

## Interpump Group (Outperform, TP € 13.30)

	Market Cap. €1.3bn	Price: € 12.05	(Alessandro Tortora +39 02 8829 673)		
	Turnover	Net Profit	PE Adj.	PBV	Yield
2015	895	118	17.6	2.4	1.4
2016E	892	78	16.9	1.9	1.7
2017E	910	84	15.6	1.8	1.9

Source: Mediobanca Securities

## Stronger than expected profitability in 1Q 16

Event 1Q 16 results out yesterday.

Comment/Financials Figures were in line at top line level but better at operating one. In detail:

- ◆ 1Q 16 top line was €226.7m vs our estimate of €225.8m. Organic growth was +0.7% vs our estimate is 0.2%. Strong contribution of the Water Jetting business (5.3% Y/Y). In the Hydraulic segment sales were flat yoy with European subsidiaries offsetting the weak organic performance of US subsidiary Muncie;
- ◆ Strong beat at operating level in both businesses with 1Q 16 EBITDA of €47.6m vs our estimate of €43.6m. EBITDA margin reached 21% reflecting strong cost efficiencies;
- ◆ 1Q 16 net profit of €21.7m vs our estimate of €19.4m;
- ◆ At cash flow level, 1Q 16 net debt of stood at €297m (including put options of €23m) compared to our estimate of €300m.

## 1Q 16 figures

(€m)	1Q 16E	1Q 15A	1Q 16A	YoY chg.	A/E%
Total sales	225.8	222.6	226.7	1.8%	0.4%
EBITDA	43.6	43.5	47.6	9.5%	9.2%
EBITDA margin	19.3%	19.5%	21.0%		
EBIT	33.4	33.6	37.3	11.0%	11.8%
EBIT margin	14.8%	15.1%	16.5%		
Net profit	19.4	29.2	21.7	-25.8%	11.9%
Net debt*	299.6	345.7	297.2	-14.0%	-0.8%
Adj.net profit	19.4	23.0	21.7	-5.8%	11.9%

Source: Mediobanca Securities

## Feedback from the conference call:

- ◆ Muncie sales were down c. 10% in local currency (in line with our estimate) but Hammelmann registered a +9% yoy (as a reminder we are conservatively assuming FY 16 sales down 10% yoy for the German subsidiary);
- ◆ Management sees commercial synergies for Tubiflex company recently acquired and expects to make further acquisitions by year end;
- ◆ The beat in profitability (+1.5% yoy in % margin or €4m EBITDA in absolute terms) with constant selling volumes can be considered as recurring according to the CEO. Performance is due mainly to the integration process of recently acquired companies which has been releasing cost savings.

**Mediobanca view:** The management confirmed the FY guidance for the time being. EBITDA: €190m +/-5 vs. Mediobanca €178m. Consensus at €185m. Company reported a FY 15 EBITDA of €180m. If the next quarters confirm the trend seen in 1Q 16 (flattish volume trend and margin expansion), company may be in a good shape to achieve FY 16 guidance. Outperform.

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