

Trevi Fin. (Neutral, TP € 12.20)

	Mkt.Cap.€665m	€10.39	(Andrea Scauri ext. 496)		
	Turnover	Net Profit	PE	PBV	Yield
2009	1,095	82	6.9	1.9	1.4
2010E	1,078	72	9.2	1.8	1.3
2011E	1,136	74	9.0	1.5	1.3

Bullish presentation with focus on new intake. Mosul still alive

Event The company held a presentation yesterday. The management appeared very bullish on intake and the possibilities to get new contracts, but without specifying the timing given the uncertainties on approval of the following tenders.

Comment/Financial In details:

- ◆ the Herbert Hoover Dike has exhausted the first phase of works with the award (to Trevi) of the last USD30m contract. Seven additional lots will be tendered for a total value of USD1bn. Trevi and the German Bauer are in pole position to achieve the largest stakes given its past presence and track-record;
- ◆ five rigs need urgent rehabilitation works for a total value of USD500m. The overall number of rigs to be repaired (including the five ones that need urgent works) amount to 23;
- ◆ some additional USD200/300m have been allocated to the repair of the levees in New Orleans, following the recent visit of the US President Obama;
- ◆ Mosul: the €2.0bn contract is still alive. According to the management, the Iraqi government has to take a final decision by the end of the year and the intention is to re-propose the same scheme, i.e. a combination of technologies and know-how of the two players that won the bid (Trevi and Bauer);
- ◆ A new contract (we suppose in the Middle East) might be announced in the very short term.

As far as the 2010 figures are concerned, Trevi should meet the €1.0bn turnover thanks to an acceleration expected in the second half of the year. Net debt is set to further decline (€398m as of June 2010 vs. €443m in 2009).

View/Action As already mentioned, the presentation was extremely bullish on the intake side. On the back of this, doubts on the sustainability of the €1bn turnover recorded in the last two years should be dispelled, allowing the stock to re-gain part of the underperformance posted in the last month. Timing on the sign of new contracts (and the consequent level of backlog) remains the main issue to meet our 2011 estimates, justifying our €12.2 target price. We confirm our neutral rating and the view that the Mosul contract represents the real opportunity to drive a re-rating and the group's value.

[\(Back to first page\)](#)