



Press release

**RECORD SEMESTER FOR INTERPUMP GROUP:
NET REVENUES: +35% AT 434 BILLION**

NET CONSOLIDATED PROFIT GROWTH BY 29% AT 78,1 BILLION

STRONG GROWTH OF THE OPERATING CASH FLOW (+87%) AT 74.3 BILLION

Mr Giovanni Cavallini C.E.O. of the Group:

“The first half 2000 recorded a further strong growth for Interpump Group. The operating cash flow generated in the semester was higher than the total of 1999. The extraordinary capacity of cash generation, that has allowed the distribution of dividends for a total of Lire 1,000 per share, is the main source for further acquisitions.”

Sant’Ilario d’Enza, September 13, 2000 – The Board of Directors of Interpump Group approved yesterday evening the Interim Results as at June 30, 2000, which once again confirm the double digit growth of the Group. This growth is due both to the strengthening of Interpump Group on its reference markets and to the targeted acquisitions of the second half of the previous year.

Net consolidated revenues were up **35% reaching Lire 434 billion** (321.2 billion in the first six months of 1999).

EBITDA increased 29% to 89.4 billion (69.4 billion in 1999 first semester).

EBIT reached Lire 78.1 billion with a 29% growth over the 60.6 billion of the first 1999 semester. As a percentage on sales EBIT was 18% (18.9% in the first 1999 half year). **At constant perimeter** the percentage of EBIT (ROS) was unchanged at **18.9%**.

Net consolidated profit grew by 15% to 23.3 billion over the 20.3 billion of the first 1999 semester.

Cash flow reached **49.1 billion, with a 26% growth** over the 39.1 billion generated in the 1999 first semester. **Operating cash flow was 74.3 billion**, taking into consideration the decrease in the net working capital, over 39.7 billion generated in the first 1999 semester (+87%) and over **70,6 billion generated in the full 1999 year**.

Net consolidated financial debt was 347.6 billion (310.1 billion as at December 31, 1999) in spite of the distribution of dividends of Lire 77.9 billion and the purchase of treasury stock of 5.1 billion in the semester.

The first 2000 half year was characterized by the integration in the Group of the companies acquired in the previous year, strengthening the leadership in the traditional markets.



The **Parent Company** Interpump Group S.p.A. achieved a **net income of 17,8 billion** over 35,9 billion in the first 1999 semester, which included an extraordinary gain of 22 billion, net of taxes.

Giovanni Cavallini, Vice Chairman and CEO of Interpump Group, stated:

“The first 2000 semester confirmed the strong growth of the Group and the extraordinary capacity of cash generation. Operating cash flow of the first 2000 semester was higher than the 1999 full year’s one. The extraordinary capacity of cash generation, which has allowed the distribution of dividends for a total of Lire 1,000 per share, is the main source for further acquisitions. The 2000 first half results confirm our objective to reach Lire 1,000 billion of net consolidated sales in 2002.”

<i>Lire/billions (First semester)</i>	<i>30/6/96</i>	<i>30/6/97</i>	<i>30/6/98</i>	<i>30/6/99</i>	<i>30/6/00</i>	<i>Growth 2000/1996</i>	<i>CAGR 2000/1996</i>
<i>Net revenues</i>	227.9	216.6	259.6	321.2	434.0	+90.4%	+17.5%
<i>EBITDAo</i>	49.4	47.4	58.8	69.4	89.4	+81.1%	+16.0%
<i>EBITo</i>	44.1	41.9	51.6	60.6	78.1	+77.2%	+15.4%
<i>ROS %</i>	19.3%	19.4%	19.9%	18.9%	18.1%		
<i>Net profit</i>	10.2	13.1	18.2	20.3	23.3	+128.9%	+23.0%
<i>Cash flow</i>	22.4	27.4	35.2	39.1	49.1	+119.6%	+21.8%

The Half Year report is available in Italian language (it will be available in English language in the next weeks) on the Internet web www.interpumpgroup.it

Interpump Group

Reclassified consolidated income statements

	2000/06/30 Lire/millions (six months)		1999/06/30 Lire/millions (six months)		1999/12/30 Lire/millions (twelve months)	
Net sales	433,996	100.0%	321,183	100.0%	618,165	100.0%
Purchases, net of changes in inventories	<u>(202,564)</u>		<u>(146,275)</u>		<u>(278,458)</u>	
Gross margin	231,432	53.3%	174,908	54.5%	339,707	55.0%
Personnel expenses	(75,015)		(53,878)		(111,389)	
Other operating costs	<u>(67,024)</u>		<u>(51,641)</u>		<u>(102,696)</u>	
Gross operating profit	89,393	20.6%	69,389	21.6%	125,622	20.3%
Operating amortization and depreciation	<u>(11,317)</u>		<u>(8,780)</u>		<u>(19,008)</u>	
Operating profit	78,076	18.0%	60,609	18.9%	106,614	17.2%
Amortization of goodwill	(8,596)		(6,551)		(15,116)	
Amortization of acquisition and listing cost	(1,613)		(1,613)		(3,226)	
Amortization of excess cost allocated to buildings	(201)		(201)		(402)	
Financial charges (income), net	(7,721)		(4,037)		(7,292)	
Financial discount granted to customers	(2,687)		(2,566)		(4,639)	
Adjustment to value of investment according to equity method	790		983		(530)	
Extraordinary income (charges), net	<u>110</u>		<u>2,896</u>		<u>(807)</u>	
Profit before taxes and minority interests	58,158	13.4%	49,520	15.4%	74,602	12.1%
Income taxes	<u>(28,887)</u>		<u>(24,311)</u>		<u>(26,611)</u>	
Net profit before minority interests	29,271	6.7%	25,209	7.8%	47,991	7.8%
Minority interests	<u>(5,984)</u>		<u>(4,884)</u>		<u>(5,098)</u>	
Net profit for the period	<u>23,287</u>	5.4%	<u>20,325</u>	6.3%	<u>42,893</u>	6.9%

Interpump Group

Reclassified consolidated balance sheets

	2000/06/30 Lire/millions		1999/06/30 Lire/millions		1999/12/31 Lire/millions	
Trade receivables	190,310		151,123		156,304	
Inventories	167,977		139,280		161,946	
Prepayment and accrued income within one year	5,449		5,270		4,463	
Other current assets net of deferred tax assets	14,731		13,974		22,622	
Trade payables	(151,491)		(132,555)		(112,425)	
Taxes payables within one year	(26,638)		(16,247)		(14,559)	
Other current liabilities net of payables related to the acquisition of investments	(25,099)		(19,374)		(16,315)	
Accrued expenses and deferred income net of accrued interest	(926)		(1,401)		(1,161)	
Net operating working capital	174,313	27.1%	140,070	27.8%	200,875	30.8%
Net tangible fixed assets	143,332		117,987		138,078	
Goodwill	280,608		223,457		283,530	
Financial fixed assets	67,932		56,798		62,569	
Other non-current assets	31,139		36,957		34,328	
Provisions for contingencies and other charges	(15,122)		(12,876)		(16,197)	
Staff severance indemnities	(21,632)		(19,404)		(20,819)	
Payables related to the acquisition of investments	(2,900)		(15,525)		(7,325)	
Other non-current liabilities	(14,602)		(22,750)		(21,983)	
Total fixed assets, net	468,755	72.9%	364,644	72.2%	452,181	69.2%
Total capital employed	643,068	100.0%	504,714	100.0%	653,056	100.0%
Financed to :						
Share capital	81,980		81,400		81,950	
Reserves and retained earnings	159,386		189,773		192,249	
Net profit for the period	23,287		20,325		42,893	
Total shareholders' equity for the Group	264,653		291,498		317,092	
Minority interests	30,784		24,954		25,830	
Total consolidated shareholders' equity	295,437	45.9%	316,452	62.7%	342,922	52.5%
Cash and cash equivalents	(86,951)		(83,382)		(89,324)	
Payables to banks for current account overdrafts and advances within one year	58,148		54,816		70,799	
Current portion of medium-long term financing	40,319		13,477		35,904	
Accrued interests	-		-		2,478	
Total financial debt (cash) within one year	11,516		(15,089)		19,857	
Medium-long term financing	336,115		203,351		290,277	
Total net financial debt	347,631	54.1%	188,262	37.3%	310,134	47.5%
Total financing sources	643,068	100.0%	504,714	100.0%	653,056	100.0%

Interpump Group

Consolidated cash flow statements

	2000/06/30	1999/06/30	1999/12/31
	Lire/millions	Lire/millions	Lire/millions
	(six months)	(six months)	(twelve months)
Net profit for the period	23,287	20,325	42,893
Minority interests	5,984	4,884	5,098
Non-cash items :			
Depreciation and amortization of tangible and intangible fixed assets	21,807	17,145	37,752
Change in staff severance indemnities	813	1,688	3,103
Adjustment :			
Opening staff severance indemnities in companies not consolidated in the previous period	-	(638)	(1,327)
Change in provision for deferred taxation net of deferred tax assets	(996)	(3,727)	(1,133)
Adjustment :			
Opening deferred taxes in companies not consolidated in the previous period	-	-	(1,182)
Net (profit) loss from non consolidated investments	(790)	(983)	530
Charges in other provision	(180)	2,394	3,706
Adjustment :			
Other opening provision of companies not consolidated in the previous period	-	(2,036)	(2,431)
Exchange (Profits) Losses on intercompany financial receivables	(799)	-	-
Cash flow from operations	49,126	39,052	87,009
Cash flow obtained through (used in) net operating working capital	29,828	(16,243)	(71,078)
Adjustment :			
Opening operating working capital of companies not consolidated in the previous period	-	16,891	54,712
Substitute tax paid	(4,610)	-	-
Change in net operating working capital of the period	25,218	648	(16,366)
Operating cash flow	74,344	39,700	70,643
<i>Investing activities</i>			
Increase in tangible fixed assets	(14,955)	(9,613)	(38,571)
Capital expenditure of the period	(717)	(1,334)	(7,158)
Adjustments :			
Opening fixed assets in companies not consolidated in the previous period	-	1,790	23,712
Capital expenditure of the period	(15,672)	(9,157)	(22,017)
Acquisition of investments, net	(6,175)	(15,143)	(131,384)
Changes in payables related to the acquisition of investments	(4,425)	(11,250)	(19,950)
Purchase of treasury stock	(5,065)	(5,502)	(9,412)
Decrease in (Increase in) other non-current activities	1,580	-	-
Other changes	435	2,320	2,636
Total cash flow used in investing activities	(29,322)	(38,732)	(180,127)

	2000/06/30	1999/06/30	1999/12/31
	Lire/millions	Lire/millions	Lire/millions
	(six months)	(six months)	(twelve months)
<i>Financing activities</i>			
Financing received from pool of banks	20,000	30,000	120,000
Increase in (repayment of) other medium-long term financing	28,680	(6,366)	5,982
Reimbursement of shareholders' financing	(2,806)	(129)	(129)
Collection of (increase in) financial receivables	(64)	(3,297)	(1,630)
Collection of (increase in) other non-current liabilities	35	-	(296)
Share capital increase	150	-	2,750
Dividends paid	(77,878)	(13,973)	(17,198)
Total cash flow obtained through (used in) financing activities	(31,883)	6,235	109,479
Total cash flow generated (used)	13,139	7,203	(5)
Net cash and cash equivalents at the beginning of the period	16,047	25,409	25,409
Adjustments :			
Net cash and cash equivalents (debt) at the beginning of the period of the companies not consolidated in the previous period	-	(4,046)	(9,357)
Exchange differences on the net cash at the beginning of the period	(383)	-	-
Net cash and cash equivalents at the beginning of the period	15,664	21,363	16,052
Net cash and cash equivalents at the end of the period	28,803	28,566	16,047
Net cash and cash equivalents can be broken down as follows :			
Cash and hand	86,951	83,382	89,324
Payables to banks within one year	(96,620)	(65,331)	(104,564)
Adjustments :			
Current portion of medium-long term financing	38,472	10,515	33,765
Accrued interests	-	-	(2,478)
Net cash and cash equivalents	28,803	28,566	16,047

Interpump Group S.p.A.

Statutory Reclassified Income Statements

	2000/06/30 Lire/millions (six months)		1999/06/30 Lire/millions (six months)		1999/12/30 Lire/millions (twelve months)	
Net sales	72,269	100.0%	77,138	100.0%	129,371	100.0%
Purchases net of changes in inventories	<u>(26,391)</u>		<u>(29,375)</u>		<u>(45,513)</u>	
Gross industrial margin	45,878	63.5%	47,763	61.9%	83,858	64.8%
Personnel expenses	(12,449)		(12,614)		(23,722)	
Other operating costs	<u>(10,689)</u>		<u>(9,874)</u>		<u>(17,363)</u>	
Gross operating profit	22,740	31.5%	25,275	32.8%	42,773	33.1%
Operating amortization and depreciation	<u>(1,698)</u>		<u>(1,714)</u>		<u>(3,401)</u>	
Operating profit	21,042	29.1%	23,561	30.5%	39,372	30.4%
Amortization of goodwill	(2,503)		(2,504)		(5,006)	
Amortization of acquisition and listing costs	(1,613)		(1,613)		(3,226)	
Effects of accelerated depreciation	445		456		(240)	
Dividends and tax credits	16,307		6,333		14,597	
Other financial (charges) income, net	(1,848)		(3,364)		(6,159)	
Write down of investments	-		-		(24,064)	
Extraordinary (charges) income, net	<u>(1)</u>		<u>46,949</u>		<u>46,949</u>	
Profit for the period before taxes	31,829		69,818		62,223	
Income taxes	<u>(14,001)</u>		<u>(33,907)</u>		<u>(33,144)</u>	
Net profit for the period	<u>17,828</u>		<u>35,911</u>		<u>29,079</u>	

Interpump Group S.p.A.

Statutory Reclassified balance sheets

	2000/06/30		1999/06/30		1999/12/31	
	Lire/millions		Lire/millions		Lire/millions	
Trade receivables	22,282		21,942		16,372	
Inventories	27,269		32,340		32,157	
Prepayment and accrued income	202		184		35	
Other receivables net of deferred tax assets	10,519		13,885		5,533	
Trade payables	(20,276)		(26,740)		(14,930)	
Tax payables within one year	(11,986)		(12,124)		(6,518)	
Other current liabilities net of payables related to the acquisition of investments	(4,551)		(4,642)		(3,409)	
Accrued expenses and deferred income net of accrued interest	(42)		(14)		(2)	
Net operating working capital	23,417	5.4%	24,831	5.9%	29,238	6.9%
Net tangible fixed assets	23,300		23,802		22,937	
Goodwill	80,463		85,469		82,966	
Financial fixed assets	324,841		196,995		317,487	
Receivables from the sale of the investments	-		120,700		-	
Other non-currents assets	2,858		7,249		4,488	
Provisions for contingencies and other charges	-		(976)		-	
Staff severance indemnities	(6,022)		(5,725)		(5,914)	
Payables for the acquisition of investments	(2,900)		(15,325)		(6,825)	
Other non-currents liabilities	(13,828)		(18,438)		(18,438)	
Total fixed assets, net	408,712	94.6%	393,751	94.1%	396,701	93.1%
Total capital employed	432,129	100.0%	418,582	100.0%	425,939	100.0%
Financed to:						
Share capital	81,980		81,400		81,950	
Reserves and retained earning	133,221		178,690		180,891	
Net profit for the period	17,828		35,911		29,079	
Total shareholders' equity	233,029	53.9%	296,001	70.7%	291,920	68.5%
Cash and cash equivalents	(34,712)		(49,110)		(49,086)	
Payables to the bank for current account overdrafts and advance within one year	3,285		969		-	
Current portion of medium-long term financing	101		96		99	
Accrued interests	-		-		2,478	
Total financial debt (cash) within one year	(31,326)		(48,045)		(46,509)	
Medium-long term loans	230,426		170,626		180,528	
Total net financial debts	199,100	46.1%	122,581	29.3%	134,019	31.5%
Total financing sources	432,129	100.0%	418,582	100.0%	425,939	100.0%
Net financial position adjusted for financial receivables from the subsidiary companies	(79,887)		(74,832)		(6,833)	

Interpump Group S.p.A.

Cash flow statements

	200/06/30	1999/06/30	1999/12/30
	Lire/millions	Lire/millions	Lire/millions
	(six months)	(six months)	(twelve months)
Net profit for the period	17,828	35,911	29,079
Non-cash items :			
Depreciation and amortization of tangible and intangible fixed assets	5,369	5,375	11,873
Changes in staff severance indemnities	108	421	610
Changes in deferred taxes	-	(1,433)	(1,602)
Changes in other provisions	-	(518)	(518)
Net capital gains (losses) on disposal of fixed tangible and intangible assets	2	11	11
Write down of investments	-	-	24,064
Reduction in value of investments for distribution of profits obtained before the acquisition	-	-	14,072
Dividends received from subsidiaries	(9,779)	(3,433)	(17,572)
Exchange Profits on intercompany financial receivables	(1,368)	-	-
Capital gains on sale of investments	-	(45,017)	(45,017)
Substitute tax on capital gain	-	23,048	23,048
Cash flow from operations	12,160	14,365	38,048
Cash flow obtained thought (used in) net operating working capital	5,821	12,376	8,467
Substitute tax paid	(4,610)	-	-
Operating cash flow generated	13,371	26,741	46,515
Investing activities			
Increase in tangible fixed assets	(1,544)	(1,475)	(2,875)
Deferred costs incurred in the period	(43)	(322)	(407)
Cash received from the disposal of tangible and intangible assets	2	26	11
Acquisition of investments	(5,194)	(6,180)	(81,795)
Changes in payables related to the acquisition of investments	(3,925)	(10,750)	(19,450)
Proceeds from sale of investments	-	-	120,700
Purchase of treasury stock	(5,065)	(5,502)	(9,412)
Other changes	(17)	(291)	-
Total cash flow used for investing activities	(15,786)	(24,494)	6,772
Financial activities			
Financing received from pool of banks	20,000	30,000	40,000
Increase in (repayment of) other medium-long term financing	29,900	(95)	(191)
Collection of (increase in) medium/long-term financial receivables	32	(6)	61
Dividends paid	(76,868)	(10,441)	(10,441)
Dividends received from subsidiaries	9,779	3,433	17,572
Loans to subsidiaries net of amount repaid	4,241	4,840	(74,593)
Increase in share capital	150	-	2,750
Total cash flow obtained through (used in) financing activities	(12,766)	27,731	(24,842)
Total cash flow generated (used)	(15,181)	29,978	28,445
Net cash and cash equivalents at the beginning of the period	46,608	18,163	18,163
Net cash and cash equivalents at the end of the period	31,427	48,141	46,608