

INTERPUMP

Sector: Industrials

OUTPERFORM

Price: Eu50.00 - Target: Eu59.50

Solid momentum expected to continue

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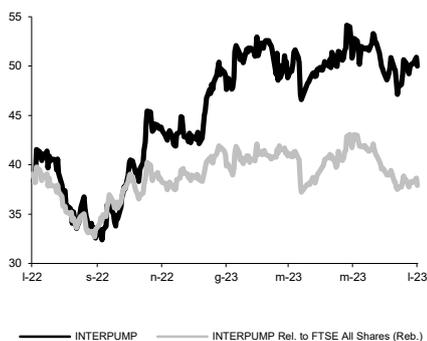
Stock Rating

Rating:	Unchanged		
Target Price (Eu):	Unchanged		
	2023E	2024E	2025E
Chg in Adj EPS	0.4%	0.0%	0.6%

Next Event

 Results Out August 4th

INTERPUMP - 12M Performance



Stock Data

Reuters code:	ITPG.MI		
Bloomberg code:	IP IM		
Performance	1M	3M	12M
Absolute	1.4%	0.8%	27.9%
Relative	-4.5%	-4.5%	-4.1%
12M (H/L)	54.14/32.38		
3M Average Volume (th):	187.87		

Shareholder Data

No. of Ord shares (mn):	109
Total no. of shares (mn):	109
Mkt Cap Ord (Eu mn):	5,444
Total Mkt Cap (Eu mn):	5,444
Mkt Float - Ord (Eu mn):	4,094
Mkt Float (in %):	75.2%
Main Shareholder:	
IPG Holding	24.8%

Balance Sheet Data

Book Value (Eu mn):	1,813
BVPS (Eu):	16.76
P/BV:	3.0
Net Financial Position (Eu mn):	-466
Enterprise Value (Eu mn):	5,808

■ **No change in gear expected in 2Q.** We expect another solid set of quarterly results, with high single-digit organic growth at Group level (9.3%). A marginal contribution from newly acquired companies (+2.6%) and ForEx turning negative (-1.8%) complete the picture, leading us to forecast a Group top line of Eu592mn, up 10.1% YoY. Profitability should also remain satisfactory, with EBITDA expected at Eu145.7mn and the margin increasing by 0.9pp to 24.6% thanks to measures implemented during 2022 to counter rising input costs as well as to improved profitability at White Drive, and also bearing in mind that 2Q22 EBITDA was penalized by the fire at the Romanian plant, which led to a Eu1.6mn write-off. Below the line, we expect higher financial charges, taking net profit to Eu79mn, well above last year's Eu72.7mn. Finally, we expect a NFP of Eu579mn (excluding put options), increasing from Eu534mn as at the end of March as we would expect FCF of Eu30mn (CapEx still important, NWC normalizing), more than offset by the cash-out for M&A of ~Eu44mn and the dividend payment of ~Eu30mn.

■ **Sound trends expected at both divisions.** Looking at our expectations by division, we expect organic growth to have remained robust at both Hydraulic and Water Jetting (+9.0% and +10.2% respectively), while the contribution of M&A should have been more material at Water Jetting thanks to the acquisitions of Imec and Waikato. Regarding profitability, we expect the EBITDA margin to have improved by 1.4pp at the Hydraulic division, akin to what was seen in 1Q, as White Drive gradually reaches its target EBITDA margin, while we expect a slight drop at Water Jetting as seen in 1Q, mainly due to a different mix (more skewed towards complete systems, which are typically lower margin).

■ **Estimates fine-tuned.** We are only slightly revising our estimates, mainly to account for: 1) higher organic growth (8.9% vs 8.1% previously); 2) the consolidation of Waikato (Eu46mn of revenues and Eu6.5mn of EBITDA on a yearly basis, Eu30mn total consideration); 3) a stronger ForEx headwind; 4) a marginally higher EBITDA margin (+0.1pp); and 5) higher financial charges.

■ **Estimates aligned to guidance.** Our estimates are consistent with the guidance provided by management on publication of 1Q results: high single-digit top-line growth and consolidation of the profitability achieved in 2022. The 2H implied by our 2023 numbers sees organic growth normalizing at mid-single-digit level, with an improvement in cash generation.

■ **Outperform confirmed, TP kept at Eu59.5.** We confirm our positive view on the stock as we believe short-term earnings momentum will remain solid, with options open for potentially finalizing large acquisitions, in which the company has built a solid track record over the years (the latest being White Drive). At our target the stock would trade at 19.6x PE 2024.

Key Figures & Ratios	2021A	2022A	2023E	2024E	2025E
Sales (Eu mn)	1,604	2,078	2,280	2,383	2,478
EBITDA Adj (Eu mn)	380	492	549	575	598
Net Profit Adj (Eu mn)	216	270	304	330	355
EPS New Adj (Eu)	1.987	2.478	2.796	3.034	3.260
EPS Old Adj (Eu)	1.987	2.478	2.783	3.032	3.241
DPS (Eu)	0.280	0.300	0.320	0.340	0.340
EV/EBITDA Adj	15.6	10.5	10.6	9.6	8.8
EV/EBIT Adj	20.0	13.5	13.0	11.7	10.6
P/E Adj	25.2	20.2	17.9	16.5	15.3
Div. Yield	0.6%	0.6%	0.6%	0.7%	0.7%
Net Debt/EBITDA Adj	1.5	1.2	0.8	0.4	-0.1