INTERPUMP

OUTPERFORM

Sector: Industrials

Price: Eu35.50 - **Target: Eu43.00**

Looking Beyond the Headwinds: Upgrade to OUTPERFORM

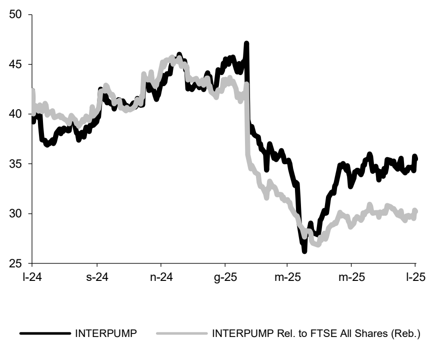
Carlo Maritano +39-02-77115.358
carlo.maritano@intermonte.it

Stock Rating			
Rating:	from NEUTRAL to OUTPERFORM		
Target Price (Eu):	from 40.00 to 43.00		
	2025E	**2026E**	**2027E**
Chg in Adj EPS	0.7%	0.3%	0.3%

Next Event

2Q25 Results Out August 6th

INTERPUMP - 12M Performance



Stock Data			
Reuters code:			ITPG.MI
Bloomberg code:			IP IM
Performance	**1M**	**3M**	**12M**
Absolute	2.8%	20.9%	-16.2%
Relative	-0.2%	10.4%	-33.7%
12M (H/L)			47.12/26.18
3M Average Volume (th):			315.54

Shareholder Data	
No. of Ord shares (mn):	109
Total no. of shares (mn):	109
Mkt Cap Ord (Eu mn):	3,865
Total Mkt Cap (Eu mn):	3,865
Mkt Float - Ord (Eu mn):	2,907
Mkt Float (in %):	75.2%
Main Shareholder:	
IPG Holding	24.8%

Balance Sheet Data	
Book Value (Eu mn):	2,185
BVPS (Eu):	20.17
P/BV:	1.8
Net Financial Position (Eu mn):	-318
Enterprise Value (Eu mn):	4,104

- **Sequential improvement expected:** we expect 2Q results to be consistent with comments made by management along with 1Q results, namely a QoQ improvement in the organic performance of the Hydraulic division (we expect an organic decline of 8.4% vs. -14.5% in the first quarter) and a continuation of the robust growth trend in the Water Jetting business (we expect organic growth of 8.8% vs. 8.2% in the first quarter). This should have led to Group revenues of €534mn, down 2.8% YoY, broken down as follows: -3.1% organic performance, +1.9% scope effect, and -1.5% negative ForEx effect. The sequential top line improvement, combined with the recovery of inefficiencies that penalised last year's results, should have driven a slight QoQ improvement in the Group margin, remaining flattish YoY, with EBITDA therefore expected at €121mn. Below EBITDA, higher D&A and financial charges (mainly related to ForEx losses) and a tax rate broadly in line with last year, should bring net profit to around Eu58mn vs. Eu62mn last year. Finally, we expect net debt (ex-put options) to have increased slightly QoQ to Eu398mn following the payment of dividends for c.Eu34mn, buybacks for Eu13mn and the disbursement of Eu7mn for the acquisition of Padoan (consolidated in the P&L as of 3Q), which offset a FCF that we estimate at Eu40mn in 2Q (Eu46mn last year), which is not yet at full speed in our opinion due to working capital absorption linked to the good Water Jetting performance.
- **Estimates holding up well:** pending quarterly results, we are only making marginal adjustments to our estimates. On the positive side, we are slightly improving the mix (+Water Jetting/-Hydraulics) and including the newly acquired Padoan in our figures (c.€15mn in sales and a 17% EBITDA margin in 2024). On the negative side, we are worsening our ForEx assumptions and slightly raising our NWC estimates for the full year. Overall, estimates are therefore only marginally modified and are aligned to company guidance. As a reminder, IP is targeting sales growth of between +1% and -5% in organic terms (+2% from scope effect), and an EBITDA margin of between 22.0% and 22.5%. As for cash generation, the target of consolidating the 2024 figure is confirmed thanks to CapEx and NWC normalisation.
- **Upgrade to OUTPERFORM; target from Eu40.0 to Eu43.0.** We are upgrading the stock from Neutral to OUTPERFORM after remaining cautious for 18 months, as we believe 2Q expectations indicate that the company should be on track to meet its 2025 guidance, leading to confirmation of consensus estimates and bringing an end to the negative earnings momentum that lasted for about 6 quarters. We acknowledge that the current macro scenario is quite volatile, so our estimates, which require a sequential improvement in 2H, encapsulate some degree of uncertainty. However, we believe some of the company's end markets (Agri, Construction, Lifting) have been hit so hard in recent quarters that current levels may at least provide a floor. Furthermore, IP is currently trading at a discount to its historical average, and the valuation gap vs. its peer panel widened recently, offering upside in the event of a catch-up. Finally, incorporating the new ERP assumptions adopted in our models (5.5% from 6.0% previously), our target moves from Eu40.0 to Eu43.0, offering c.20% upside to the last closing price.

Key Figures & Ratios	2023A	2024A	2025E	2026E	2027E
Sales (Eu mn)	2,240	2,078	2,049	2,145	2,244
EBITDA Adj (Eu mn)	537	457	455	488	521
Net Profit Adj (Eu mn)	274	227	214	244	273
EPS New Adj (Eu)	2.519	2.085	1.966	2.238	2.509
EPS Old Adj (Eu)	2.519	2.085	1.953	2.231	2.503
DPS (Eu)	0.320	0.340	0.340	0.360	0.380
EV/EBITDA Adj	10.6	11.0	9.0	8.0	7.2
EV/EBIT Adj	13.2	14.8	12.3	10.7	9.4
P/E Adj	14.1	17.0	18.1	15.9	14.1
Div. Yield	0.9%	1.0%	1.0%	1.0%	1.1%
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 FTSEMIB40 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.

Explanation of our ratings system:

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 25 July 2025 Intermonte's Research Department covered 134 companies. Intermonte's distribution of stock ratings is as follows:

BUY:	32.84%
OUTPERFORM:	38.06%
NEUTRAL:	29.10%
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:	53.16%
OUTPERFORM:	29.11%
NEUTRAL:	17.73%
UNDERPERFORM:	00.00%
SELL:	00.00%

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