

# INTERPUMP

Sector: Industrials

# OUTPERFORM

Price: Eu51.85 - Target: Eu57.00

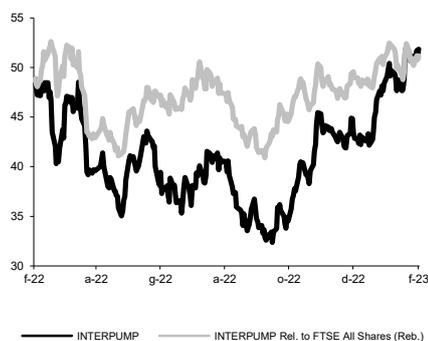
## Outstanding Delivery Again, 2023 Seen Up 5% Organically

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### Stock Rating

Rating:	Unchanged		
Target Price (Eu):	from 55.80 to 57.00		
	2023E	2024E	2025E
Chg in Adj EPS	2.0%	0.6%	

### INTERPUMP - 12M Performance



### Stock Data

Reuters code:	ITPG.MI		
Bloomberg code:	IP IM		
<b>Performance</b>	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute	7.2%	17.1%	6.4%
Relative	0.5%	5.7%	5.0%
12M (H/L)	52.10/32.38		
3M Average Volume (th):	183.16		

### Shareholder Data

No. of Ord shares (mn):	109
Total no. of shares (mn):	109
Mkt Cap Ord (Eu mn):	5,645
Total Mkt Cap (Eu mn):	5,645
Mkt Float - Ord (Eu mn):	4,245
Mkt Float (in %):	75.2%
Main Shareholder:	
IPG Holding	24.8%

### Balance Sheet Data

Book Value (Eu mn):	1,796
BVPS (Eu):	16.61
P/BV:	3.1
Net Financial Position (Eu mn):	-374
Enterprise Value (Eu mn):	5,917

■ **Outstanding delivery once again:** while there was no real surprise on the top line compared to our estimates (Eu533mn, up 14.0% organically), delivery on profitability was again outstanding, with the EBITDA margin expanding by 2pp YoY thanks to the contribution of both divisions, bringing the FY EBITDA margin into line with the record level reached last year (23.7%). Divisionally speaking, Hydraulic continued to show double-digit organic growth in the quarter (+17.8% YoY) coupled with a robust margin expansion (+2.5 pp), while at Water Jetting organic growth was less buoyant (+4.4%), but margin expansion was still solid (+1.5 pp). Finally, as expected cash generation in the last quarter was more evident than in the first 9 months, despite significantly higher investments, hinting at a gradual normalisation of the NWC trend in the final part of the year. As a matter of fact, net debt (excluding put options) stood at Eu542mn vs. our Eu549mn estimate, down QoQ from Eu604mn at the end of September.

■ **Supportive 2023 outlook:** for the current year management expects organic growth to be around 5%, supported by the backlog, which remained consistent with previous months' trends in January. This forecast is ahead of our estimates and consensus, positioned in the low-single-digit area. Furthermore, the company is targeting consolidation of the profitability achieved and an improvement in cash conversion, which was low in 2022 due to the major NWC absorption required to support double-digit top line growth.

■ **2023-2025 outlook:** finally, the company provided some targets for the next three years, where it expects turnover growth of around 25% with an EBITDA margin of c.22% and leverage at between 1x and 1.5x. We highlight that these targets include future M&A transactions not yet known to the market, so are not really comparable with our estimates or consensus. In any case, we appreciate management's ongoing commitment to grow the business further, continuing on the trajectory of recent years. We remind that the company comfortably beat the previous plan's targets, despite the major disruption from the pandemic.

■ **Updated estimates in line with guidance:** we are lifting our estimates in accordance with the freshly-announced guidance, now forecasting organic 2023 top line growth of 5% with the EBITDA margin basically at the same level as 2022. Below the line, the increase in EBITDA is partially offset by higher net financial charges, so we are lifting EPS by 1.3% on average for 2023/24.

■ **OUTPERFORM reaffirmed; target from Eu55.8 to Eu57.0.** Despite the recent rally, we continue to appreciate IP as we believe the estimates trend will remain supportive in the short term, with possible upside coming from the M&A campaign, which we would expect to resume in 2023 after 2022 was more dedicated to the consolidation of past acquisitions. We are raising our target price to Eu57.0 as a result of higher operating estimates. At target, the stock would trade at 20x 2024 P/E and offer a ~5% FCF yield.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,604	2,078	2,203	2,299	2,391
EBITDA Adj (Eu mn)	380	492	517	542	565
Net Profit Adj (Eu mn)	216	270	288	312	334
EPS New Adj (Eu)	1.987	2.478	2.646	2.863	3.071
EPS Old Adj (Eu)	1.987	2.540	2.594	2.846	
DPS (Eu)	0.280	0.300	0.320	0.340	0.340
EV/EBITDA Adj	15.6	10.5	11.4	10.5	9.5
EV/EBIT Adj	20.0	13.5	14.2	12.8	11.6
P/E Adj	26.1	20.9	19.6	18.1	16.9
Div. Yield	0.5%	0.6%	0.6%	0.7%	0.7%
Net Debt/EBITDA Adj	1.5	1.2	0.7	0.2	-0.3