

INTERPUMP

Sector: *Industrials*

OUTPERFORM

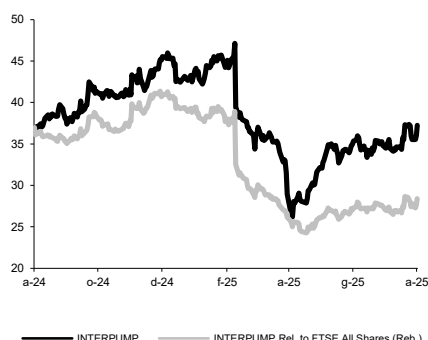
Price: Eu37.24 - Target: Eu44.50

Solid 2Q. First Signs of Reversal of Earnings Momentum

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| Stock Rating | | | |
|--------------------|---------------------|-------|-------|
| Rating: | Unchanged | | |
| Target Price (Eu): | from 43.00 to 44.50 | | |
| | 2025E | 2026E | 2027E |
| Chg in Adj EPS | 2.9% | 2.2% | 1.7% |

INTERPUMP - 12M Performance



| Stock Data | | | |
|-------------------------|-------------|-------|--------|
| Reuters code: | ITPG.MI | | |
| Bloomberg code: | IP IM | | |
| Performance | 1M | 3M | 12M |
| Absolute | 7.0% | 15.7% | 0.7% |
| Relative | 3.4% | 9.3% | -30.5% |
| 12M (H/L) | 47.12/26.18 | | |
| 3M Average Volume (th): | 318.21 | | |

| Shareholder Data | |
|---------------------------|-------|
| No. of Ord shares (mn): | 109 |
| Total no. of shares (mn): | 109 |
| Mkt Cap Ord (Eu mn): | 4,055 |
| Total Mkt Cap (Eu mn): | 4,055 |
| Mkt Float - Ord (Eu mn): | 3,049 |
| Mkt Float (in %): | 75.2% |
| Main Shareholder: | |
| IPG Holding | 24.8% |

| Balance Sheet Data | |
|---------------------------------|-------|
| Book Value (Eu mn): | 2,192 |
| BVPS (Eu): | 20.23 |
| P/BV: | 1.8 |
| Net Financial Position (Eu mn): | -318 |
| Enterprise Value (Eu mn): | 4,293 |

■ **Water Jetting drove 2Q beat.** IP reported results that exceeded our expectations at both divisions, but it was the Water Jetting segment that stole the limelight thanks to a significant acceleration in 2Q compared to an already strong 1Q (+19% organic growth vs. +8% organic in 1Q), also benefitting from a sizeable order for ~100 ultra-high-pressure systems for a Chinese private shipyard (not quantified). At the same time, Hydraulics confirmed expectations for a sequential improvement, one that was even more pronounced than expected, with the division declining by 7% organically vs -8.4% expected and -14.5% in 1Q. Group revenues thus came to €555mn (vs €534mn expected), up 1.0% in organic terms, marking the first quarter of positive organic growth since 3Q23 and ending a six-quarter streak of negative results. Better-than-expected top-line trends translated into higher profitability, with the Group margin reaching 23.8% (vs 22.7% expected), up 1.1pp YoY, driven by both the more favourable divisional mix and operating leverage, especially at Water Jetting. It is also worth noting the minimal margin contraction at the Hydraulic division thanks to a sequential improvement of organic trends - albeit still negative - and efficiencies. Finally, FCF in 2Q was at the same level as last year (€46mn) despite the reversal of organic growth penalizing NWC, with the normalization of CapEx now more evident.

■ **Guidance confirmed, but room to do better.** Management has confirmed its revenue guidance for 2025, namely sales between +1% and -5% in organic terms (>2% from the perimeter effect), the EBITDA margin between 22.0% and 22.5%, and, for cash generation, consolidation of the figure achieved in 2024 thanks to CapEx and NWC normalization. Following the results presentation, we are left with the feeling that at least the upper half of the revenue guidance and the higher end of the margin guidance may be within reach, also bearing in mind the indication for a good July, which saw an evolution in line with previous months. However, high volatility in the macro scenario prompted management to confirm current guidance, with the aspiration to do better and to update at a later stage if the macro does not deteriorate further.

■ **Estimates revised upwards.** Having incorporated the better 2Q and the messages that emerged from the conference call (namely expectations for a continuation of quite solid trends at Water Jetting, although not at the level of 2Q) into our model, we are revising our estimates slightly upward, improving expectations for 2025 organic growth (from -2% to -1%) and margins (from 22.2% to 22.5%). Despite guidance only being confirmed at this stage, we believe consensus could also shift slightly upward within the wide guidance range, moving from the lower middle part of the range (consensus is currently scattered between -2% and -3% organic) toward the upper middle.

■ **Outperform, TP Eu44.5.** We recently upgraded the stock based on the valuation (stock trading at a discount to its average 19x PE NTM) and on expectations of 2Q results putting an end to an unusually long run of negative earnings revisions. 2Q results coming above estimates not only confirmed our expectation, but should even lead to a reversal of the earnings momentum, with more potentially coming if the macro scenario does not deteriorate further. On top, M&A continues to represent a nice add-on to the story, with further deals likely to come by year end.

| Key Figures & Ratios | 2023A | 2024A | 2025E | 2026E | 2027E |
|------------------------|-------|-------|-------|-------|-------|
| Sales (Eu mn) | 2,240 | 2,078 | 2,065 | 2,160 | 2,260 |
| EBITDA Adj (Eu mn) | 537 | 457 | 464 | 496 | 528 |
| Net Profit Adj (Eu mn) | 274 | 227 | 220 | 249 | 278 |
| EPS New Adj (Eu) | 2.519 | 2.085 | 2.023 | 2.288 | 2.551 |
| EPS Old Adj (Eu) | 2.519 | 2.085 | 1.966 | 2.238 | 2.509 |
| DPS (Eu) | 0.320 | 0.340 | 0.340 | 0.360 | 0.380 |
| EV/EBITDA Adj | 10.6 | 11.0 | 9.2 | 8.3 | 7.4 |
| EV/EBIT Adj | 13.2 | 14.8 | 12.6 | 11.0 | 9.7 |
| P/E Adj | 14.8 | 17.9 | 18.4 | 16.3 | 14.6 |
| Div. Yield | 0.9% | 0.9% | 0.9% | 1.0% | 1.0% |
| Net Debt/EBITDA Adj | 1.1 | 1.0 | 0.7 | 0.3 | -0.1 |

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The main methods used to evaluate financial instruments and set a target price for 12 months after the investment recommendation are as follows:

- Discounted cash flow (DCF) model or similar methods such as a dividend discount model (DDM)
- Comparison with market peers, using the most appropriate methods for the individual company analysed: among the main ratios used for industrial sectors are price/ earnings (P/E), EV/EBITDA, EV/EBIT, price /sales
- Return on capital and multiples of adjusted net book value are the main methods used for banking sector stocks, while for insurance sector stocks return on allocated capital and multiples on net book value and embedded portfolio value are used
- For the utilities sector comparisons are made between expected returns and the return on the regulatory asset base (RAB)

Some of the parameters used in evaluations, such as the risk-free rate and risk premium, are the same for all companies covered, and are updated to reflect market conditions. Currently a risk-free rate of 4.0% and a risk premium between 5.5% - 6.0% are being used.

Frequency of research: quarterly.

Reports on all companies listed on the FTSEIMIB40 Index, most of those on the MIBEX Index and the main small caps (regular coverage) are published at least once per quarter to comment on results and important newsflow.

A draft copy of each report may be sent to the subject company for its information (without target price and/or recommendations), but unless expressly stated in the text of the report, no changes are made before it is published.

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BUY: stock expected to outperform the market by over 25% over a 12 month period;

OUTPERFORM: stock expected to outperform the market by between 10% and 25% over a 12 month period;

NEUTRAL: stock performance expected at between +10% and - 10% compared to the market over a 12 month period;

UNDERPERFORM: stock expected to underperform the market by between -10% and -25% over a 12 month period;

SELL: stock expected to underperform the market by over 25% over a 12 month period.

Prices: The prices reported in the research refer to the price at the close of the previous day of trading

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As at 7 August 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

| | |
|---------------|--------|
| BUY: | 31.34% |
| OUTPERFORM: | 37.31% |
| NEUTRAL: | 31.35% |
| UNDERPERFORM: | 00.00% |
| SELL: | 00.00% |

The distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (79 in total) is as follows:

| | |
|---------------|--------|
| BUY: | 51.90% |
| OUTPERFORM: | 29.11% |
| NEUTRAL: | 18.99% |
| UNDERPERFORM: | 00.00% |
| SELL: | 00.00% |

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