

INTERPUMP

Sector: Industrials

NEUTRAL

Price: Eu39.44 - Target: Eu40.00

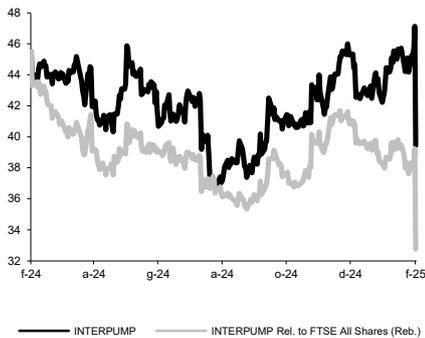
Weak 4Q and Low Visibility on Reversal of Momentum

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 43.00 to 40.00		
	2025E	2026E	2027E
Chg in Adj EPS	-13.0%	-9.3%	

INTERPUMP - 12M Performance



Stock Data

Reuters code:	ITPG.MI		
Bloomberg code:	IP IM		
Performance	1M	3M	12M
Absolute	-7.2%	-10.4%	-13.3%
Relative	-15.4%	-20.7%	-33.6%
12M (H/L)	47.12/36.88		
3M Average Volume (th):	218.73		

Shareholder Data

No. of Ord shares (mn):	109
Total no. of shares (mn):	109
Mkt Cap Ord (Eu mn):	4,294
Total Mkt Cap (Eu mn):	4,294
Mkt Float - Ord (Eu mn):	3,229
Mkt Float (in %):	75.2%
Main Shareholder:	
IPG Holding	24.8%

Balance Sheet Data

Book Value (Eu mn):	2,187
BVPS (Eu):	20.19
P/BV:	2.0
Net Financial Position (Eu mn):	-284
Enterprise Value (Eu mn):	4,498

- Negative surprise on profitability of Hydraulics, while cash generation remains solid.** The company reported quarterly results that although aligned to our top-line estimates, with disparate performances again at the two divisions (-14% organic at Hydraulics, +8.3% at Water Jetting), were quite disappointing on profitability: actual figures were even lower than expected at Hydraulics, impacted not only by the decline in volume but also by the inventory write-off forced by the weak 2024' s KPIs and the subdued outlook for 2025 (without this effect, divisional EBITDA decline would have been closer to 20% than 30%). The result was 4Q EBITDA at €93mn, below our €106mn estimate, which was aligned to company indications, with the margin down 4pp YoY at the Hydraulics division and 2.4pp at Group level. While this was clearly a negative surprise, we note that the company was able to protect cash generation despite the reduction in margins, with FCF amounting to €48mn in 4Q, taking the total for the year to €205mn, a record level for the company.
- Visibility on inversion of trends remains low.** Management indicated that the scenarios that characterized 2024 have not changed significantly in the early weeks of 2025; as a result, the environment remains complex and hard to interpret. Hence, 2025 guidance points to an organic revenue range between +1% and -5%, with the first months of 2025 being the most challenging of the year. Regarding operational activities, the strength of the Water Jetting division is expected to offset the decline at Hydraulics. This indication is below the figure from consensus, which expected a low to mid-single-digit organic rebound in 2025, anticipating an eventual rebound by the worst performing end markets (agri and construction), which is not yet materializing. At the same time, the Group will focus on protecting profitability, likely to depend on which end of guidance is met, with the additional goal of maintaining and possibly increasing its already significant cash generation performance.
- Estimates trimmed.** We have cut our estimates, moving them into line with the mid-point of the newly provided guidance. The result is cuts to Group EBITDA of -9.2%/-7.1% in '25/'26, translating into EPS cuts of -13%/-9.3% respectively. We substantially confirm our NFP estimate as a slower top line should at least help to keep FCF high, bearing in mind NWC and CapEx normalization (~€100mn).
- NEUTRAL reaffirmed; target to €40.0 from €43.0.** We keep our Neutral stance on the stock as 4Q results and the guidance provided confirm our belief that the turning point in earnings momentum is not materializing yet, and downside risk continues to prevail in the short term. Even after the stock setback last Friday (-16.3%), in light of the cut in estimates carried out we believe the stock is quite fully priced and offers limited upside. Indeed, at our target, cut to Eu40.0 from Eu43.0, the company would trade at ~20x P/E NTM, slightly above the P/E NTM 10-year historical average (19x). M&A in the short term remains the main upside risk to our recommendation, as the low financial leverage enables the company to pursue any opportunistic deal that may arise on the market.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,240	2,078	2,070	2,159	2,259
EBITDA Adj (Eu mn)	537	457	455	490	524
Net Profit Adj (Eu mn)	274	227	215	246	276
EPS New Adj (Eu)	2.519	2.085	1.979	2.261	2.535
EPS Old Adj (Eu)	2.519	2.100	2.274	2.493	
DPS (Eu)	0.320	0.340	0.340	0.360	0.380
EV/EBITDA Adj	10.6	11.0	9.9	8.8	7.9
EV/EBIT Adj	13.2	14.8	13.5	11.7	10.3
P/E Adj	15.7	18.9	19.9	17.4	15.6
Div. Yield	0.8%	0.9%	0.9%	0.9%	1.0%
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 of 5.5% are being used.

Frequency of research: quarterly.

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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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BUY:	31.34 %
OUTPERFORM:	43.28 %
NEUTRAL:	25.38 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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BUY:	50.70 %
OUTPERFORM:	29.58 %
NEUTRAL:	19.72 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short

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