

Interpump Group

Italy | Capital goods | Mcap EUR 1.4bn

02 May 2016

Hold (Hold)

Target Price EUR 13.50
Current Price EUR 12.57
Up/downside 7.4%
Change in TP none
Change in EPS none 2016E

Q1 results due on 12 May. We project a flattish trend

Reporting date	12 May
Conference call	TBA
Dial-in number	TBA

INTERPUMP - Q1 2016 results preview

	Q1 2016E	Q1 2015	YOY	FY2016E	FY2015	YOY
Revenues	228.6	222.6	2.7%	904.3	894.9	1.0%
Hydraulics	149.0	145.6		556.6	560.3	
Water Jetting	79.5	77.0		347.7	334.7	
EBITDA	44.1	43.5	1.4%	182.6	180.3	1.3%
Margin	19.3%	19.5%		20.2%	20.1%	
Hydraulics	25.0	25.0		94.6	96.6	
Water Jetting	19.2	18.5		88.0	83.7	
EBIT	33.7	33.6	0.3%	137.6	136.9	0.5%
Margin	14.7%	15.1%		15.2%	15.3%	
Pre tax profit	31.3	42.4	-26.2%	127.6	163.9	-22.2%
Net profit	20.4	29.3	-30.4%	81.9	116.3	-29.6%
Net debt	262	247	6.1%	182	255	-28.7%

Source: Interpump, Kepler Cheuvreux

-2% organic growth in Hydraulics, +2.5% in Water Jetting

We incorporate the weak state of some of Interpump's end markets, notably US trucks, where production cuts in the range of 20% are ongoing, not fully offset by growth elsewhere, to drive a 2% organic decline in Hydraulics. The division should also incorporate additional sales (we quantify them in +EUR6.3m) coming from delta perimeter on Walvoil, which on 15 January 2015 was consolidated, and to a much lower extent, Osper (Brasil). In Water Jetting, we assume 2% organic growth with a small impact (+EUR1.5m) from delta perimeter (Bertoli). All in all, we expect consolidated revenues up by 2.7% to EUR228.6m.

EBITDA: we expect +1.4%, EBIT +0.3%

We expect EBITDA to be up by 1.4% to EUR44.1m, which is in line with the +1.3% we expect for FY 2016. EBIT should be flattish (+0.3% to EUR33.7m).

Net income: -30% YOY, but Q1 2015 was boosted by one-offs

The 30.4% net income decline which we project in Q1 2016 to EUR20.4m largely comes from a difficult comparison versus Q1 2015. In fact, the revision of the put option in Hydraulics in Q1 2015 boosted the financial gains (one-off).

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Market data

Bloomberg: IPIM	Reuters: ITPG.MI
Market cap (EURm)	1,369
Free float	69%
No. of shares outstanding (m)	109
Avg. daily volume ('000)	72
YTD abs performance	-12.2%
52-week high/low (EUR)	15.82/10.45

FY to 31/12 (EUR)	12/16E	12/17E	12/18E
Sales (m)	904.3	916.8	944.3
EBITDA adj (m)	182.6	184.4	191.6
EBIT adj (m)	137.6	139.0	145.6
Net profit adj (m)	81.9	83.9	90.1
Net fin. debt (m)	181.8	115.9	49.9
FCF (m)	93.9	90.5	91.2
EPS adj. and fully dil.	0.75	0.77	0.83
Consensus EPS	0.81	0.87	0.92
Net dividend	0.23	0.23	0.25

FY to 31/12 (EUR)	12/16E	12/17E	12/18E
P/E adj and ful. dil.	16.7	16.3	15.2
EV/EBITDA	8.5	8.1	7.4
EV/EBIT	11.3	10.7	9.8
FCF yield	6.8%	6.5%	6.6%
Dividend yield	1.8%	1.8%	2.0%
Net fin.debt/EBITDA	1.0	0.6	0.3
Gearing	26.6%	15.6%	6.2%
ROIC	9.9%	10.1%	10.6%
EV/IC	1.7	1.6	1.5

