Interpump Group S.p.A.

"First Quarter 2026 Financial Results Conference Call"

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MODERATORS: FABIO MARASI, CHIEF EXECUTIVE OFFICER & EXECUTIVE DIRECTOR

OPERATOR: Good afternoon. This is the Chorus Call conference operator. Welcome, and thank you for joining the Interpump's First Quarter 2026 Financial Results Conference Call. As a reminder, all participants are in listen-only mode. And after the presentation, there will be an opportunity to ask questions. Should anyone need assistance during the conference call, they may signal an operator by pressing"*" and "0" on their telephone.

At this time, I would like to turn the conference over to Mr. Fabio Marasi, CEO of Interpump. Please go ahead, sir.

FABIO MARASI: Thank you. Thank you. I'm Fabio Marasi, Interpump Group Chief Executive Officer. Good afternoon or good morning, depending on your time zone, and welcome to this Interpump first quarter 2026 financial results conference call.

Before starting, I would like to inform you that Elisabetta Cugnasca, former Head of Investor Relations, recently left the company and that starting from June 1, the new Head of Investor Relations will be Mr. Federico Pavesi joining us after a long experience in CNH and Carli to whom I formulate my best wishes for his future within Interpump Group. As usual, I must draw your attention to the disclaimer slide inserted in the annex part of the presentation, that I hope, you were able to download from our website.

I will start the Q1 '26 presentation, as always, with past and future numbers. Past numbers on an organic basis in the first quarter 2026, we had a 2.2% organic growth, positive number for the fourth consecutive quarter and the minus 2 EBITDA, with a 60-basis point EBITDA margin dilution, mainly explained by the different contribution from the 2 divisions with a strong Hydraulics and a weaker Water-Jetting performance.

On future numbers, both the results of the first quarter '26 and the sales evolution for the month of April are slightly better than our expectation, but considering the very uncertain geopolitical scenario, we prefer to confirm our 2026 organic sales guidance that is between minus 2% and plus 3%, hoping for more visibility and a better outlook in the future months.

In terms of profitability, as usual in May, we are also providing more precise indications, and despite the headwinds coming from a tougher product mix, we are expecting an EBITDA margin for the full year between 22% and 22.5%, confirming once again our most important goal and focus that is to protect our profitability in every market environment. I will add more color on our 2026 expectation in the second part of my speech.

Now let's focus in more details on most important first quarter financial KPIs, sales, EBITDA and cash generation. On sales, the first quarter '26 confirm trends that have been ongoing for more than a year. The Hydraulic division is recording a sequential and very comforting acceleration in demand, while Water-Jetting is facing a very tough comparison base, with the first part of 2025. This evolution is absolutely consistent, with our expectations, summarized in '26 budget. And once again, it is the clearest possible evidence of the beauty of the diversification that has always characterized Interpump Group's business.

Going into detail, we feel that Hydraulics division touched the bottom at the end of 2024 and that we should now expect a continuation of the sequential improvement that we have seen in the last 4 quarters, also during the remaining part of this year. Among the most important categories, agriculture, air moving machine and construction are on fire, with a double-digit growth, with others, for example, adaptors, industrial vehicles after several strong quarters were less positive.

In the Water-Jetting division, food and beverage, by far the most important market application and chemical were the most affected by the tougher comparison basis, with the same period of last year that we have already mentioned. Cleaning, the second most important application field, performed very well with a 14% organic growth in the quarter.

In terms of geographies, the most important countries where we operate, Europe and US, recorded a very positive performance with a 7% organic growth. While the poor performance in Asia and in China, in particular, was driven by the first part of the mega order that Hammelmann delivered in this area in the first quarter '25.

Complementing the view for the quarter, it's important to underline that very good commercial environment...the very good commercial environment, both in terms of projects under discussion in the Water-Jetting division and the strong order intake in the quarter with a book-to-bill ratio above 1.5 times.

Moving to EBITDA, I would like to come back to what I mentioned in my introduction. First quarter '26, we protect profitability despite the important headwind coming from the different business mix, which was characterized by the stronger contribution from the relatively less profitable division, Hydraulics, in comparison with the Water-Jetting one.

The good sales evolution in the pure mobile electronics application fields, the one that suffered the most in the past, allowed to achieve good operating leverage in companies like WALVOIL and White Drive and to improve overall performance in the companies that were hit the most during the past 3 years downturn. Offsetting in the meantime, the weaker contribution of companies more focused on adaptors of industrial vehicles.

Switching to Water-Jetting division, sales evolution, excluding the mega order delivered in the first half of last year by Hammelmann in China is confirming the good long-term trend seen in recent years, concerning the higher attention paid by the industrial operators towards the environmental impact of their economic activities. The very interesting order intake in Q1 2026 and the number of projects under technical discussion in this field are just confirming these trends.

Moving to cash generation now. Free cash flow in the first quarter went up by 10% from €29 million to €32 million, continuing the good improvement already reached in the last couple of years. Therefore, it's important to focus on the different components. Cash flow from operating activities was aligned with the one of last year, while the 45% CAPEX decrease from €35 million to €19 million more than compensated the trade working capital increased absorption, explained by a stronger top line.

Summarizing another quarter of inventories, lower absorption and CAPEX reduction is a clear evidence that group is delivering its commitment to improve these KPIs after the extraordinary peak of '21 and '23. We believe, therefore, that the first quarter '26 cash generation result is satisfying and in line with our goal to repeat, and possibly exceed the excellent levels of free cash flow generation of 2025.

To complete EBITDA overview, it's important to highlight that the group was able to offset the impact of US tariffs having increased prices or having recharged them to customers. And the newly acquired companies did not have any dilutive effect.

To conclude the discussion on profitability, I would like to draw your attention once again to the long-term stability of our EBITDA margin, which, in my view, perfectly exemplifies the strength of our group. Thanks to our diversification and operational flexibility, we have demonstrated an excellence and resilience in margins in US market by extreme volatility. The few industrial companies can match.

Moving now to acquisition. As usual, we would like to provide a short updating on M&A. No new acquisitions in this quarter, but several interesting ongoing discussions and negotiations with potential counterparties. We are very satisfied of the integration process of the 3 companies acquired in the fourth quarter of last year, namely Tutto Hidraulicos, Borghi Assali and FARMA, which are perfect examples of the add-ons opportunities that we are looking for, considering the perfect match between our industrial and commercial strategy, the financial profile of these companies, and respect of our M&A and financial criteria.

Now the usual overview on most recent market trends and 2026 expectations. April was characterized by a further acceleration of the top line growth, thanks to the less tough comparison basis in Water-Jetting and the continuation of the positive trends recently seen in Hydraulics. Both the features of the projects under discussion and the very good order intake for the month with a book-to-bill ratio, once again, close to 1.1, make us confident regarding the good evolution to be expected for this second quarter of the year.

After this necessary digression, let's go back to 2026 expectations. First quarter results and the April sales evolution are a clear support for our February guidance that we are confirming today despite the severe geopolitical tensions that are characterizing this world and the very low visibility regarding the foreseeable future.

On an organic basis, we are expecting a turnover variation between minus 2% and plus 3% and the positive perimeter change impact of around 2%, with reported sales in line with 2025, considering the negative FX impact that was around 3% in the first 4 months of the year.

As usual, with higher visibility given by a quarter of reported data, we are adding the profitability guidance to the sales guidance, an EBITDA margin between 22% and 22.5%, despite the headwinds coming from a different contribution from the 2 divisions with a strong Hydraulics and a weaker Water-Jetting that is, as you know, the most profitable division.

In terms of cash generation, as explained before, first quarter results are clear evidence of the group's commitment to proceed in the normalization process of both trade working capital and CAPEX. Therefore, we confirm the goal to consolidate and hopefully improve the cash flow generation achieved in '25 to a new record high number.

If we are able to deliver these results in February 2027, we will be, once again, very proud as they would once again confirm the 2 fundamental milestones of the group strategy, diversification and business model flexibility.

We are now at your disposal for any questions you may ask.

Q&A

OPERATOR: Thank you. This is the Chorus Call conference operator. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press "*" and "1" on their touchdown telephone. To remove yourself from the question queue, please press "*" and "2." Please pick-up the receiver while asking questions. Anyone who has a question may press "*" and "1" at this time. We will pause for moment while the participants are joining the queue.

First question is from Matteo Bonizzoni, Kepler Cheuvreux.

MATTEO BONIZZONI: Thank you, Fabio, first 3 questions, but very quick, if I may. First one is Hydraulics, flat margin in Q1 despite 6.9% organic. So apparently no benefit from the operating leverage. Can you mention any specific reason in terms of mix, productivity or other reasons for this flat margin in Hydraulics?

Second is, you are mentioning a pretty solid book-to-bill. I don't know if you are referring because I was not paying attention probably the 1.1 is for both division? And because the question is Q2 will have a particular comparison...challenging comparison in Water-Jetting. So what is your expectation for in Water-Jetting organic just range.

And last one is on the margin guidance. 22%, 22.5%. Q1, 21.9%, so a touch below. We know that typically, not necessarily this year, first half is better than the second half. So if Q1 is 21.9%, I would say that 22%, 22.5% is something, which require sort of explanation or maybe more details on how you are going to catch up to this range? Thanks.

FABIO MARASI: Thank you, Matteo. Regarding the flattish margin in Hydraulics, it's important to comment on 2 different aspects. The first one, that is the one that I like the most is the significant improvement in the performance of the company that suffered the most, the downturn of the last 2 to 3 years, and in particular, WALVOIL and White Drive. This positive evolution was offset by weaker results and weaker top line performance of companies working with adaptors of industrial vehicles. And in particular, the American company Muncie Power Products. That historically was characterized by an higher profitability, and also by the different contribution from the American companies in general due to the depreciation of the US dollar.

Long story short. There is some different performance characteristics, also within the 2 divisions. As you know, for example, in Water-Jetting, Hammelmann is way more profitable than the average and that the companies are slightly less profitable than the average, is the same in the Hydraulics division. But apart this short-term trend in the American companies and in particular, Muncie that is pretty significant in terms of size and contribution. We are satisfied of the better utilization rate of the internal manufacturing capacity in the companies that suffered the most in the downturn.

Regarding the book-to-bill that I wanted to mention, in particular, with reference to Water-Jetting, because clearly, Water-Jetting is down in terms of sales, because of the comparison that we were expecting very tough, considering the results that we had in the first 2 quarters of last year. But what is important to underline is that we are not seeing any significant slowdown in the market in terms of new projects, in terms of opportunities and those in terms of order intake. And in the Water-Jetting division only, the book-to-bill in the first 3, 4 months was above 1.1, in Hydraulics was above 1, but below 1.1. In any case, very positive and very significant.

It is clearly too early to comment on second quarter, but we will see how it will evolve, but April was good and the order to be delivered in May and June are good as well. Clearly, in June last year, we had that mega order from Hammelmann that will be a tough comparison. But in any case, we are very confident of the progresses that we are seeing in the market in terms of demand and order intake.

Last question regarding the guidance on margin, we historically have been criticized for being too conservative. And I believe that we are conservative once again. I don't believe that we have been optimistic or aggressive in this 22% to 22.5% margin. I believe that considering how we expect that the turnover, and also the contribution from the 2 divisions will evolve during the year, we believe that our number in this range is something achievable despite the 21.9% of the first quarter '26.

MATTEO BONIZZONI: Got it. Thanks.

OPERATOR: Next question is from Domenico Ghilotti, Equita.

DOMENICO GHILOTTI: Good afternoon. I have a follow-up on the Water-Jetting division. I'm trying to understand so, because you have mentioned the 1.1 book-to-bill for Water-Jetting. So this means that we can expect probably some sequential improvement in place in the second quarter, but not far away from the €200 million, if I remember well, in the second quarter. So what I say is that the first quarter top line has been slightly down, also compared to the second half of 2025. So I'm trying to understand why is the accelerating the order intake during the second half was supported.

And then a more general question, on the cost inflation, what kind of actions are you taking? And when should we expect to see some contribution from this action? And if you are seeing any supply chain disruption, and for this time, you were mentioning the M&A pipeline without waiting for, let's say, a question specifically on that. So if you can maybe add some color on what is the potential size of the pipeline?

FABIO MARASI: Okay. Regarding Water-Jetting, it is correct to say that we are expecting a sequential improvement, but considering the very strong second quarter '25, and then the tough comparison base. I would say that the sequential improvement can be seen or will be seen from the third and fourth quarter, considering also that the second part of last year was weaker than the first part. And then the visibility is on the second part of this year.

I don't agree technically on your comment regarding the top line deceleration, because in reality, it's just a lower increase in the first quarter in comparison with the growth rate that we had in the fourth quarter 2025. And for 2 reasons, the first one is that is another quarter of growth. And second is that it's another quarter of growth despite the first part of the mega order in China, then the 2.2% is in my mind, in my way of reading a very positive number because we...

DOMENICO GHILOTTI: Sorry, probably I wasn't clear, sorry. I was referring to the Water-Jetting alone, so the top line of the Water-Jetting alone, not the group level. So the deceleration.

FABIO MARASI: Yes, the decrease to minus 6 point something percent in the first quarter, 2026, is explained entirely by the first part of the order delivered in China last year. And the second and more important part was delivered in June. That was made into tranche.

Regarding cost inflation, this is a very important topic. I don't believe that we saw many effect on the first quarter of the year. But this is becoming a very important topic in this second quarter, in particular after the geopolitical tensions and the Gulf crisis in Iran, and the consequent boom in energy cost. And then we are obliged, like everyone else in the market, to transfer to our customer these price increases, through price surcharges or price list increase. This is something that we are doing. We have already done in some company. But once again, we will do it carefully and without any hesitation. And this is the way in which the entire market is behaving once again.

Regarding M&A, I have commented regarding the usual interesting ongoing activity. We have several dossiers under analysis, mix in size, mix in terms of business, mix in terms of geographies. I confirm that the environment is still pretty positive, because considering the uncertainties that are characterizing more and more the economic environment, more and more operators are at least considering or starting to discuss potential opportunities of this size and merging their activities with a larger, more balanced and more international group. And in this case, Interpump in some way is a safe harbor for smaller and more risky companies.

DOMENICO GHILOTTI: Thank you.

OPERATOR: Next question is from Alessandro Tortora, Mediobanca.

ALESSANDRO TORTORA: Yes, hi. Good afternoon to everybody. Hi, Fabio. The question is related to your comment on the book-to-bill. I am sorry, I got initially a level like 1.5. Maybe I was wrong, okay, collecting this data, because then you mentioned 1.1, let's say above 1.1. So sorry, just a clarification on this data?

And then the question is, can you comment a little bit about the trend by region? You mentioned in the past some uncertainty or volatility in the, let's say, American market, and now you commented, let's say, positive performance. So just to have a picture, let's say, by region, because I recall it that in the past, the regional performance was a volatile quarter-over-quarter.

FABIO MARASI: Yes, I don't know how this 1.5 in terms of book-to-bill came out. Maybe it's the absolute value of the orders to be delivered that is above 1.1, but the order intake in the first 3, 4 months was around 1.1 in comparison with turnover. More in Water-Jetting than in Hydraulics.

In terms of region, I agree with you, this is a very interesting topic, because to be fully transparent and completely honest, the very positive performance of the US market is in some ways surprising to me as well. Considering all that happened and considering the depreciation of the US dollar against euro on one side, and the application of the tariffs on the other side that made the cost in US much higher than the previous year, I was expecting a softer market demand. But probably, and I am referring in particular to Hydraulics or to some application of the Hydraulic market, the deceleration and the de-stocking activity was so severe in the previous 2 years that the market is recovering anyhow, despite this geopolitical tensions and the short-term consequences on these cost factors.

ALESSANDRO TORTORA: Okay, thanks. And then, Fabio, your initial comment was let's say on the guidance, which still, let's say, assume you know this negative sign as, let's say, in the lower end of your range. Considering your comment on these sequential improvement you see, let's say, in April and so on, the reason why, let's say, you are not upgrading or, let's say, at least excluding, let's say, the most negative…negative part of your range is due to, I don't know, geopolitical context, and therefore you need, let's say, some more months or quarters in order to reassess, let's say, the sales outlook, that's your reasoning?

FABIO MARASI: This is absolutely correct. This is absolutely correct. Today, we are slightly more optimistic than a few months ago in terms of top-line evolution and market demand trends. But considering all that is happening every day and considering the huge uncertainty that is characterized in this world, we believe that it is too early to remove the lower side of the range. But to be honest, as commented, we are slightly above our expectation for these first several months of the year. Let's discuss on August 5.

ALESSANDRO TORTORA: Okay.

FABIO MARASI: Grazie, Alessandro.

OPERATOR: Next question is from Natasha Brilliant, UBS.

NATASHA BRILLIANT: Good afternoon, and thank you for taking my questions. I have got 3. The first is coming back to your comments on pricing. You said that you put some pricing through in the first quarter. So I just wondered if you could quantify that and what you think pricing will be for the full year?

Second question is just on capacity utilization. If you could give us the rates that you saw through Q1, and if that changed through the quarter as well?

And then lastly, on Water-Jetting, obviously we are cycling against the very big one-off project from last year. Do you have any visibility as to whether other such projects could be in the pipeline? I realize by nature they're one off, but whether you've been having any discussions, if you're seeing any demand for similar types of projects that could come through, let's say through FY 2026. Thank you.

FABIO MARASI: Thank you, Natasha. Regarding pricing, considering the size and the magnitude of the price increase and surcharges that we are applying or we are considering to apply, I believe that at the end of the year, the price effect will be between 1% and 2%, let's say 1.5%. It is too early to make definitive conclusion, but I believe that we will have more than 1% in terms of top line contribution.

Regarding capacity utilization, considering the very fragmented picture and situation in our group. I believe that it's very important to say that the capacity utilization in the companies that suffer the most, I have mentioned WALVOIL and White Drive and also some other minor companies increased in a very significant way in the last 2 to 3 quarters. And I believe that focusing on the Hydraulics division, being the Water-Jetting more flexible and more reliant also on outsourcing, I would say that in the Hydraulics division today, the capacity utilization is something like 95%. With some companies that is in better shape and some other that is still suffering a bit, waiting for some further quarter of recovery to join the 100% utilization, that of course will be very beneficial in terms of profitability.

Regarding Water-Jetting big projects, I mentioned the positive environment and the positive long-term trend of demand in this world…in this business. What I can confirm is that we have many different projects underway and under discussion. No one so big and so important such as the one of last year in China, but many projects in the millions, many projects that are relevant. What is important to say is that the long-term trend of higher attention and higher sensitivity of the industrial world operator toward a more sustainable industrial approach is continuing, and we believe it will be…it is today and will be beneficial to our technologies and our projects within a long-term perspective.

NATASHA BRILLIANT: That's very clear. Thank you.

OPERATOR: Next question is from Michele Baldelli, BNP Paribas.

MICHELE BALDELLI: Yes. Good afternoon to everybody. I hope you are hearing me well. I have 3 questions. The first one relates to the Section 232 of the United States tariff duties; the one changed on the 6th of April. If you can give us some color on what kind of impact that can have on your business?

The second relates to the trend of the Water-Jetting division, specifically concerning the Far East and Oceania. I have seen in Q1 a strong drop, so I was wondering if last year also in Q1 you had specific big contracts, because as far as I remember, the Chinese contract was impacting Q2, but I may be wrong. So if you can give us some color also on this?

And finally, impacts from the Middle East. Did you suffer from some deliveries that could not happen because it was not possible to send certain pumps in the Middle East? What has been the impacts from this crisis there, given that I imagine some projects in the petrochemical needed also probably some process pumps and so on. Thank you.

FABIO MARASI: Yes. Thank you. Thank you, Michele. Regarding the Section 232 of the tariffs, I would like to say that we have had around €6 million impact in the first quarter of the year that has been completely transferred to our customers. There is a huge debate in this day regarding the reimbursement of the tariffs and how this will be managed by the US administration, with the companies that paid as importer of goods, and the customers that have been paying, passing through these amounts. And it will be a very important topic, I believe, of the second part of the…of this year, the way in which this reimbursement will be managed, and the consequence on everybody P&L. I believe that it will be very clear that we can reimburse or like everybody else, can reimburse only the amount of money that will be received back by the US administration. But today, what we have paid is what we have transferred to the customers.

Regarding the Chinese mega order that we have been debating a lot, these orders…these mega projects were delivered in 2 moments. The first one, the smallest one, was delivered in March last year, and the second in June last year. And then the impact or the tougher comparison base, we characterize the first and the second quarter of this year.

Middle East crisis and impact. Clearly, we had several impacts, direct and indirect. Some projects, some business, some CAPEX is being postponed in the region, and this is a direct impact. On an indirect point of view, clearly the effect are tougher and more important because the delivery time from Asia to Europe has increased. The cost of transportation has increased a lot. And then this is something that we are managing also thanks to our higher-than-normal level of inventories, but it's something that is affecting or has affected the day-by-day management of the business and the protection of the profitability. And one of the reasons why we are obliged to increase price or to apply energy cost surcharges is also because of this Middle

East crisis that is affecting the transportation of goods from Asia to Europe and vice versa.

MICHELE BALDELLI: Thank you very much.

OPERATOR: Next question is a follow-up from Domenico Ghilotti, Equita.

DOMENICO GHILOTTI: I have a clarification, and then a question. So the clarification is just to be sure that I understood properly on the Water-Jetting trend. So you said…around 1.1 book-to-bill for Q1, and you were mentioning that in April, sales were positive in Water-Jetting. Clearly, we will have the very tough comp in June. So we have to consider for the quarter clearly to have this comparison?

And then the question is on your view on the opportunity of the share buyback you have started. We have seen already some share buyback programs with the stock down also today, and your mood and your speech are quite more constructive. I wonder if you are more willing to use this lever as an opportunity.

FABIO MARASI: Yes. Regarding Water-Jetting, the book-to-bill to 1.1 was in April. And the positive organic growth in April is very comforting because it's, in some way, a like-for-like comparison. Then it's very comforting to us as well. But clearly, we have this June very positive month. We had this June '25 very positive month. But in any case, without concentrating too much on short-term or monthly results and performance, what really matters is the continuation of the long-term trends of better penetration of our technologies and then long-term higher attention to a more sustainable industrial activity world in terms of efficiency, in terms of water consumption, energy consumption. And we are very well-positioned with our products, our components and our systems to have a positive demand and positive evolution of top line coming from these trends.

Regarding buyback, you note and you mentioned what we have already done. We have bought in the last couple of months 1.3 million shares, investing €45 million, €47 million. And clearly something that considering also the very depressed level of the share price, we are considering to do again in the short term. Clearly, our primary, as commented many time, way of investing our cash flow is acquisition and M&A in order to grow our top line and to grow the size and the meaningful of our group. But we can do clearly both, considering how strong is our balance sheet and how strong is and will be our cash flow in 2026.

DOMENICO GHILOTTI: Thank you.

OPERATOR: Next question is from Michele Baldelli, BNP Paribas.

MICHELE BALDELLI: Yes. Thank you. Sorry, we could not end the call without a question about M&A. Can you give us some more color, or is it something steady state compared to the last messages you gave, just to have an update? Thank you.

FABIO MARASI: I would say that steady state is a good way of describing. We are very focused. We understand the opportunity because in uncertain time, strong companies and strong groups such as Interpump may find very good and interesting opportunity at the right prices. And then we are positive on the outlook for the remaining part of the year, but also with a midterm perspective.

MICHELE BALDELLI: Thank you.

OPERATOR: As a reminder, if you wish to register for a question, please press "*" and "1" on your telephone. For any further questions, please press "*" and "1" on your telephone. Next question is from Fraser Donlon, Berenberg.

FRASER DONLON: Hi, Fabio. Fraser here from Berenberg. Thanks for the presentation and sorry to ask a question which has been asked in different ways already. But I wrote down that you said the book-to-bill in Water-Jetting was, in Q1, was 1.5 times. So if it was a €160 million of revenue, that would imply orders around €240 million. Did I just mishear that?

FABIO MARASI: Probably I said 1.15.

FRASER DONLON: Okay. Clear. Thank you. That was my question. Appreciate it.

FABIO MARASI: Okay. Thank you, Fraser.

OPERATOR: For any further questions, please press "*" and "1" on your telephone. Mr. Marasi, there are no more questions registered at this time.

FABIO MARASI: Thank you. Thank you everybody for participating today. We will update and we will meet again on August the 5th for the second quarter and first half results. Thank you so much.