as of 01/09/2010	
Target price: EUR	**13.80**
Target Price unchanged	
Reuters/Bloomberg	TFI.MI/TFI IM

Market capitalisation (EURm)	654
Current N° of shares (m)	64
Free float	44%
Daily avg. no. trad. sh. 12 mth	198,988
Daily avg. trad. vol. 12 mth (m)	2
Price high 12 mth (EUR)	13.20
Price low 12 mth (EUR)	9.98
Abs. perf. 1 mth	-17.05%
Abs. perf. 3 mth	-15.33%
Abs. perf. 12 mth	-10.35%

Key financials (EUR)	12/09	12/10e	12/11e
Sales (m)	1,036	977	1,050
EBITDA (m)	182	154	173
EBITDA margin	*17.6%*	*15.8%*	*16.4%*
EBIT (m)	117	107	119
EBIT margin	*11.3%*	*11.0%*	*11.3%*
Net Profit (adj.)(m)	82	66	72
ROCE	8.2%	14.0%	14.9%
Net debt/(cash) (m)	445	381	342
Net Debt/Equity	*1.4*	*1.0*	*0.8*
Debt/EBITDA	2.4	2.5	2.0
Int. cover(EBITDA/Fin. int	9.9	9.6	10.5
EV/Sales	1.2	1.1	1.0
EV/EBITDA	6.8	7.3	6.3
EV/EBITDA (adj.)	6.8	7.3	6.3
EV/EBIT	10.6	10.5	9.1
P/E (adj.)	8.6	9.9	9.1
P/BV	2.3	1.8	1.5
OpFCF yield	*-3.7%*	*25.7%*	*17.3%*
Dividend yield	*1.2%*	*1.2%*	*1.2%*
EPS (adj.)	1.28	1.03	1.12
BVPS	4.72	5.64	6.64
DPS	0.12	0.12	0.12



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H1 10 result conference call today

The facts: Trevi's management will explain the economic and financial H1 10 results during a *conference call at* ***3:00 pm Italian time*** *(UTC +2) today* (dial number: +39-02-67688 and after the recorded message, dial *0 to connect in conference call).

Our analysis: we believe that, in addition to the comments about H1 results, the management should give some indications on the current visibility on H2 10 trend and a fist outlook on 2011.

As shown in the following table, *we underline that, at the current price, Trevi is decidedly undervalued compared to two main competitors Bauer and Keller.*

	NP H1 09	NP H110	%Chg	NP FY09	NP FY10e	%Chg	10e P/E
Bauer AG	**21.1**	**3.2**	***-84.8%***	**42.0**	**41.0**	**-2.4%**	**13.9x**
net margin%	*3.2%*	*0.6%*		*3.4%*	*3.6%*		
Keller	**31.3**	**9.9**	***-68.4%***	**52.1**	**37.0**	**-28.8%**	**12.3x**
net margin%	*5.0%*	*1.6%*		*5.0%*	*2.9%*		
Trevi	**51.3**	**23.3**	***-54.5%***	**82.2**	**67.0**	**-18.5%**	**9.7x**
net margin%	*8.1%*	*5.1%*		*7.9%*	*6.7%*		

Source: official company data and FACSET estimates as of 31 August 2010

Conclusion & Action: *Buy recommendation and target price of EUR 13.80 per share confirmed, while we are waiting to verify our estimates based on the indications that the management could give in the conference call.*