Intermonte

Milan, 16 May 2025

Italian Equity Research – 1Q25 Results

INTERPUMP

NEUTRAL

Sector: Industrials

Price: Eu34.90 - **Target: Eu40.00**

Solid Profitability in Water Jetting, but FCF Misses

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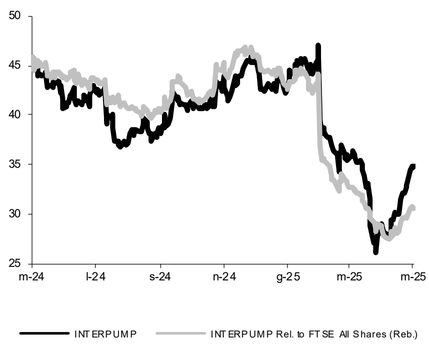
Stock Rating			
Rating:			Unchanged
Target Price (Eu):			Unchanged
	2025E	**2026E**	**2027E**
Chg in Adj EPS	-1.3%	-1.3%	-1.3%

INTERPUMP - 12M Performance



Stock Data			
Reuters code:			ITPG.MI
Bloomberg code:			IP IM
Performance	**1M**	**3M**	**12M**
Absolute	20.2%	-11.5%	-23.9%
Relative	7.5%	-17.9%	-37.9%
12M (H/L)			47.12/26.18
3M Average Volume (th):			426.65

Shareholder Data	
No. of Ord shares (mn):	109
Total no. of shares (mn):	109
Mkt Cap Ord (Eu mn):	3,800
Total Mkt Cap (Eu mn):	3,800
Mkt Float - Ord (Eu mn):	2,858
Mkt Float (in %):	75.2%
Main Shareholder:	
IPG Holding	24.8%

Balance Sheet Data	
Book Value (Eu mn):	2,184
BVPS (Eu):	20.16
P/BV:	1.7
Net Financial Position (Eu mn):	-288
Enterprise Value (Eu mn):	4,009

- **Mixed 1Q25 results: better Water Jetting, but weak FCF.** Interpump reported a set of results slightly ahead of our estimates (but in line with consensus) and still showing strongly divergent trends between the two divisions, with Hydraulics declining -14.5% YoY in organic terms, while Water Jetting confirmed its superior resilience and grew by 8.2% organically. Overall, Group revenues therefore came to Eu522mn, down -4.5% YoY (-7.9% in org.), close to our estimates. The positive surprise from the release was profitability at Water Jetting coming in line with 1Q24 and showing that efficiency measures implemented on the delivery of complete systems are finally bearing fruit, while the Hydraulics' margin continued to contract (by 1.6pp) because of lower volumes. On the other hand, the negative surprise from the release was FCF generation, coming not only below our estimates (Eu29mn vs Eu43mn expected), but also below last year's figure (Eu34mn). During the conference call, management explained that the result was influenced by changes in the timing of advance payments from clients, an issue that should be partially reabsorbed in the next quarters.
- **Guidance confirmed.** Based on 1Q results and the April performance being in line with their expectations (meaning a sequential improvement at Hydraulics and continuation of the positive performance at Water Jetting), management has confirmed its revenue guidance for 2025, namely sales between +1% and -5% in organic terms (+2% from perimeter effect), and specified its profitability expectations, stating that they see the EBITDA margin being between 22.0% and 22.5%, while previous indications were for a more generic "consolidation of 2024 levels". Regarding cash generation, the target is confirmed of consolidating the figure achieved in 2024 thanks to CapEx and NWC normalization. So far there is no evidence of either the "Germany Infrastructure Fund" or tariff tensions. On the latter, thanks to their local-for-local approach, they said that only a limited amount of products is imported from their European subsidiaries and they are ready to react, introducing surcharges/full price increases in the short term, while increasing local manufacturing activity if possible and worthwhile in the longer run.
- **Estimates.** We are merely fine-tuning our estimates (negative impact from ForEx, slightly reduced FCF), which are aligned to the mid-point of guidance on top-line growth and to the low end of guidance on profitability.
- **Neutral confirmed, TP still at Eu40.0.** We welcome the confirmation of guidance as we believe the market was starting to discount an even weaker scenario. However, we believe that the nature of the business itself (order book generally covering 3 to 4 months of revenues) still offers limited visibility on the achievability of the company's targets: a negative surprise may not be ruled out at this stage in the event of an economic slowdown due to the current geopolitical situation. As we have not seen any material sign of inversion of earnings momentum yet (we would expect consensus estimates to edge marginally lower), nor an acceleration of cash generation, we maintain our Neutral view on the name, with the main upside risk being the finalization of large and complementary acquisitions. The stock is trading not far off its historical average (c.19x PE NTM), therefore offering limited upside on the valuation.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,240	2,078	2,052	2,140	2,240
EBITDA Adj (Eu mn)	537	457	452	486	519
Net Profit Adj (Eu mn)	274	227	213	243	273
EPS New Adj (Eu)	2.519	2.085	1.953	2.231	2.503
EPS Old Adj (Eu)	2.519	2.085	1.979	2.261	2.535
DPS (Eu)	0.320	0.340	0.340	0.360	0.380
EV/EBITDA Adj	10.6	11.0	8.9	7.9	7.0
EV/EBIT Adj	13.2	14.8	12.1	10.5	9.2
P/E Adj	13.9	16.7	17.9	15.6	13.9
Div. Yield	0.9%	1.0%	1.0%	1.0%	1.1%
Net Debt/EBITDA Adj	1.1	1.0	0.6	0.2	-0.2

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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 S&PMIB40 Index, most of those on the MIDEX 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 31 March 2025 Intermonte's Research Department covered 131 companies.
As of today Intermonte's distribution of stock ratings is as follows:

BUY:	32.59 %
OUTPERFORM:	37.78 %
NEUTRAL:	29.63 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

As at 31 March 2025 the distribution of stock ratings for companies which have received corporate finance services from Intermonte in the last 12 months (74 in total) is as follows:

BUY:	52.70 %
OUTPERFORM:	29.73 %
NEUTRAL:	17.57 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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