Trevi Fin. (Neutral, TP € 12.2)/Ansaldo STS (Outperform, TP € 12.0)/ Maire Tecnimont (Outperform, TP € 3.75)

TREVI	Mkt.Cap.€ 598	€ 9.35			(*Andrea Scauri ext. 496*)
	Turnover	Net Profit	PE	PBV	Yield
2009	1,095	82	6.9	1.9	1.4
2010E	1,078	72	8.3	1.6	1.4
2011E	1,136	74	8.1	1.4	1.4

ANSALDO-STS	Mkt. Cap. € 1,163	€ 9.70			(Massimo Vecchio ext. 541)
	Turnover	Net Profit	PE	PBV	Yield
2009	1,176	88	14.0	4.1	1.8
2010E	1,254	88	12.1	3.3	3.0
2011E	1,370	99	11.9	2.8	3.2

MAIRE TECNIMONT	Mkt.Cap. € 1,029	€ 3.19			(Andrea Scauri *ext. 496*)
	Turnover	Net Profit	PE	PBV	Yield
2009	2,175	77	9.2	2.0	3.2
2010E	2,142	78	13.1	2.5	2.4
2011E	2,687	103	10.0	2.1	2.7

Copenhagen new metro line finally awarded

Event according to the official statement of the Copenaghen Metro, Ansaldo STS will deliver both the metro management and signalling systems as well as the rolling stock, as well as manage the line for the first 5 years. The statement knotes that the whole project will cost DKr21.3bn, or about €2.86bn, ca. DKr3bn more than originally planned. Maire Tecnimont is also part of the consortium, together with Salini and SELI (Società esecuzione Lavori Idraulici) as winner of the civil works. Trevi will be involved in the ground engineering works.

Comment/Financial

MT - MT's stake in the project should be in the region of €700m (i.e. the 40% of the €1.80bn total amount of the construction works). We can assume an EBIT margin of around 8% given the complexity and the risk of the project. The execution period should be spread over four years. It means some €175m revenues per year and some €14m EBIT per year. On the back of the €152m EBIT expected in 2011, the contract should positively impact the consolidated group's figures by 9%. We remind investors that:

- The €700m contract mentioned above more than double the current backlog of the group's infrastructure division (€652m as of September 2010);
- It also accounts for 12% of the current consolidated group's backlog (€5.7bn as of September 2010);
- The group largely exceeds the intake target of €2.5bn for 2010. We are now at €3.35bn;
- The management strategy for the infrastructure business. We refer to the spin-off of the division currently under-way, in order to make a JV with a foreign player with a minority stake. This to de-consolidate the business (from line-by-line to equity participation), increase the overall group's margins and benefit from multiples of the oil-related sector.

TFI - TFI's stake in the project should be in the region of €180m (i.e. the 10% of the €1.80bn total amount of the construction works). We can assume an EBIT margin of around 15% given the high specialization needed for the ground engineering works (this is in line with the group's profitability in the ground engineering service division). The execution period should be spread over two years. Generally, the ground consolidation works are the first to be executed. It means some €90m revenues per year and some €13.5m EBIT per year over the period 2011 and 2013. On the back of the €113m EBIT expected in 2011, the contract should positively impact the consolidated group's figures by 12%. We remind investors that:

- The contract comes after a long period (six months at least) of a virtual absence of intake;
- It accounts for 23% of the current consolidated group's backlog (€759bn as of September 2010);

- It should dispel fears of the group's capacity to sustain its backlog in order to maintain its level of €1.0bn revenues;
- The key to the equity story is still represented by the Mosul dam. As already commented after our conference held last week in London, the management is "sure to sign the contract". After the German partner Bauer decided to break the jv in July in order to bid on its own the entire amount of the contract (€2bn), the client re-affirmed its intention to have both the two players. As such, talks between Trevi and Bauer have restarted. Now there are two options on the table: to set up again a jv for the entire amount of the contract or to split the contract in two parts, with Trevi and Bauer responsible for their own part. The final result is the same but with a different scheme.

STS – The contract value for STS is around €700m. In its press release Co. referred to itself as a "preferred bidder" andnot as a winner merely because there still a formal step to be taken: signature from a Danish ministry (which shouldn't be a problem given that the total contract value is within the budget limit).

- The €700m contract allows the company to reach already the high end of its €1.35/1.75bn intake guidance;
- Together with the €340m from Rio Tinto the company will exceed its FY intake guidance and post a book to bill at 1.4x;
- The order dismisses fears over a weak railways industry in Europe and more in general worlwide;
- The order reinforce the view that Ansaldo has still a huge technology hedge vs competitors;
- This newsflow should allow a re-rating of the stock that was usually trading at 14x P/E and is now trading at 11x;

View/Action

MT – Outperform rating; €3.75 target price

TFI – Neutral rating; €12.20 target price

STS – Outperform rating; €12.0 target price

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