

CONSTRUCTION & INFRASTRUCTURE
 COMPANY UPDATE

Impregilo

Strongly undervalued

■ 2/Outperform rating reiterated with a new EUR3.1 TP

While we are more cautious for 2010, lowering our estimates by 12% at the EPS level, we reiterate our positive stance on Impregilo and raise our target price to EUR3.1 as: 1) Ecorodovias' listing at high multiples is likely to be a strong catalyst; 2) we believe the market is overestimating the Acerra legal issue risk; 3) the valuation is extremely appealing, the stock trades at an EV/EBITDA for 2010E of 4x vs. 4.9x for Astaldi and 8.3x for its European peers.

■ Ecorodovias' listing at high multiples to be a strong catalyst

Ecorodovias (35%-owned Brazilian concession company) is due to be listed shortly. The IPO price range is BRL9-12 per share and implies EV/EBITDA multiples of 8-10x and a EUR600m-800m valuation for Impregilo's stake vs. our EUR320m previous valuation, and Impregilo's current market cap of EUR1bn. Stripping out Ecorodovias, the implied valuation for the construction business and Fisia would be very low (EV/EBITDA of 2.6-4.1x), providing a significant source of re-rating.

■ Acerra: not only a problem, but also an asset

We believe that the market is overestimating the Acerra legal issue risk. In February, a Naples court reduced the assets frozen from the initial EUR750m to EUR266m. Moreover, the Acerra plant is currently valued by law at EUR355m and its disposal is likely to occur by the end of 2011. We have a cautious valuation of EUR182m or EUR0.45 per share.

■ Lower sales in 2010, EPS estimates cut by 12%

We assume 2010 sales to decline, but EBIT and margins will improve, in line with the guidance. We now expect a 10% decline in construction sales with a 9% EBIT margin as the slowdown in Italian activities, already started in H2-09, cannot be offset by international projects. We expect Fisia to still be in the red with EUR10m in EBIT losses vs. a EUR76m loss posted in 2009. We cut our EPS estimates by 12% for 2010, but raise our EPS estimate by 5% for 2011 due to lower tax.

■ Target price upgraded to EUR3.1, 24% upside

We raise our TP to EUR3.1 (vs. EUR2.8 previously) as we factor Ecorodovias into our SOP at the low end of the IPO range, while the construction business and Fisia are valued by DCF implying an 2010E EV/EBITDA of 5.1x for construction and a 2011E EV/EBITDA of 3x for Fisia. We also include a EUR266m negative impact from the legal issue, currently the worst-case scenario, and EUR182m for the Acerra plant.

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To 31/12 (EUR)	2008	2009A	2010E	2011E
Sales (m)	2957.6	2705.7	2323.4	2577.6
EBITDA (m)	250.5	199.4	231.2	299.5
EBIT (m)	189.0	141.6	167.9	234.9
Net att. profit, rest. (m)	111.8	77.6	64.7	108.0
Free cash flow (m)	47.5	(250.9)	(1.9)	72.5
Clean EPS	0.28	0.19	0.16	0.27
Net dividend	0.05	0.00	0.05	0.10

SC ■ Smaller Companies

Rating **2/Outperform**

Target price (6 months) **+23.5% EUR3.1(2.8)**

Price (25/03/2010) **EUR2.51**

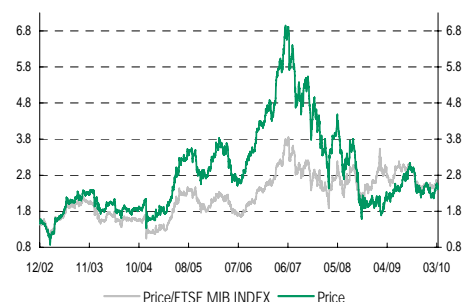
Reuters: **IPGI.MI** Bloomberg: **IPG IM**

Stock data

Market capitalisation	EUR1012m
Free Float	EUR651m
Enterprise value	EUR953m
No. of shares, adjusted	404.07m
Daily volume	EUR12.00m

Performances

	1 month	3 months	12 months
Absolute perf.	15.8%	0.3%	24.1%
Relative perf.	4.8%	0.6%	-12.4%


Sector focus

Sector Top Picks	Bilfinger Berger, Bouygues
Least favoured	Sacyr Vallehermoso

Shareholders

Free Float 64.4%, Igli 29.9%, Generali 3.3%,
 Theorema Asset Management 2.4%

	2008	2009A	2010E	2011E
P/E (x)	7.3	13.0	15.6	9.4
EV/EBITDA (x)	1.5	4.6	4.1	3.0
Attrib. FCF yield (%)	5.9	NS	NS	7.2
Net debt/EBITDA (x)	(0.2)	1.4	1.2	0.8
Yield (%)	2.5	0.0	2.0	4.0
ROCE (%)	32.8	14.2	15.2	19.6
EV/Capital empl. (x)	0.7	0.9	0.8	0.7

2009: a good year for construction...

...a disaster for FISIA

2010: lower sales but margins higher

■ Better than expected FY-09 results

2009 was a mixed year for Impregilo as the construction business reported good results while Fisia suffered from the still uncertain situation for Acerra and from a reduction in order backlog as 2009 like 2008 was a year of very low if not zero bids.

Q4 results were better than expected at all levels: sales totalled EUR750m, 13% higher than expected. EBIT was also higher than our expectations at EUR57m vs. EUR43m expected, while lower financial charges due to high FX gains and lower taxes caused net profit to surprise on the upside at EUR40m. vs. EUR3m expected.

- Construction business sales declined by 3% to EUR547m in Q4, closing the year at EUR1.8bn (a 1% increase vs. 2008, in line with management expectations). EBIT totalled EUR63m in Q4, being 13% better than estimates, with a 11.5% margin also thanks to a EUR6m-7m positive end to a claim. EBIT margin reached 10.9% in 2009 due to the termination of highly profitable projects.

- Fisia's revenues slipped by 38% to EUR154m in Q4 with a EUR13m EBIT loss (vs. EUR9m expected) after the EUR63m losses posted in 9M-09. This negative result is related to the stretched financial position due to the Acerra situation for which funds have been seized until August 2008 but also EUR180m in credits related to the building of the Acerra plant that have not been collected yet. Therefore, the company's operations have been deeply affected and the profitability of all the projects was revised downwards due to cost overruns and also to factor in the risk of penalties due to delays in the delivery.

- The concession business generated EUR46m in revenues and EUR19m in EBIT for Q4, which was much better than our EUR10m estimate.

Net debt was 5% higher than expected at EUR274.5m for a higher working capital absorption due to lower advance payments in Italy for the construction business and for FISIA which is terminating its projects. Net debt/equity ratio is well under control at 30%.

FY-09 RESULTS

(EUR m)	Q4-09A	Q4-08A	% Chg.	Q4-09E	2009E	2008A
Sales	750.0	862.1	-13%	665.9	2 705.0	2 957.6
EBITDA	72.1	56.9	27%	61.8	199.4	215.6
EBIT	57.4	42.0	37%	42.6	141.6	152.2
Net profit	40.3	5.5	632%	2.6	77.6	52.6

Source: CA Cheuvreux

■ Construction business set to slow down in 2010

For 2010 the company is guiding for lower sales due to a slowdown of construction activities but a higher EBIT and margins. The net debt/equity ratio is expected to be stable at 30% given the listing of Ecorodovias but also higher capex for the concessions division (acquisitions).

We are taking a more conservative stance on 2010: we expect construction revenues to decline by 10% in 2010 to EUR1.6bn, as the international activities would not be able to offset the decline in Italian activities already visible in H2-09. Moreover 2009 profitability was positively impacted by the termination of some profitable projects with the release of funds which is not replicable in 2010 as major projects are only in the initial phase (Panama, Pedemontana Lombarda, Libya). Therefore, we expect the EBIT margin to decrease to 9% vs. 11% in 2009 and EBIT to amount to EUR146m with a 25% reduction vs. 2009.

Fisia recovery: highly dependent on new contracts

For FISIA, results will depend on the timing and award of new contracts. The order backlog for the engineering division decreased significantly to EUR613m (of which EUR208m for the desalination business) and even if Impregilo got in first in the bidding list of a desalination unit in Dubai, final confirmation of the contract has not arrived yet. Therefore, we expect sales to decrease again in 2010 to EUR514m (by 30%) while EBIT is likely to be in the red again but for "only" EUR10m vs. EUR76m in 2009.

As a result, we are reducing our EBIT estimate by 13% in 2010E and by 3% for 2011E which triggers an EPS reduction of 11% but a 5% increase for 2011E as we factored in a lower tax rate (40% vs. 43% before).

ESTIMATES REVISION

(EUR m, %)	2010 NEW	2011 NEW	2010 OLD	2011 OLD
Sales	2 323.4	2 577.6	2 413.0	2 600.0
EBIT	167.9	234.9	192.7	241.2
Net profit	64.7	108.0	73.3	103.3
EPS	0.16	0.27	0.18	0.26
Change (%)	-11.7%	4.5%		

Source: CA Cheuvreux

■ But positive catalysts lie ahead

The Ecorodovias listing

Ecorodovias (35%-owned by Impregilo and proportionally consolidated) is being listed in Brazil, with an IPO price range of BRL9-12 per share. The company is planning an IPO involving 125m shares, of which 92m form part of a primary offering. If demand is very strong, the main shareholder Almeida, a Brazilian infrastructure construction player, could increase the number of shares on offer by other 43.8m. Investors can reserve shares between 22 and 29 March and listing is expected to start on 1 April.

Impregilo is not likely to sell any shares, but it will see its stake diluted to 29%, vs. the current 35%, assuming a primary offering of 92m shares.

The IPO range implies a high valuation range for Ecorodovias of BRL5bn-6.7bn. With this valuation, Ecorodovias would trade at a 10% discount vs. the simple average of peers (we use CCR and OHL, two concession companies in Brazil) on EV/EBITDA based on the low-end of the range and at a >10% premium at the upper-end.

IPO price range of BRL9-12 per share

Impregilo's stake to be diluted to 29%

ECORODOVIAS MULTIPLES IN THE IPO RANGE VS. PEERS

	Mkt cap (BRL m)	EV/EBITDA (x)	
		2009E	2010E
CCR	17 860	10.7	9.9
OHL	2 825	7.1	6.4
Simple average		8.9	8.2
Ecorodovias at BRL9/share	5 031	8.0	7.4
Premium/(discount) (%)		-10%	-9%
Ecorodovias at BRL12/share	6 708	10.0	9.3
Premium/(discount) (%)		12%	14%

Source: CA Cheuvreux

According to this valuation range we estimate that Impregilo's stake will be worth between EUR600m and EUR800m. In our previous SOP model we valued the concession business at EUR320m according to a DCF, in which we conservatively assumed a 9.8% WACC and 1.5% long-term growth rate. As a result, the potential market value of Ecorodovias could

Very low implied valuation for construction and Fisia

be significantly above our previous assumption and would compare with a total market cap for Impregilo of EUR1bn.

Stripping Ecorodovias out at this market value, the implied valuation for the construction business and FISIA would be very low and equal to an EV/EBITDA of 2.6-4.1x. This still excludes the Acerra WTE plant valuation, whose book value is EUR370m (Acerra + 3 RFD), if we take into account the Acerra plant the other two business would be for free.

IMPLIED EV/EBITDA MULTIPLES FOR CONSTRUCTION BUSINESS AND FISIA

(EUR m)	% held	Low value	High value
Market cap Ecorodovias		2078.9	2771.9
Impregilo's stake (%)	29%	602.9	803.9
Equity value, other businesses		425.5	224.5
Net debt		(122.3)	(122.3)
EBITDA		133.8	133.8
EV/EBITDA (x)		4.1	2.6

Source: CA Cheuvreux

■ Legal issue risks overestimated

Recap of the Acerra situation

We understand that the reason for such a wide discount is uncertainties over Campania situation, but, in our view, the market is now overly pessimistic on the outcome of the legal issue.

We recap the Acerra situation as follows:

■ **June 2007, the starting point: EUR750m sequestered.** In June 2007, a Naples court accused Impregilo of irregularities in its waste management activity in Campania and, as a precautionary step, sequestered EUR750m. More specifically, the local authorities initially complained that the quality of the RDF (Refused Derived Fuel) was not in line with legal parameters regarding the level of humidity. For the Naples court, this EUR750m represented illegal profit, including EUR141m in credits to local authorities, EUR302m sales related to the collected disposal tariff and EUR152m in expenses paid by the Commissariat; EUR51m guarantee; EUR103m expense paid to build the plant.

■ **July 2008-March 2009: two steps forward, one step back.** The initial positive ruling by the Supreme Court came in July 2008 when it announced the grounds for the definition of illegal profit and therefore for the verdict over the seizure. "De-facto", the Supreme Court stated that the amount under sequestration should not exceed EUR300m, representing the sales Impregilo received for the waste management activity. In August 2008, there was another positive ruling: the Naples Court completely rescinded the seizure of sequestered funds and ordered that these funds be returned to Impregilo. However, in March 2009, there was a new decision of the Supreme Court stating that the cancellation of the seizure should be better explained, in particular relating to the EUR450m.

■ **February 2010: sequestration reduced to EUR266m.** In February this year the Naples court decided to lower the amount of funds seized for FIBE, Impregilo Spa and FISIA to EUR266m. According to the court, the precautionary sequestration includes EUR115m in Impregilo credits to local authorities related to the waste management tariff; EUR99m in expenses paid by the Commissariat for the waste disposal; and a EUR51m guarantee. However, the final outcome is still uncertain as Impregilo is appealing to the Supreme Court again.

An initial EUR750m was seized

Feb 2010: seizure reduced to EUR266m

**EUR2.5m monthly
rental payment**

**Acerra valued at
EUR355m**

**EUR0.45 per share
value for Acerra**

In addition to the final amount of the sequestration, the way in which the judges will seize the funds is also an issue. It appears that they are once again blocking all of Fisia, Fibe and Impregilo Spa Italian bank accounts, as they did in 2007. This could have a negative impact on Fisia's operations and further delay the restructuring plan.

However, the negative impact this time round is expected to be lower than in 2007-2008, as at that date Fisia was bidding for/winning new projects and, with the bank accounts blocked, also had problems hedging raw material prices which were sky-rocketing. This situation contributed in a huge loss for Fisia in 2009 (EUR76m at EBIT level in 2009). At present, Fisia is not working on any major projects and raw materials prices are lower than in 2007, hence we expect less of a negative impact. Moreover should Fisia win new bids, it would have plenty of time to negotiate hedging agreements with international banks.

Acerra valuation

In December 2009, the government approved a decree in which Acerra was finally valued and it also decided that the plant be transferred to a government entity or to the Campania Region by December 2011. Until that occurs, Impregilo would receive a EUR2.5m monthly rent (EUR30m per year). It was stipulated that Impregilo could receive this rent for 15 years, as a defensive clause, in the event the plant is not sold.

The decree became law in February 2010 with a few modifications. The value of Acerra was clearly stated at EUR355m. This compares favourably with the cEUR300m book value (Impregilo has classified Acerra and 3 RFD in its available-for-sales asset portfolio with a book value of EUR370m). On the negative side, the disposal of the Acerra plant at the end of 2011 is no longer a done deal.

In theory, the rental payment should start soon, as the first monthly payment should be made after the testing phase, which has been successfully completed.

Impregilo is again appealing against this law as it believes both Acerra's value and the rental payment are too low given: 1) the quality of the asset; and 2) financial expenses paid. Moreover the company does not want to wait until the end of December 2011 to cash in.

Given the overall uncertain situation, we have not included the rental payment in our estimates but we have factored it into our valuation, with all due caution. We built three different scenarios, leading to an overall valuation of EUR0.45 per share for Acerra:

- Scenario A (55% probability): the asset will not be sold and Impregilo will keep receiving a EUR30m annual rent for 15 years. We used a 7% discount rate to factor in the higher risk (regulation risk; political risk). Under this scenario, the Acerra plant would be worth EUR191m, i.e., EUR0.47 per share.
- Scenario B (30% probability): Acerra will be effectively sold at the end of 2011, therefore Impregilo will receive rental payments for just two years and then receive EUR355m in disposal proceeds. Under this scenario, the Acerra plant would be worth EUR255m, i.e., EUR0.63 per share, again assuming a 7% discount rate but also the probably overly cautious assumption that the cash-in for the disposal will be entirely taxable.
- Scenario C (15% probability): the decree will never come in effect.

ACERRA VALUATION

(EUR m)	Scenario A	Scenario B	Scenario C
Acerra value	191.3	255.0	0.0
Probability	55%	30%	15%
Per share (EUR)	0.47	0.63	0.00
Acerra value per share (EUR)	0.45		

Source: CA Cheuvreux

Bologna-Florence TAV, another legal dispute

Acerra not the only legal issue but definitively the most visible

Unfortunately, Acerra is not the only legal issue that the company has to face, but it is clearly the most significant and visible one. Besides Acerra, another legal dispute is with the court of Florence for irregularities on the Bologna-Florence high-speed railway works. The Tuscan legal authorities have levelled the following charges against the consortium (76% led by Impregilo):

- Water theft from the water bed during the construction;
- Impoverishing and damaging underground water sources;
- Illegal traffic of toxic waste during the elimination of soil and rocks.

In the first penal hearing, the court of Florence acquitted all the parties of the charge of damaging water sources but found them guilty of illegal waste management, while referring the accusation of alleged water theft to the Supreme Court. The court of Florence initially required the Consortium to provisionally pay EUR150m while waiting for the civil judge to quantify the penalty but in November this provisional payment was suspended.

The civil hearing still has to quantify damages and, in any case, the time frame will be very long as the penal process first has to be completed.

However the litigation
is likely to be lengthy

■ New target price of EUR3.1

Despite the sharp downward revision in our estimates, we have increased our target price to EUR3.1, as we factor into our valuation a higher value for Ecorodovias under the IPO.

New target price of
EUR3.1

We have raised our target price to EUR3.1 vs. EUR2.8. To value Impregilo, we ran a SOP model in which:

- We valued the construction business using a DCF, assuming a 10% WACC and a 1.5% long term growth rate, which yielded an EV of EUR920m, equal to an EV/EBITDA of 4.9x for 2010E and 4.6x for 2011E;
- We also valued Fisia using a DCF with a 10% WACC and a 1% long term growth rate: We obtained an EV of EUR91m, (EV/EBITDA 2011E of 3x: 2010 multiples not meaningful as Fisia is likely to be at break-even in 2010.
- For the concession business, we applied the lower end of the IPO price range (BRL9/share) to value Impregilo's post-IPO stake in Ecorodovias of 29%, cautiously assuming that the other Impregilo concession has no value.
- We add EUR0.45 per share for the Acerra plant, as outlined above, and deduct EUR0.7 per share to take into account the negative impact of legal issues, in line with the worst case for Acerra, **currently EUR266m.**

SOP VALUATION

SOP	(EUR m)	Per share	Comments
Construction	919.9	2.28	10% WACC, 1.5% long term growth
Fisia	90.6	0.22	10% WACC, 1% long term growth
Concession	600.0	1.48	lower price of the IPO price
Total Enterprise value	1 610.5	3.99	
Net debt	(274.5)	(0.68)	2009 year end
Equity value	1 336.0	3.31	
No shares	404.1		
Acerra value	181.8	0.45	
Legal issue	(266.0)	(0.66)	worst case Acerra
Target price	1 251.8	3.10	
Upside	23.9%	23.9%	

Source: CA Cheuvreux

Strong discount to multiples

The stock is trading at a sharp discount to its peers. Impregilo trades at a 2010E EV/EBITDA of 4.1x vs. 4.9x for Astaldi and 8.3x for European peers.

PEER COMPARISON

(EUR m)	EV/EBITDA (x)		EV/EBIT (x)		P/E (x)	
	2010E	2011E	2010E	2011E	2010E	2011E
ACCIONA	9.6	8.8	18.6	16.0	23.1	17.6
ACS	7.2	7.0	9.7	9.5	11.3	10.8
BAM GROEP	8.7	7.2	15.2	10.7	11.1	6.3
BOSKALIS WESTMINSTER	6.4	6.4	12.0	12.7	16.0	16.9
EIFFAGE	9.4	9.0	16.5	15.7	13.2	12.4
FCC	7.4	7.2	13.7	13.4	10.0	10.0
ASTALDI	4.9	4.3	6.5	5.6	8.6	7.0
SKANSKA	9.0	9.3	11.9	12.5	20.4	19.8
VINCI	7.2	6.9	11.3	10.3	13.7	12.7
Weighted average	8.3	8.3	12.1	12.0	17.3	16.3
Median (%)	7.4	7.2	12.0	12.5	13.2	12.4
IMPREGILO	4.1	3.0	5.7	3.9	15.6	9.4
Discount	-51%	-64%	-53%	-67%	-10%	-42%

Source: CA Cheuvreux

Impregilo

FY to 31/12 (Euro m)	2003	2004	2005	2006	2007	2008	2009A	2010E	2011E
Profit & Loss Account									
Sales	2 932.4	2 999.7	2 443.0	2 630.9	2 626.9	2 957.6	2 705.7	2 323.4	2 577.6
% Change	9.3%	2.3%	-18.6%	7.7%	-0.2%	12.6%	-8.5%	-14.1%	10.9%
Staff costs	(318.1)	(382.4)	(395.5)	(351.9)	(348.9)	(327.7)	(298.8)	(316.9)	(333.0)
Other costs	(2 283.1)	(2 354.1)	(1 876.1)	(1 981.7)	(2 051.5)	(2 379.4)	(2 207.5)	(1 775.2)	(1 945.1)
EBITDA	331.2	263.2	171.4	297.3	226.5	250.5	199.4	231.2	299.5
% Change	11.4%	-20.5%	-34.9%	73.5%	-23.8%	10.6%	-20.4%	16.0%	29.5%
Depreciation	(146.7)	(121.4)	(113.1)	(136.0)	(45.3)	(61.5)	(57.8)	(63.4)	(64.6)
EBITA	192.2	209.6	79.4	189.5	194.4	189.0	141.6	167.9	234.9
% Change	21.4%	9.1%	-62.1%	138.8%	2.6%	-2.8%	-25.1%	18.5%	39.9%
Goodwill amortisation before OP	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Goodwill amortisation [impairment test]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non recurring operational items	0.0	0.0	(312.7)	38.0	(50.0)	0.0	0.0	0.0	0.0
EBIT	181.5	141.8	(254.4)	199.3	131.2	189.0	141.6	167.9	234.9
Net financial items	(89.1)	(219.0)	(87.9)	(50.0)	(49.8)	(4.6)	(33.2)	(60.0)	(55.0)
Non recurring financial items	0.0	0.0	18.3	28.5	40.0	0.0	0.0	0.0	0.0
Other exceptional items	10.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax	(68.0)	(84.0)	(51.7)	(53.7)	(63.7)	(52.5)	(25.1)	(43.2)	(72.0)
Associates [contribution]	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Discontinuing activities	0.0	0.0	0.0	0.0	0.0	35.6	(3.7)	0.0	0.0
Goodwill amortisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit [loss] before minorities	47.9	(93.4)	(366.3)	142.0	40.2	167.5	79.6	64.7	108.0
Dividend to preferred shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	2.6	4.8	8.1	(0.5)	0.6	0.2	(2.0)	0.0	0.0
Net attributable profit [loss]	50.5	(88.6)	(358.2)	141.5	40.8	167.7	77.6	64.7	108.0
Restatement [impairment test]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adj. for exceptional items	(4.5)	25.3	182.4	(28.2)	36.6	(55.9)	0.0	0.0	0.0
Net attrib. profit [loss], restated	49.0	(63.3)	(175.8)	113.3	77.4	111.8	77.6	64.7	108.0
% Change	65.0%	NS	NS	164.4%	-31.7%	44.4%	-30.6%	-16.6%	66.8%
Cash Flow Statement									
Cash flow	194.5	28.1	(241.5)	288.4	116.2	264.8	137.4	158.1	202.5
% Change	5.9%	-85.6%	NS	NS	-59.7%	127.9%	-48.1%	15.0%	28.1%
Change in WCR	169.1	508.5	(66.4)	188.6	(67.7)	(118.1)	(237.8)	0.0	0.0
Capex	(236.3)	(224.5)	(144.5)	(116.5)	(118.6)	(99.2)	(150.5)	(160.0)	(130.0)
o/w Growth capex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash flow	127.3	312.1	(452.4)	360.5	(70.1)	47.5	(250.9)	(1.9)	72.5
Financial investments	0.0	(30.3)	41.8	191.3	10.6	(59.8)	0.0	0.0	0.0
Net buyback of treasury shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	133.8	0.0	5.0	5.0
Dividend paid	(8.8)	(22.6)	0.0	0.0	0.0	0.0	(33.5)	(12.0)	(32.2)
Capital increase	0.0	0.0	593.9	0.0	0.0	3.0	0.0	0.0	0.0
Other cash flow	(65.0)	(402.5)	488.9	(28.4)	(28.3)	(28.2)	10.0	0.0	0.0
Dec. [inc.] in net debt	53.5	(143.3)	672.2	523.4	(87.8)	96.3	(274.4)	(8.9)	45.3
Balance Sheet									
Shareholders' equity [group share]	326.4	198.7	512.7	633.7	681.4	820.7	896.3	949.0	1 024.8
Minority interests	68.8	12.9	4.0	(5.2)	(5.2)	4.2	5.7	5.7	5.7
Pension provisions	0.0	0.0	0.0	0.0	0.0	33.4	33.8	36.9	39.9
Other provisions	87.7	111.5	218.3	202.8	235.0	177.9	167.7	209.6	267.2
Net debt [cash]	1 018.1	1 161.5	489.3	(34.1)	53.7	(42.6)	274.5	283.4	238.1
Gearing [%]	257.6	NS	94.7	NS	7.9	NS	30.4	29.7	23.1
Capital invested	1 501.0	1 484.6	1 224.3	797.2	964.9	993.6	1 377.9	1 484.6	1 575.7
Goodwill	82.1	26.3	26.1	44.6	58.9	58.9	58.9	58.9	58.9
Intangible assets	97.1	163.7	135.2	158.1	127.9	51.6	51.6	51.6	51.6
Tangible assets	669.1	1 129.7	798.8	606.1	849.0	333.2	551.3	647.9	713.4
Financial assets	221.3	242.1	275.0	187.7	60.7	417.2	379.3	379.3	379.3
Associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Working capital requirement	431.3	(77.2)	(10.7)	(199.3)	(131.6)	132.6	336.8	346.8	372.5
WCR as a % of sales	14.7	(2.6)	(0.4)	(7.6)	(5.0)	4.5	12.4	14.9	14.5
Capital employed	1 500.9	1 484.6	1 224.4	797.2	964.9	993.6	1 377.9	1 484.6	1 575.7

Impregilo

FY to 31/12 (Euro)	2003	2004	2005	2006	2007	2008	2009A	2010E	2011E
Per Share Data (at 25/3/2010)									
EPS before goodwill	0.07	(0.09)	(0.44)	0.28	0.19	0.28	0.19	0.16	0.27
% Change	65.0%	NS	NS	164.4%	-32.0%	43.5%	-30.7%	-16.7%	66.9%
EPS, reported	0.07	(0.12)	(0.90)	0.36	0.10	0.42	0.19	0.16	0.27
% Change	100.0%	NS	NS	139.5%	-71.3%	NS	-53.7%	-16.7%	66.9%
Goodwill per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend per share	0.03	0.00	0.00	0.00	0.00	0.05	0.00	0.05	0.10
Cash flow per share	0.26	0.04	(0.61)	0.72	0.29	0.66	0.34	0.39	0.50
% Change	5.6%	-85.6%	NS	NS	-59.9%	126.2%	-48.2%	15.0%	28.1%
Book value per share	0.4	0.3	1.3	1.6	1.7	2.0	2.2	2.3	2.4
No. of shares, adjusted	738.507	738.507	398.810	398.810	403.090	403.580	404.070	404.070	404.070
Av. number of shares, adjusted	738.507	738.507	398.810	398.810	400.950	403.580	404.070	404.070	404.070
Treasury stock, adjusted	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Share Price [Adjusted]									
Latest price	2.12	1.58	2.77	4.23	4.62	2.01	2.49	2.51	2.51
High	2.45	2.20	3.58	4.34	7.14	4.67	3.17	2.61	-
Low	0.84	1.33	1.54	2.51	3.74	1.56	1.64	2.15	-
Average price	1.86	1.86	2.62	3.29	5.22	3.17	2.39	2.39	-
Market capitalisation	1 576.2	1 178.0	1 111.1	1 697.2	1 860.4	810.2	1 006.1	1 012.2	1 012.2
Enterprise value	2 373.0	2 097.4	1 325.4	1 475.4	1 853.4	384.6	910.3	953.2	910.9
Valuation									
P/E	34.1	NS	NS	14.9	23.9	7.3	13.0	15.6	9.4
P/E before goodwill	32.0	NS	NS	14.9	23.9	7.3	13.0	15.6	9.4
P/CF	8.1	41.6	NS	5.8	15.9	3.1	7.3	6.4	5.0
Attrib. FCF yield [%]	8.1	26.5	NS	21.2	NS	5.9	NS	NS	7.2
P/BV	5.1	5.9	2.2	2.7	2.7	1.0	1.1	1.1	1.0
Enterprise value / Op CE	1.9	1.7	1.4	2.4	2.1	0.7	0.9	0.8	0.7
Yield [%]	1.4	0.0	0.0	0.0	0.0	2.5	0.0	2.0	4.0
EV/EBITDA, restated	7.0	6.3	6.9	4.5	7.7	1.5	4.6	4.1	3.0
EV/EBITA, restated	12.3	10.0	16.7	7.8	9.5	2.0	6.4	5.7	3.9
EV/Sales	0.81	0.70	0.54	0.56	0.71	0.1	0.3	0.4	0.4
EV/Debt-adjusted cash flow	10.3	1.0	(9.6)	4.5	13.0	1.4	5.7	4.9	3.9
Financial Ratios									
Interest cover	3.7	1.2	2.0	5.9	4.5	NS	6.0	3.9	5.4
Net debt/Cash flow	5.2	NS	NS	NS	0.5	NS	2.0	1.8	1.2
EBITDA margin [%]	11.6	11.0	7.9	12.4	9.1	8.5	7.4	10.0	11.6
EBITA margin [%]	6.6	7.0	3.2	7.2	7.4	6.4	5.2	7.2	9.1
Net margin [%]	1.6	NS	NS	5.4	1.5	5.7	2.9	2.8	4.2
Capital turn [Sales/ Op. CE]	2.3	2.4	2.6	4.3	2.9	5.1	2.7	2.1	2.2
Gearing [%]	257.6	NS	94.7	NS	7.9	NS	30.4	29.7	23.1
Payout ratio [%]	43.9	0.0	0.0	0.0	0.0	12.0	0.0	31.2	37.4
Return [%]									
Pre-tax RoCE	15.0	16.9	8.4	31.1	21.5	32.8	14.2	15.2	19.6
RoCE after tax	6.2	167.6	9.8	23.0	11.3	23.5	10.9	9.1	11.8
ROE [%]	16.8	NS	NS	25.1	6.2	22.8	9.1	7.1	11.1
Return on equity, restated	15.2	NS	NS	19.6	12.0	14.6	9.1	7.1	11.1

Important Disclosures

APPLICABLE DISCLOSURE CLAUSES

Company	Closing Price	Rating	Disclosures
Impregilo	EUR2.51	2/Outperform	E

- A - One or more companies in the Crédit Agricole S.A. group owned more than 1% of the total issued share capital of the Company as of the end of the second most recent month preceding the publication date of this report.
- B - One or more companies in the Crédit Agricole S.A. group owned more than 5% of the total issued share capital of the Company as of the end of the second most recent month preceding the publication date of this report.
- C - The Company owned more than 5% of the total issued share capital of Crédit Agricole SA as of the end of the second most recent month preceding the publication date of this report.
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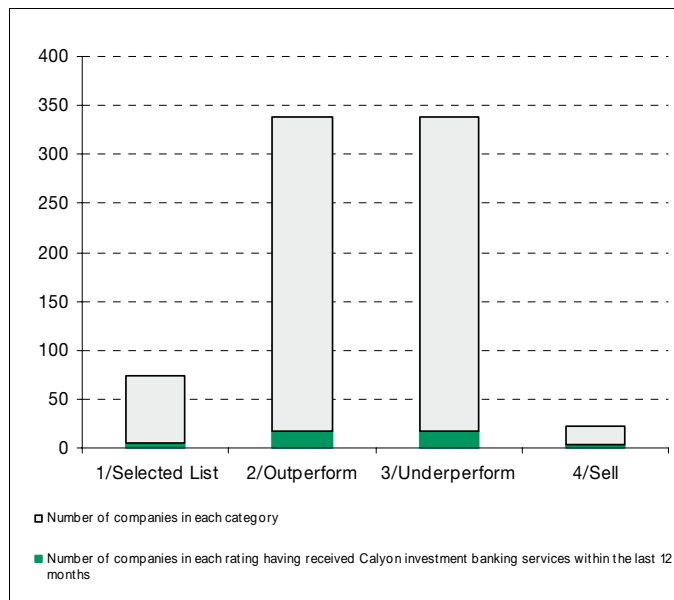
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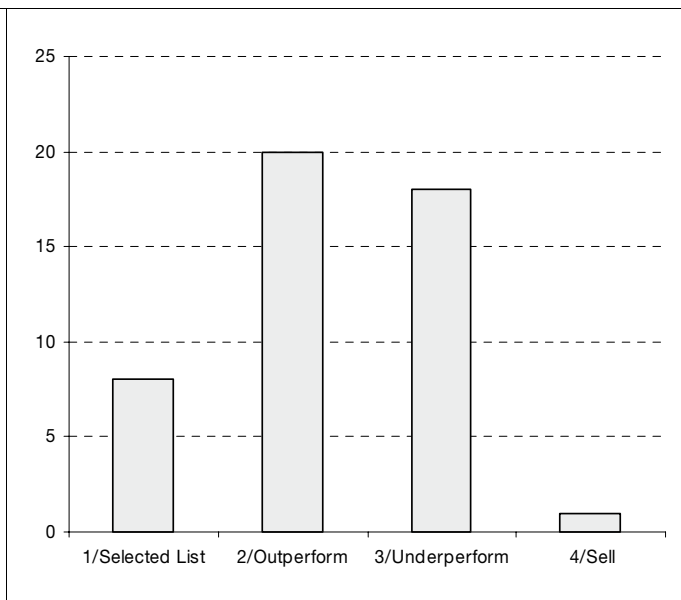
CHEUVREUX'S RATING AND TARGET PRICE SYSTEM

Ratings are built for a 6 to 12 month time horizon.	
1/Selected List	Expected to outperform the market and is in our country selected list
2/Outperform	Expected to outperform the market
3/Underperform	Expected to perform at best in line with the market
4/Sell	Expected to underperform the market substantially
No Rating or Suspended	The investment rating and target price have been suspended. Such suspension is pursuant to Cheuvreux's policy in circumstances when Cheuvreux's parent company, Calyon, is acting in an advisory capacity in a merger or strategic transaction involving this company or when Calyon or Crédit Agricole has a beneficial interest in this company and in certain other circumstances.
Target price methodology	Cheuvreux's target prices are derived from one or more of the following methodologies: DCF, SOP, peer comparison and EVA.
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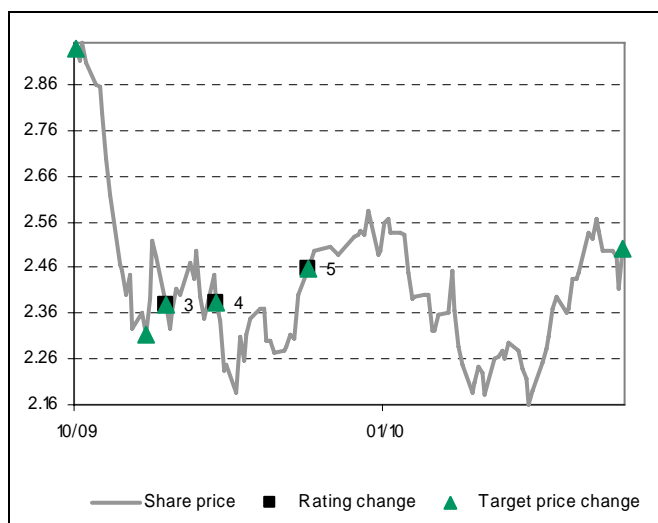
OVERALL RATING BREAKDOWN (AS AT 31/12/2009)



RATING BREAKDOWN IN THE SECTOR (AS AT 31/12/2009)



SHARE PRICE TREND AND DATES OF CHANGES IN RATING AND/OR TARGET PRICE



DATES OF CHANGES IN TARGET PRICE AND/OR RATING

	Date	Rating	Target price
1	13/10/2009		EUR3.30
2	03/11/2009		EUR3.00
3	09/11/2009	3/Underperform	EUR2.30
4	24/11/2009	3/Underperform	EUR2.30
5	21/12/2009	2/Outperform	EUR2.80
6	25/03/2010		EUR3.10

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