

Top Story

Trevi – Buy

- **Topic:** The stock was down over 6% also yesterday after some Italian newspapers on Monday and yesterday reported that, within the inquiry involving the Marcegaglia Italian industrial group, the attorney is also investigating some of Trevi's activities in waste management. The company has denied the above mentioned news in an official press release. In addition, it stated that it has never been involved in the waste management business (selection, collection of urban waste and transportation to the waste site) but only in the construction of impermeable screens used to secure urban waste sites. Moreover, the company maintains that these works have been executed in accordance with Italian laws.
- **Our view:** In the last months, the newsflow on the stock has not been good, 1H10 results were not exciting and the company experienced some delays in the awarding of some big projects. The recent press speculation added further uncertainties on the stock. This said, we believe the scenario for the company does not change: 2010 will be a transition year both in terms of sales growth and profitability as implied by our numbers, while we believe conditions exist to improve going forward, with an expected U-turn in sales growth in 2011, thanks to a recovery in order flow that should be visible already in 2H10.
- **Conclusion:** We believe that at this current price the stock is cheap, trading at 2010/2011E P/E of 11x and 8.9x vs. sector average of 12.5x and 9.6x. Therefore we confirm our Buy rating on the stock and TP of EUR 13.20.

Contents

Landi Renzo: More 3Q10 weakness in the cards

Trevi: Stock driven down by press speculation. We confirm our positive stance on the stock.

Media: Advertising data up to August confirms the positive momentum for advertising

Equity Strategy (Opinion Summary)