

BUILDING MATERIALS & CONSTRUCTION

Metka

Sale of Megalopolis project to GEKTerna

■ ETADE core asset the Megalopolis contract

The sale of Metka subsidiary ETADE for EUR42.5m to GEKTerna implies that the group will not execute the Megalopolis project for PPC. This will be undertaken by Terna the GEKTerna EPC arm. The sale price increases the net cash of the group (on our revised estimates) by ca. EUR35m.

■ Recurring EPS adjustments downwards, net cash and margins upward adjustments

We have revised downwards our recurring EPS estimates for 2010-12 for the Megalopolis project, while we have booked an extraordinary profit on 2010 accounts. We have modestly revised upwards our margin assumptions and the net cash balance. The effect on valuation is neutral as our profit estimate for Metka on the Megalopolis project was close to the amount agreed on the sale of ETADE SA.

■ PPC had been a problematic counter party recently

Metka's experience on the Aliveri project (delays on execution and claims from the project owner) implies that the company was not willing to risk again on similar conditions at a time that its backlog is big (EUR2bn) with upside risk (a second project in Turkey) and the projects pending are a few; 6 projects will be executed at the same time during 2010.

■ Investment case unchanged

Metka is cheap on valuation grounds, with a strong balance sheet. There are high expectations for strong earnings growth in 2010 and currently the expected yield for the 2010-12 profits accounts for ca. 27% of the company's market cap. We re-iterate our 2/OP rating and TP (at EUR14/share).

Summary

- Metka will receive EUR42.5m for the sale of the Megalopolis project; a valuation neutral decision on our estimates
- Metka's experience on the Aliveri project the reason for this decision; focus on the international markets
- Investment case remains strong; attractive on valuation grounds and with an attractive dividend yield

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Rating **2/Outperform**

Target price (6 months) **+41% EUR14.00**

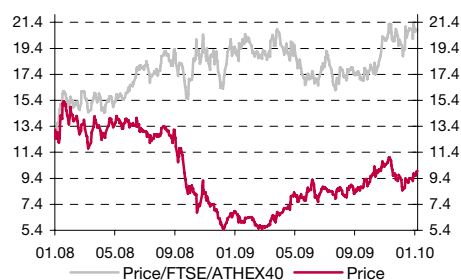
Price (08/01/10) **EUR9.96**

Market capitalisation **EUR0.517bn**

Reuters: **MTKr.AT** Bloomberg: **METTK GA**

Performances

	1 month	3 months	12 months
Absolute perf.	15.0%	3.2%	46.9%
Relative perf.	8.6%	-4.2%	20.6%



To 31/12 (EUR)	2010E	2011E	2012E
Sales (m)	620	695	518
NAP, rest. (m)	71	80	56
Clean EPS	1.36	1.53	1.08
P/E bef. GW (x)	7.3	6.5	9.2
EV/EBITDA (x)	4.6	4.0	5.1
EV/EBITA (x)	4.8	4.2	5.5
FCF yield (%)	5.3	11.2	19.8
ROE (%)	43.2	43.5	28.9
Net yield (%)	6.8	10.8	10.5

Sector focus

Sector Top Picks	Bilfinger Berger, Bouygues, CRH, Saint Gobain
Least favoured	Cementos Portland, Sacyr Vallehermoso

 [Link to our latest Company figures.](#)

⑤ METKA ESTIMATE CHANGES

	2010E			2011E			2012E	
	Prev	Rev		Prev	Rev		Prev	Rev
Sales	715	620	-13%	995	695	-30%	643	518
Net profit	79	71	-11%	110	80	-27%	65	57

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