

INTERPUMP GROUP*

OUTPERFORM (unchanged)

Italy: Electronics – Electromechanical Industry

	Sales	EBITDA	EBIT	Net Pr.	EPS adj	Dps	EV/Sales	EV/EBITDA	EV/EBIT	P/E adj.	Yield
	Eur m	Eur m	Eur m	Eur m	Eur	Eur	x	x	x	x	%
2013	556.5	105.2	79.3	43.2	0.41	0.17	1.6	8.6	11.4	17.3	2.4%
2014	672.0	136.1	104.4	56.9	0.60	0.18	1.9	9.5	12.4	16.8	1.8%
2015A	894.9	180.3	136.9	116.3	0.89	0.23	2.0	10.0	13.2	15.6	1.7%
2016E	912.8	193.7	150.3	92.7	0.86	0.27	1.8	8.6	11.1	15.4	2.0%
2017E	940.2	203.0	159.6	99.8	0.93	0.30	1.7	7.9	10.0	14.3	2.3%

Source: Company Data, Banca Aletti & C. forecasts; Note: Historical multiples calculated on yearly average prices;

Price Close 03/03/16 (Eur): 13.25

Tot Mkt Cap. (€ m): 1,505.8

Tot No. of Shares (m): 108,879

Min-Max pr.(52 wks €): 10.3 - 16.0

Bloomberg/Reuters: IP IM/ITPG.MI

-3M vol. avg. 340,021

Price Target (€) 16.7 (Eur16.5.)

Performance: -3M -6M -1Y

Absolute -8.9% 3.5% -2.3%

Rel. to: ITSTAR -1.7% 4.3% -9.5%

Main Shareholders:

Gruppo IPG 20.2%

Seragnoli Isabella (Mais Spa) 6.6%

FMR 5.2%

Bulgarelli Claudio (Fin Tel Srl) 4.1%

Norges Bank 2.5%

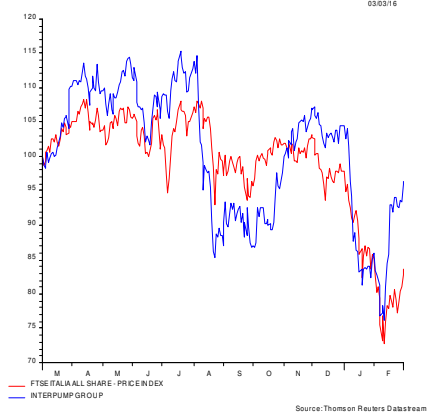
Caisse des Depots 2.0%

Treasury shares 2.0%

Free Float 57.4%

Source: Consob, Company data

Interpump G. vs. FTSE Italia Star (-1Y)



Source: Thomson Reuters Databstream

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*Banca Aletti acts as specialist.

Earnings mix update. No Eps impact.

- Estimates update. 2% organic top line growth in 2016e from 1% but EPS about unchanged. Waiting for acquisitions.** We have updated our 2016e forecasts (see old/new forecasts in next page) to reflect post Q4'15 guidance of Sales/EBITDA/NFP of Eur 915m (+/-10m);190m (+/-5m); 210m (+/-10m) respectively. We are about in line with that guidance although in the higher part of it. As far as top line is concerned we are expecting 2% organic growth from 1% and for simplicity sake no contribution from acquisitions (previously we were assuming some Eur 30m additional sales or +3.5% growth at group level). The latter will be judged once the company will announce them. At EBITDA level, we expect Eur 194m of EBITDA or +7% expansion on previous year EBITDA with EBITDA margin expected to reach 21.2% from 20.1% thanks to the integration efficiencies on the important acquisitions carried out last year. The latter include the minorities which allow IP to fully integrate the companies acquired. D&A reflect the full year 2015 numbers while financial charges takes into account of last year Eur 2+ forex contribution and Eur 32m of non recurring gains. Tax rate is assumed stable at app. 36% net of non-recurring. Our NFP estimate include some Eur 20m of put options related to acquisitions. In 2017e we expect organic growth to accelerate to 3% and EBITDA margin to reach 21.6% always thanks to higher integration efficiencies.
- Q4'15 results in line with expectations: efficiency and scale offset the solid organic growth of Q4'14.** The Group reported (see quarterly results table in next page) overall in line with expectations with Q4'15 sales a touch better or Eur 213m, up by +31.5% YoY (organic +2.6%, forex +5% and perimeter/acquisitions +24%). We remind investors that Q4'14 organic growth was a solid +6.2%. In terms of segments, Hydraulic (Oil) reported Eur 130m or +37.5% yoy (organic -0.7%, forex +3.1%, acquisitions +35%), while water jetting sector revenues were Eur 83m up by +14% yoy (+7.8% organic, +7.1% forex and +8.3% acq.). Worth mentioning that the organic growth decline in oil is improving from -3.7% in Q3'15 while in water jetting improved materially from -1% in Q3'15. EBITDA was in line, with hydraulic and water jetting margin at 14.7% and 24% respectively. EBITDA was up materially and that explain the small shortfall at EBIT level but it included some one offs effects. The small shortfall was then recovered through lower financial charges and taxes. NFP was better than expected at Eur 278m (from Eur 226m in 2014) and includes some Eur 23m of put options of minorities. We remind investors that IP NFP includes some Eur 176m of nominal acquisitions and Eur 32m of treasury shares purchases. The acquisitions were partly financed by the disposal of Eur 60.9m worth of treasury shares.
- OUTPERFORM rating, Price target Eur 16.5 (from Eur 16.7) confirmed (25% upside).** We keep valuing IP with a DCF at 7.5% WACC and 2% long term growth, which still yields a FV of Eur 16.5 about in line our previous PT of Eur 16.7 or a 25% upside. It is worth mentioning that our DCF does not include the benefits of the potential acquisitions which are a structural part of IP equity story. On the back of the potential upside at current market valuation, rising projected efficiencies and synergies and cash generation from prospective acquisitions, we reiterate our OUTPERFORM rating.
- Main risks/opportunities.** Slower/Higher than expected growth in reference markets and higher/lower than expected increase in raw material costs. On the other side, a weaker/stronger US\$/€ exchange rate would have a negative/positive impact on profitability.

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Interpump : New vs. Old estimates

(Eur m)	2014a	2015a	% Ch. 16e New	% Ch. 16e Old	% Ch.	2017e	% Ch.
Hydraulic	396	560	41.4%	571	2.0%	600	7.1%
Acquisitions		144	36.4%	0	0.0%	0	0.0%
Forex		24	6.0%	0	0.0%	31	5.5%
Organic Growth		-4	-1.0%	11	2.0%	6	1.0%
Water Jetting	276	335	21.3%	341	2.0%	332	-0.7%
Acquisitions		19	6.7%	0	0.0%	0	0.0%
Forex		27	9.9%	0	0.0%	0	0.0%
Organic Growth		13	4.7%	7	2.0%	3	1.0%
Net Sales	672	895	33.2%	913	2.0%	932	4.2%
Acquisitions	81	163	24.2%	0	0.0%	0	0.0%
Forex	0	51	7.6%	0	0.0%	31	3.5%
Organic Growth	35	9	1.3%	18	2.0%	9	1.0%
	2014a	2015a	% Ch. 16e New	% Ch. 16e Old	% Ch. 17e New	% Ch.	
Sales	672	895	33%	913	2%	932	4%
Gross Margin	245	318	29%	340	7%	347	9%
% Sales	36.5%	35.5%		37.2%		37.2%	38.0%
EBITDA Hydr:	69.4	96.6	39%	104.6	8%	105.0	9%
% sales	17.5%	17.2%		18.3%		17.5%	18.9%
EBITDA WJ	66.7	83.7	25%	89.1	6%	85.1	2%
% sales	24.2%	25.0%		26.1%		25.6%	26.1%
EBITDA	136.1	180.3	32%	193.7	7%	190.1	5%
% Sales	20.3%	20.1%		21.2%		20.4%	21.6%
D&A	(32)	(43)		(43)		(42)	(43)
EBIT	104	137	31%	150	10%	148	8%
% Sales	15.5%	15.3%		16.5%		15.9%	17.0%
Finan. Costs	(11.3)	(5)	-56%	(6)	22%	(7)	31%
Non-Rec.	0	32		0		0	0
Pretax Pr.	93	164	76%	144	-12%	142	-14%
Taxes	(35)	(47)	33%	(51)	9%	(50)	7%
Tax Rate	38.0%	28.6%		35.5%		35.5%	35.0%
Net Profit	57	116	104%	93	-20%	91	-22%
EPS adj.	0.60	0.89	48%	0.86	-3%	0.85	-4%
% Diff.				1%			
NFP	226	278		204		235	129

Source: Company data, Banca Aletti & C. S.p.A. forecasts;

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Interpump : quarterly results Q4'15 (Eur m)

(Eur m)	4Q14a	4Q15a	%ch.	4Q15e	%ch.	2014a	2015a	%ch.	2015e	%ch.
Hydraulic	95	130	37.5%	133	40.6%	396	560	41.4%	563	42.2%
Acquisitions		33	35.0%	34	35.8%		144	36.4%	145	36.6%
Forex		3	3.1%	3	3.4%		24	6.0%	24	6.1%
Organic Growth		-1	-0.7%	1	1.4%		-4	-1.0%	-2	-0.5%
Water Jetting	67	83	23.2%	77	14.9%	276	335	21.3%	329	19.3%
Acquisitions		6	8.3%	5	7.4%		19	6.7%	18	6.5%
Forex		5	7.1%	4	6.7%		27	9.9%	27	9.8%
Organic Growth		5	7.8%	1	0.8%		13	4.7%	8	3.0%
Net Sales	162	213	31.5%	210	29.9%	672	895	33.2%	892	32.8%
Acquisitions		39	24.0%	39	24.1%		163	24.2%	163	24.3%
Forex		8	5.0%	8	5.0%		51	7.6%	51	7.6%
Organic Growth		4	2.6%	1	0.9%		9	1.3%	6	0.9%
(Eur m)	4Q14a	4Q15a	%ch.	4Q15e	%ch.	2014a	2015a	%ch.	2015e	%ch.
Net Sales	161.9	213.0	32%	210.4	30%	672.0	894.9	33%	892.3	33%
Gr. Ind. Margin	58.3	72.0	24%	71.8	23%	245.4	317.6	29%	317.4	29%
% sales	36.0%	33.8%		34.1%		36.5%	35.5%		35.6%	
EBITDA Hydra.	14.2	19.2	35%	20	41%	69.4	96.6	39%	97.4	40%
% sales	15.0%	14.7%		15.0%		17.5%	10.8%		10.9%	
EBITDA WJ	16.2	19.9	23%	18.8	16%	66.7	83.7	25%	82.6	24%
% sales	24.1%	24.0%		24.3%		24.2%	9.3%		9.3%	
EBITDA	30.4	38.9	28%	38.8	27%	136.1	180.3	32%	180.1	32%
% sales	18.8%	18.3%		18.4%		20.3%	20.1%		20.2%	
D&A, W. Offs	(9.1)	(12.9)	42%	(11.5)	27%	(31.7)	(43.4)	37%	(42.0)	32%
EBIT	21.3	26.0	22%	27.2	28%	104.4	136.9	31%	138.1	32%
% sales	13.2%	12.2%		12.9%		15.5%	15.3%		15.5%	
Fina. Costs	1.1	(1.1)	nm	(2.3)	nm	(3.1)	(5.0)	nm	(6.1)	nm
Non Recurring	(8.2)	0.0	0%	0.0		(8.2)	32.0	0%	32.0	
Pretax Pr.	14.2	24.9	75%	25.0	76%	93.1	163.9	76%	164.0	76%
Taxes	(6.6)	(9.3)		(9.9)		(35.4)	(47.0)		(47.6)	
Tax rate.	46.2%	37.4%		39.7%		38.0%	28.6%		29.0%	
Minorities	(8.2)	(0.3)		(0.0)		(8.2)	(0.7)		(0.4)	
Net profit	7.6	15.3	103%	15.0	nm	56.9	116.3	104%	116.0	104%
NFP	226	278		288		226	278		288	

Source: Company data, Banca Aletti & C. S.p.A. forecasts;

Interpump: DCF model

CASH FLOW CALCULATIC	2016	2017	2018	2019	2020
EBITA	150.3	159.6	169.3	175.7	182.3
Taxes	-53.3	-55.9	-59.3	-61.5	-63.8
Tax rate (50.0%)	35.5%	35.0%	35.0%	35.0%	35.0%
NOPLAT	96.9	103.7	110.1	114.2	118.5
Depreciation & other provisions	43.4	43.4	43.4	43.4	43.4
Operating Cash Flow	140.3	147.1	153.5	157.6	161.9
Capex/Acquisitions	-41.1	-40.0	-40.0	-40.0	-43.4
Change in Net Working Capital	4.1	1.3	1.3	1.3	-3.6
Free Operating Cash Flow (FOCF)	103.4	108.4	114.8	118.9	114.9

DCF EVALUATION	2016	2017	2018	2019	2020
WACC	7.5%	7.5%	7.5%	7.5%	7.5%
Tasso di attualizzazione	1.00	0.93	0.87	0.80	0.75
Discounted Free Operating Cash F	103.4	100.8	99.3	95.7	86.0
Cumulated DFOCF	103.4	204.2	303.5	399.2	485.2

Source: Banca Aletti & Co. estimates, Company data

DCF ANALYSIS	
Perpetual Growth Rate	2.0%
WACC	7.5%
Terminal Value	2,127.3
Discounting Rate of Terminal Value	0.75
Discounted Terminal Value	1,592.5
Cumulated DFOCF	485.2
Enterprise Value (€ mn)	2,077.7
NFP (EUR m)	(278.2)
Financial assets	-
Minorities (market value)	0.0
Off Balance Sheet	0.0
Retirement provisions	(17.3)
Equity Value (€ mn)	1,782.2
Value per share (€)	16.5
Price as of 03/03/16 (€)	13.25
Upside (downside)	24.8%

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INTERPUMP GROUP: Company profile

Business: The Interpump Group is the largest producer in the world of professional high pressure piston pumps and power take offs for industrial vehicles.

Interpump operates in two business areas:

Hydraulic sector (63% of 2015 sales and 54% of EBITDA).

In this area the company manufactures power take-offs and gear and plunger pumps. Power take-offs can be installed on any industrial vehicle in the world and Interpump is a world leader in the market. Gear and plunger pumps are used in hydraulic circuits requiring high working pressures. Its main competitors in this sector are the Italian OMFB and the US Chelsea.

Water Jetting sector (37% of 2015 sales and 46% of EBITDA).

The company manufactures high and ultra high pressure pumps used in a multitude of industries for a very wide range of applications. Interpump is the world market leader and its main competitors are the Italian Annovi e Reverberi and the US Cat Pump.

About 37% of FY'15 Group total revenues were generated in Europe (of which 15% in Italy), 33% in North America, 9% in the Pacific area and the remainder (11%) in the rest of the world.

The Group is managed in a consistent way worldwide and most of its manufacturing units are based in Italy, with Muncie Power Products and NLB located in the United States and Hammelman in Germany. The other consolidated companies are distributors, some of which are located abroad.

Investment issues: The Group aims to consolidate the worldwide leadership position in component niche markets, maintaining at the same time an high profitability and pursues to raise the size in the long term period growing both internally and through acquisitions. Target companies should meet the following requirements: (i) engage in known segments or correlated niches, in terms of technology, products and/or markets; (ii) be leaders in their own business sector; (iii) display the possibility of rationalizing and integrating the acquired structures.

In our view, the main risks are represented by (i) the lack of growth as a result of no acquisitions; (ii) acquisitions which could be dilutive to earnings; (iii) the exposition to US\$/€.

Market: The *Hydraulic sector*, which should not be considered fully cyclical, (after-market sales account for some 40-50% of total sales) shows, in our view, a potential mid-cycle annual growth rate of 3%-5%.

The *Water Jetting sector* is characterized by high barriers to entry due to the very specific know-how required to manufacture some key components. The main clients are represented by motor vehicles and trucks manufacturers. We expect an annual growth rate in the medium term for this sector of around 3%-5%.

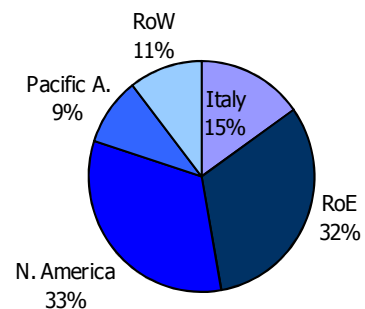
New products introduction and extra growth in fast developing markets could bring an additional sales growth by 2/3% per year.

**Sales breakdown by product
FY '15**



Source: Company data

**Sales breakdown by region
FY '15**



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Interpump Group: Aletti Summary

EV CALCULATIONS (EUR m)	2012	2013	2014	2015a	2016e	2017e	CAGR 15/17e
Price of ordinary share*	5.86	7.07	10.07	13.83	13.25	13.25	
Total ord. shares outst. (000)	108,879	108,879	108,879	108,879	108,879	108,879	
Market Cap (adj.)	638.1	769.9	1,096.3	1,505.8	1,442.7	1,442.7	
Others	8.5	9.3	-25.1	22.7	22.8	22.9	
EV (adj.)	749.1	900.6	1,297.2	1,806.7	1,669.4	1,594.4	
PROFIT & LOSS (EUR m)							
Sales	527.2	556.5	672.0	894.9	912.8	940.2	2.5%
EBITDA	104.6	105.2	136.1	180.3	193.7	203.0	6.1%
Depreciation & Provisions	-21.8	-25.8	-31.7	-43.4	-43.4	-43.4	
EBIT	82.8	79.3	104.4	136.9	150.3	159.6	8.0%
Net Financial Interest	-8.0	-8.3	-3.1	-5.0	-6.0	-5.5	
Extraordinary	0.0	0.0	-8.2	32.0	0.0	0.0	
Earning Before Tax (EBT)	74.8	71.1	93.1	163.9	144.2	154.1	
Tax	-22.5	-27.0	-35.4	-47.0	-51.2	-53.9	
Tax rate	30%	38%	38%	29%	36%	35%	
Minorities	-0.9	-0.9	-0.8	-0.7	-0.3	-0.3	
Net Profit (reported)	51.4	43.2	56.9	116.3	92.7	99.8	-7.3%
Net Profit (adj.)	51.4	43.2	62.0	95.6	92.7	99.8	2.2%
PER SHARE DATA (EUR)							
EPS (reported)	0.517	0.397	0.523	1.068	0.852	0.917	-7.3%
EPS (adj.)	0.557	0.408	0.600	0.888	0.861	0.926	2.2%
CFPS	0.736	0.634	0.814	1.467	1.250	1.315	-5.3%
BVPS	3.841	4.034	4.453	5.715	6.343	6.997	10.6%
DPS	0.170	0.170	0.180	0.230	0.270	0.300	14.2%
KEY MARKET RATIOS							
EV/Sales	1.4	1.6	1.9	2.0	1.8	1.7	
EV/EBITDA	7.2	8.6	9.5	10.0	8.6	7.9	
EV/EBIT	9.0	11.4	12.4	13.2	11.1	10.0	
P/E (adj)	10.5	17.3	16.8	15.6	15.4	14.3	
P/CF	8.0	11.2	12.4	9.4	10.6	10.1	
P/BV	1.6	1.8	2.4	2.4	2.1	1.9	
Dividend Yield (Gross)	2.9%	2.4%	1.8%	1.7%	2.0%	2.3%	
MARGINS AND RATIOS							
Sales growth	6.9%	5.6%	20.8%	33.2%	2.0%	3.0%	
EBITDA growth	10.1%	0.5%	29.4%	32.4%	7.4%	4.8%	
EBIT growth	9.3%	-4.2%	31.6%	31.1%	9.8%	6.2%	
EPS (adj.) growth	29.2%	-26.6%	46.8%	48.0%	-3.0%	7.7%	
EBITDA margin	19.8%	18.9%	20.3%	20.1%	21.2%	21.6%	
EBIT margin	15.7%	14.3%	15.5%	15.3%	16.5%	17.0%	
ROCE	10.6%	8.3%	8.2%	8.8%	9.8%	10.6%	
Net Debt / EBITDA	1.0	1.2	1.7	1.5	1.1	0.6	
Interest Cover	13.1	12.7	44.5	36.4	32.0	36.6	
Payout Ratio	36%	43%	34%	22%	32%	33%	
NWC on Sales	30%	27%	31%	33%	32%	31%	
OpFCF/Mkt Cap.	5.4%	5.9%	-0.5%	2.2%	7.0%	7.3%	
CASH FLOW (EUR m)							
Net Profit (reported) + Minorities	52.3	44.1	57.7	116.9	93.0	100.1	
Non cash items	21.8	25.8	31.7	43.4	43.4	43.4	
Cash Flow	74.1	69.9	89.5	160.3	136.4	143.5	
Change in Net Working Capital	-20.5	5.3	-52.1	-90.2	4.1	1.3	
Capex	-19.2	-30.0	-43.3	-37.5	-40.0	-40.0	
Oper. Free Cash Flow (OpFCF)	34.4	45.3	-5.9	32.7	100.5	104.8	
Disposals/(Acquisitions)	-12.9	-38.3	-72.1	-138.1	-1.1	0.0	
Dividends	-11.7	-18.5	-18.2	-20.4	-25.0	-29.4	
Others (incl.Capital Increase)	33.6	-7.2	-8.5	73.7	-0.2	-0.2	
Free Cash Flow	43.4	-18.8	-104.7	-52.2	74.2	75.2	
BALANCE SHEET (EUR m)							
Net Tangible Assets	112.5	150.7	209.2	286.1	282.7	279.3	
Net Intangible Assets	248.1	258.5	304.0	380.6	380.6	380.6	
Net Financial Assets & Others	0.0	0.0	0.0	0.0	0.0	0.0	
Total Fixed Assets	25.1	28.4	68.0	30.4	31.5	31.5	
Net Working Capital	385.7	437.6	581.2	697.1	694.7	691.3	
Total Net Assets	158.3	152.9	205.0	295.3	291.2	289.9	
Shareholders Equity	543.9	590.6	786.2	992.3	985.9	981.2	
Minorities equity	391.0	426.7	460.7	615.8	683.5	754.0	
Net Debt	5.8	6.3	5.9	5.5	5.6	5.7	
Provisions	102.6	121.4	226.0	278.2	204.0	128.8	
Other Liabilities	11.0	11.9	14.9	17.3	17.3	17.3	

Source: Company data and Banca Aletti & C S.p.A. estimates. *Note: Historical multiples calculated on yearly average prices.

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BANCA ALETTI DISCLOSES CONFLICT OF INTEREST AS DEFINED BY ARTICLE 69 QUATER AND QUINQUIES OF CONSOB REGULATION N.11971 AS AMENDED FROM TIME TO TIME AND STATES THAT:

1. NEITHER THE ANALYST(S) NOR ANY MEMBER OF THE DEPARTMENT SERVES AS AN OFFICE, DIRECTOR OR ADVISORY BOARD MEMBER OF THE ISSUER.
2. BANCA ALETTI IS A SPONSOR, SPECIALIST, MARKET MAKER OR LIQUIDITY PROVIDER IN THE FINANCIAL INSTRUMENTS OF THE ISSUER.
3. BANCO POPOLARE GROUP IS PARTY TO AN AGREEMENT WITH THE ISSUER RELATING TO THE PROVISION OF INVESTMENT BANKING SERVICES THAT HAS BEEN IN EFFECT OVER THE PREVIOUS 12 MONTHS OR HAS GIVEN RISE DURING THE SAME PERIOD TO THE PAYMENT OF A COMPENSATION OR TO THE PROMISE TO GET A COMPENSATION PAID.

BANCA ALETTI HAS IN PLACE POLICIES AND PROCEDURES IN ORDER TO AVOID ANY CONFLICT OF INTERESTS AND TO RESTRICT RESEARCH ANALYST IN TRADING (FOR THEIR PERSONAL ACCOUNT) IN THE TYPE OF SECURITIES IN RESPECT OF THE ISSUERS THAT THEY COVER. THE RESEARCH ANALYST MAY ONLY HOLD SUCH SECURITIES IN CIRCUMSTANCES AS MAY BE CONTEMPLATED BY THE ABOVE POLICIES AND PROCEDURES.

INTERPUMP GROUP: RATINGS HISTORY IN THE LAST 12 MONTHS

DATE:	RATING	TP	MKT PRICE:
03/03/2016	OUTPERFORM	16.5	13.25
19/11/2015	OUTPERFORM	16.7	14.44
07/08/2015	OUTPERFORM	16.7	14.71
25/05/2015	OUTPERFORM	16.7	15.44
20/02/2015	OUTPERFORM	15.0	13.48
20/01/2015	OUTPERFORM	14.0	11.95
12/11/2014	OUTPERFORM	11.5	10.47
06/08/2014	OUTPERFORM	11.5	9.60
15/05/2014	OUTPERFORM	11.0	9.81
17/02/2014	OUTPERFORM	11.0	9.69
08/11/2013	OUTPERFORM	9.0	8.15
05/08/2013	OUTPERFORM	8.7	7.55
15/05/2013	OUTPERFORM	7.6	6.48
15/02/2013	OUTPERFORM	6.7	5.94
22/05/2002	BUY (Initiation of Coverage)	5.3	4.41

STOCK RATINGS

THE "OUTPERFORM", "IN LINE" AND "UNDERPERFORM" RECOMMENDATIONS ARE BASED ON THE NEXT 12 MONTHS EXPECTED RELATIVE STOCK PERFORMANCE, INCLUSIVE OF THE DIVIDEND PAID OUT BY THE STOCK'S ISSUER, COMPARED TO THE PERFORMANCE OF THE MARKET INDEX SHOWN IN THE CHART ON THE FRONT PAGE OF THIS REPORT.

EXPLANATION OF THE RATING SYSTEM:

OUTPERFORM: STOCK ESTIMATED TO OUTPERFORM THE MARKET BY MORE THAN 10% OVER A NEXT 12 MONTHS PERIOD

IN LINE: STOCK PERFORMANCE ESTIMATED AT BETWEEN -10% AND +10% COMPARED TO THE MARKET OVER A NEXT 12 MONTHS PERIOD

UNDERPERFORM: STOCK ESTIMATED TO UNDERPERFORM THE MARKET BY HIGHER THAN 10% OVER A 12 MONTHS PERIOD

IN CERTAIN OCCASIONS, THE RELATIVE PERFORMANCE MAY FALL OUTSIDE OF THESE RANGES BECAUSE OF MARKET PRICE MOVEMENTS AND/OR OTHER SHORT TERM VOLATILITY OR TRADING PATTERNS. SUCH INTERIM FROM THE SPECIFIED RANGES MIGHT NOT REQUIRE A CHANGE IN RATING.

NOT RATED: NO RATING OR TARGET PRICE ASSIGNED ALTHOUGH THE ISSUERS IS OR MAY BE COVERED BY THE EQUITY RESEARCH OFFICE

SUSPENSION OF COVERAGE: SITUATION WHERE THE COVERAGE IS SOSPENDED INDEFINITELY FOR COMMERCIAL REASONS (EXAMPLES OF THIS MIGHT BE LACK OF INTEREST FROM INSTITUTIONAL INVESTORS, LACK OF LIQUIDITY), OR TEMPORARILY TO COMPLY WITH APPLICABLE REGULATIONS AND/OR BANCA ALETTI'S POLICIES IN CERTAIN SITUATION OF CONFLICT OF INTERESTS, INCLUDING WHEN BANCO POPOLARE IS ACTING IN AN ADVISORY CAPACITY OR INVOLVED IN ANY TERM IN STRATEGIC TRANSACTION INVOLVING THE ISSUERS

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RATINGS DISTRIBUTION

BANCA ALETTI & C. S.P.A. EQUITY RESEARCH DEPARTMENT'S DISTRIBUTION OF STOCK RATINGS AS AT JANUARY 1, 2016 IS AS FOLLOWS:

	OUTPERFORM	IN LINE	UNDERPERFORM	Not Rated
% ON ALETTI UNIVERSE	43%	41%	16%	0%
OF WHICH INV. BANKING CLIENTS	100%	0%	0%	0%

VALUATION METHODOLOGIES

THE BANCA ALETTI EQUITY RESEARCH DEPARTMENT OBTAINS A FAIR VALUE FOR THE COMPANIES UNDER COVERAGE USING A RANGE OF VALUATION METHODS, OF WHICH THE MOST PREVALENT ARE THE DISCOUNTED CASH FLOWS METHOD (DCF DIVIDEND DISCOUNT MODEL (DDM) AND MULTIPLE-BASED MODELS (E.G. EV/SALES, EV/EBITDA, EV/EBIT, P/E, P/BV,). THE ANALYSTS ARE NEVERTHELESS FREE TO USE ALTERNATIVE OFFICIAL VALUATION METHODOLOGIES, WHERE DEEMED NECESSARY.

THE ASSIGNED TARGET PRICE MAY DIFFER FROM THE FAIR VALUE OBTAINED ABOVE, AS IT ALSO TAKES INTO ACCOUNT OVERALL MARKET/SECTOR CONDITIONS (E.G. RISK PREMIUM), CORPORATE/MARKET EVENTS, AND CORPORATE SPECIFICS (I.E. HOLDING DISCOUNTS, LIQUIDITY) REASONABLY CONSIDERED TO BE POSSIBLE DRIVERS OF THE COMPANY'S SHARE PRICE PERFORMANCE. THESE FACTORS MAY ALSO BE ASSESSED USING THE METHODOLOGIES INDICATED ABOVE.

ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS TO PREVENT CONFLICTS OF INTEREST

THIS RESEARCH HAS BEEN PUBLISHED IN ACCORDANCE WITH OUR CONFLICT MANAGEMENT POLICY. TO ENSURE THE INDEPENDENCE AND THE IMPARTIALITY OF ITS FINANCIAL ANALYSTS' JUDGMENT, EMPLOYED IN THE EQUITY RESEARCH DEPARTMENT (AS FOLLOW DEPARTMENT), INVOLVED WITH THE RESEARCH, ANALYSIS, COMPANIES VALUATION AND/OR FINANCIAL INSTRUMENTS, AND WITH INVESTMENT RECOMMENDATIONS DISTRIBUTED TO PROFESSIONAL INVESTORS, BANCA ALETTI HAS ADOPTED THE FOLLOWING ORGANIZATIONAL AND ADMINISTRATIVE MECHANISMS:

- THE DEPARTMENT HIERARCHICALLY RESPONDS TO THE GENERAL MANAGER OF THE BANK AND EXCLUSIVELY AND DIRECTLY RESPONDS TO HIM;
- THE EXISTING HIERARCHICAL RELATIONSHIP BETWEEN GENERAL MANAGER AND THE DEPARTMENT OR EACH ONE OF ITS FINANCIAL ANALYST(S) MEMBERS ARE SUBJECT TO PRINCIPLES OF PROFESSIONALISM AND TRANSPARENCY;
- THE CURRENT GENERAL AND/OR SPECIFIC GUIDANCE GIVEN BY THE GENERAL MANAGER TO THE DEPARTMENT SHOULD NOT RESULT IN CONTRAST WITH THE EXISTING LEGISLATIVE OBJECTIVES OF COMPLETENESS, CLEARNESS AND IMPARTIALITY OF THE PRODUCED STUDIES AND BE INFLUENCED BY THE SPECIFIC INTERESTS OF THE BANK RELATED TO A PARTICULAR SUBJECT OR FINANCIAL INSTRUMENT;
- THE REQUESTS OR THE COMMERCIAL COLLABORATIONS IN FAVOUR OF OTHER STRUCTURES OF THE SAME BANK OR THE GROUP TO WHICH THE BANK IS PERTINENT, WHICH, BY PRINCIPLE, COULD POTENTIALLY RESULT IN A CONFLICT OF INTEREST ACCORDING TO THE EXISTING REGULATIONS, CAN BE ORDERED TO THE DEPARTMENT OR A SINGLE ANALYST ONLY BY THE GENERAL MANAGER;
- IN THE RELATIONS WITH THE OTHER STRUCTURES OF THE BANK OR THE GROUP TO WHICH THE BANK BELONGS TO, THE DEPARTMENT OR EACH COMPONENTS OF THE SAME MUST RETAIN THEMSELVES FROM SEARCHING, RECEIVING OR FURNISH INFORMATION THAT MIGHT INVALIDATE THE INDEPENDENCE AND/OR THE IMPARTIALITY OF JUDGMENT OF THE RESEARCH COMMENT AND/OR RECOMMENDATIONS OF INVESTMENTS OR FAVOUR AN ASYMMETRIC DISTRIBUTION OF THE INFORMATION EITHER INSIDE OR OUTSIDE THE BANK OF OR THE GROUP. THE DEPARTMENT AND EACH COMPONENTS OF THE SAME MUST STICK TO THE PRINCIPLES AND BEHAVIOUR RULES FOR A CORRECT CARRY OUT OF THE FINANCIAL ANALYST ACTIVITIES;
- THE REMUNERATION OF THE FINANCIAL ANALYST(S) AND OF DEPARTMENT EMPLOYEES IS NOT TIED, DIRECTLY OR INDIRECTLY, TO INVESTMENT BANKING TRANSACTIONS AND/OR TO THE BUSINESS RELATIONSHIP DEVELOPMENT WITH ISSUERS UNDER FINANCIAL ANALYSIS.

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