

INTERPUMP

Sector: Industrials

NEUTRAL

Price: Eu44.00 - Target: Eu43.00

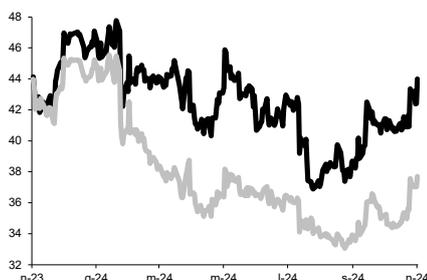
Light (Water Jetting) and Shade (Hydraulics) in 3Q

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Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2024E	2025E	2026E
Chg in Adj EPS	-4.5%	-5.0%	-4.5%

INTERPUMP - 12M Performance



— INTERPUMP — INTERPUMP Rel. to FTSE All Shares (Reb.)

Stock Data

 Reuters code: ITPG.MI
 Bloomberg code: IP IM

Performance	1M	3M	12M
Absolute	6.2%	18.2%	0.1%
Relative	7.1%	12.3%	-16.5%
12M (H/L)	47.76/36.88		
3M Average Volume (th):	185.61		

Shareholder Data

No. of Ord shares (mn):	109
Total no. of shares (mn):	109
Mkt Cap Ord (Eu mn):	4,791
Total Mkt Cap (Eu mn):	4,791
Mkt Float - Ord (Eu mn):	3,603
Mkt Float (in %):	75.2%
Main Shareholder:	
IPG Holding	24.8%

Balance Sheet Data

Book Value (Eu mn):	1,986
BVPS (Eu):	18.33
P/BV:	2.4
Net Financial Position (Eu mn):	-449
Enterprise Value (Eu mn):	5,168

■ **Divergent performances by the two divisions even clearer in 3Q.** 3Q trends were just shy of our expectations, with Hydraulics weaker in terms of top line and margins while Water Jetting enjoyed a sharp acceleration. Turnover came to Eu492.8mn, down -8.0% YoY (-9.4% organic vs. -8.9% expected), mainly due to a -16.8% decline at Hydraulics (o/w -16.5% organic, continued weakness in agri, construction), only partially offset by the acceleration at Water Jetting (+8.5% organic vs +3.8% exp.), which is enjoying strong growth of complete systems. The lower volumes at the Hydraulics division coupled to a less favourable sales mix at Water Jetting (more sales from complete systems) led to EBITDA of Eu111.5mn (slightly below our Eu113.9mn est.), with the margin down 1.7pp YoY (from 24.3% to 22.6%). The margin was therefore close to that in 2Q. FCF was confirmed as on an upward path, reaching Eu76.9mn (vs. Eu34mn in 1Q24 and Eu46mn in 2Q), finally showing the material improvement needed to match consensus expectations.

■ **2024 margins trimmed slightly, few indications on 2025.** Outlook for 2024 has been confirmed for the top line (seen down high single-digit on an organic basis), while it has been trimmed slightly for margins (from about 23% to between 22.5% and 23%), while the cash generation improvement was confirmed thanks to a normalisation of CapEx and NWC. As for 2025 outlook, management took a prudent approach, saying it is too early to give indications on next year as they are still in the budgeting phase. On a qualitative note, they confirmed that momentum at Hydraulics remains weak, as the first markets that started to decline in 3Q23 are still not rebounding (i.e. Agri), while those that started to decline later (i.e. construction) are still on that trajectory. On a more positive note, thanks to its late-cyclical nature, Water Jetting continues to experience good momentum for order intake and sales, with the order book offering 5/6 months visibility and thus a good entry into 2025.

■ **More prudent on 2025 Hydraulics performance.** We are fine-tuning our estimates downward, reflecting slightly lower profitability for 2024 and decreasing our 2025 organic estimates for Hydraulics, as achieving mid-single-digit organic growth looks a little ambitious once we account for the low exit speed from 2024. Overall, we thus reduce our organic growth for the Group for 2025 from 4% to 3%. Adding the recent acquisition of Hidover, which adds around 1% to company EBITDA in 2025, limits the revision of estimates.

■ **NEUTRAL confirmed; target Eu43.0.** We keep our Neutral stance on the stock as we believe a turning point in earnings momentum is yet to materialise, and downside risk prevails in the short-term. 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. At our target, unchanged at Eu43.0, the company would trade at 19x 2025 P/E, in line with the P/E NTM 10-year historical average.

Key Figures & Ratios	2022A	2023A	2024E	2025E	2026E
Sales (Eu mn)	2,078	2,240	2,093	2,190	2,278
EBITDA Adj (Eu mn)	492	537	473	505	532
Net Profit Adj (Eu mn)	270	274	227	251	275
EPS New Adj (Eu)	2.478	2.519	2.088	2.307	2.527
EPS Old Adj (Eu)	2.478	2.519	2.186	2.428	2.646
DPS (Eu)	0.300	0.320	0.340	0.340	0.360
EV/EBITDA Adj	10.6	10.6	10.9	9.9	9.0
EV/EBIT Adj	13.6	13.2	14.5	12.9	11.7
P/E Adj	17.8	17.5	21.1	19.1	17.4
Div. Yield	0.7%	0.7%	0.8%	0.8%	0.8%
Net Debt/EBITDA Adj	1.2	1.1	0.9	0.5	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 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:	28.24 %
OUTPERFORM:	48.09 %
NEUTRAL:	23.67 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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BUY:	55.74 %
OUTPERFORM:	34.43 %
NEUTRAL:	09.83 %
UNDERPERFORM	00.00 %
SELL:	00.00 %

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Emittente	%	Long/Short
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