



PRESS RELEASE

Interpump Group: third quarter 2003 results

Net revenues: up 1.3% to €106.7 million

Net revenues of the first nine months of 2003: up 2.6% to €384.5 million

In October 2003, turnover accelerated by almost 5% as compared to the year-earlier period.

***Sharp growth in the Cleaning sector
(up 12% in the third quarter of 2003)***

Mr. Giovanni Cavallini, Vice Chairman and Chief Executive Officer of Interpump Group stated, *“The third quarter of 2003 continued to feel the impact of the difficult international economic situation. In this context Interpump Group operated to consolidate and reinforce its competitive positions, although it was significantly influenced by the foreign exchange impact. Turnover increased 1.3% (+ 4.4% net of the dollar effect) as compared to the year-earlier period. In the first nine months of 2003, consolidated turnover grew 2.6%. Revenues felt the significant impact of the Euro's strengthening against the dollar, the decline in the period of the Industrial sector and the Hydraulic sector and the higher fiscal pressure, even if some markets, such as the USA, begin to show positive signals of a trend reversal. In October 2003 turnover accelerated by almost 5% as compared to the year-earlier period, despite the dollar's weakness.”*

Sant'Ilario d'Enza, 11 November 2003 - The Interpump Group Board of Directors met today to approve the Report on the third quarter of 2003.

The macroeconomic situation in the **third quarter 2003** was difficult as in the previous quarter, especially in the major western economies, which provide the Company's main markets. In addition, turnover and the operating results were adversely affected by the weaker dollar against the euro. Nevertheless, turnover shows a positive value, albeit moderate.

Net consolidated revenues amounted to €106.7 million, up 1.3% as compared to the third quarter 2002 (€105.3 million). In constant dollars, net revenues would have increased by 4.4%.

As for the operating divisions, the **Cleaning sector grew 12%**, and this increase was concentrated in the hobby high-pressure washers. The **Hydraulic sector** contracted 4.5%, a much lower decrease as compared to the second quarter 2003. The **USA** begin to show some **positive signals of a trend reversal, with an increase of 9.1% in local currency terms** (- 3% after the translation into euro). The European and the Asian markets recorded a 5.6% decline, showing a continuing recessionary situation; however, this decline was lower than in the second quarter. The **Industrial sector** decreased 13.6%, attributable to both the 6.2% contraction in high-pressure pump sales, also reflecting the dollar effect, and the 27.2% decline in electrical motor sales outside the Group.

Gross industrial margin (**EBITDA**) **amounted to €17.0 million**, down from €19.1 million in the third quarter 2002. Net of the dollar effect, EBITDA would have been equal to €18.4 million. The turnover/EBITDA ratio was 15.9%, down from 18.1% in the third quarter 2002. The decrease is attributable to the dollar weakness, the decline in high-pressure pump and electrical motor sales (industrial sector) and of power take-offs (hydraulic sector) and the shift in the turnover mix towards the consumer segment of the Cleaning sector, featuring lower margins.



Operating profit (**EBIT**) **amounted to €13.1 million** (down 15% from €5.4 million in the third quarter 2002). Net of the dollar effect, EBIT would have been €14.4 million, with a decrease of 6.1%.

Net profit was €2.5 million (down from €4.1 million in the third quarter 2002) including a negative €0.9 million dollar effect. Factoring out for this effect the decrease in net profit would have been equal to 16.3% instead of 37.1%.

Results of the first nine months of 2003

Net revenues in the first nine months of 2003 reached €384.5 million, up 2.6% from €374.9 million in the same period in the previous year. At constant dollars, the increase would have been 6.9%.

The Cleaning sector grew 15.5% (14.1 on a like-for-like basis), once again driven by sales in the consumer segment. Turnover in the Hydraulic sector contracted 9.5%, due to the decline in sales in the North American market (down 1.1% in local currency and down 17.5% after the translation into euro); turnover in the other markets was down 3%. The Industrial sector contracted 13%, due to both the 11.2% decrease in high-pressure pump sales and the 17% decrease in windings and electric motors sales.

Gross industrial margin (EBITDA) for the first nine months of 2003 amounted to €60.2 million (down 11.5% from €68.0 million in the first nine months of 2002). At constant dollars, EBITDA would have been €66.0 million, a 3% decrease as compared to the year-before period.

Operating profit (EBIT) amounted to €48.3 million in the first nine months of 2003. At constant dollars, EBIT would have been €53.8 million, a 5.4% decrease as compared to the year-before period, when operating profit was €56.9 million.

Net profit amounted to €10.7 million in the first nine months of 2003 (€18.4 million in the first nine months of 2002) including a negative €3.4 million dollar effect. Net profit in the first nine months of 2003 was also adversely affected by an **8.4 percentage point increase in the effective tax rate, which accounted for a €2.5 million decrease in net profit in the first nine months of 2003.**

The net financial position as at 30 September 2003 shows indebtedness amounting to **€213.4 million**, a €38.0 million increase from €175.4 million as at year-end 2002. **Net of treasury stock, net financial indebtedness** would have amounted to **€180.1 million** (up from €145.4 million as at year-end 2002). Operating cash flow reached €2.1 million (down from €2.5 million in the first nine months of 2002). The increase in indebtedness was mainly due to the acquisition of further minority stakes in already-controlled subsidiaries (€20.2 million), the payment of a special dividend (€15.1 million) and the purchase of treasury stock (€3.3 million).

Total consolidated shareholders' equity as at 30 September 2003 amounted to **€171.6 million**, down from €190.5 million a year previously.

Mr. Giovanni Cavallini, Vice Chairman and Chief Executive Officer of Interpump Group stated, *“The third quarter of 2003 continued to feel the impact of the difficult international economic situation. In this context Interpump Group operated to consolidate and reinforce its competitive positions, although it was significantly influenced by the foreign exchange impact. Turnover increased 1.3% (+ 4.4% net of the dollar effect) as compared to the year-earlier period. In the first nine months of 2003, consolidated turnover grew 2.6%. Revenues felt the significant impact of the Euro's strengthening against the dollar, the decline in the period of the Industrial sector and the Hydraulic sector and the higher fiscal pressure, even if some markets, such as the USA, begin to show positive signals of a trend reversal. In October 2003 turnover accelerated by almost 5% as compared to the year-earlier period, despite the dollar's weakness.”*



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Reclassified quarterly consolidated income statements	<i>Third quarter 2003 €/000</i>	<i>%</i>	<i>Third quarter 2002 €/000</i>	<i>%</i>
Net revenues	106,699	100.0	105,298	100.0
Purchases, net of changes in inventories	<u>(47,296)</u>		<u>(44,591)</u>	
Gross industrial margin	59,403	55.7	60,707	57.7
Personnel expenses	(18,998)		(20,516)	
Other operating costs	<u>(23,413)</u>		<u>(21,102)</u>	
Gross operating profit	16,992	15.9	19,089	18.1
Operating depreciation and amortisation	<u>(3,903)</u>		<u>(3,686)</u>	
Operating profit	13,089	12.3	15,403	14.6
Amortisation of goodwill	(2,513)		(2,395)	
Amortisation of the consolidation difference allocated to buildings	(52)		(52)	
Financial income (charges), net	(2,590)		(2,468)	
Exchange rate differences	(109)		451	
Financial discounts granted to customers	(402)		(367)	
Adjustment of value of investments according to the equity method	103		(23)	
Extraordinary income (charges), net	<u>15</u>		<u>(164)</u>	
Profit for the period before taxes and minority interests	7,541	7.1	10,385	9.9
Income taxes	<u>(4,552)</u>		<u>(5,331)</u>	
Net profit before minority interests	2,989		5,054	
Minority interests	<u>(441)</u>		<u>(1,000)</u>	
Consolidated net profit for the period	<u>2,548</u>	2.4	<u>4,054</u>	3.9

Reclassified consolidated income statements (nine months)	<i>30/09/2003</i> €000	%	<i>30/09/2002</i> €000	%
Net revenues	384,502	100.0	374,881	100.0
Purchases, net of changes in inventories	<u>(177,089)</u>		<u>(166,923)</u>	
Gross industrial margin	207,413	53.9	207,958	55.5
Personnel expenses	(64,033)		(65,365)	
Other operating costs	<u>(83,195)</u>		<u>(74,551)</u>	
Gross operating profit	60,185	15.7	68,042	18.2
Operating depreciation and amortisation	<u>(11,874)</u>		<u>(11,117)</u>	
Operating profit	48,311	12.6	56,925	15.2
Amortisation of goodwill	(7,387)		(7,170)	
Amortisation of the consolidation difference allocated to buildings	(156)		(156)	
Financial income (charges), net	(6,638)		(6,619)	
Exchange rate differences	(2,857)		127	
Financial discounts granted to customers	(1,350)		(1,193)	
Adjustment of value of investments according to the equity method	(70)		259	
Extraordinary income (charges), net	<u>(160)</u>		<u>254</u>	
Profit for the period before taxes and minority interests	29,693	7.7	42,427	11.3
Income taxes	<u>(16,623)</u>		<u>(20,180)</u>	
Net profit before minority interests	13,070		22,247	
Minority interests	<u>(2,405)</u>		<u>(3,894)</u>	
Consolidated net profit for the period	<u>10,665</u>	2.8	<u>18,353</u>	4.9

Reclassified consolidated balance sheets

	30/09/2003	%	30/09/2002	%	30/06/2003	%	31/12/2002	%
	€000		€000		€000		€000	
Trade receivables	88,581		91,265		110,087		92,379	
Inventories	98,050		97,010		99,068		103,075	
Prepayments and accrued income within one year	3,118		2,875		3,439		2,410	
Other receivables, net of deferred tax assets	26,965		21,202		27,464		11,769	
Trade payables	(73,255)		(75,024)		(96,067)		(92,741)	
Tax payables due within one year	(28,195)		(28,906)		(25,746)		(7,731)	
Other current liabilities, net of payables for the acquisition of equity investments	(15,929)		(15,022)		(16,550)		(12,810)	
Accrued expenses, net of interest charges	<u>(349)</u>		<u>(954)</u>		<u>(626)</u>		<u>(781)</u>	
Opening net operating working capital	<u>98,986</u>	25.7	<u>92,446</u>	25.3	<u>101,069</u>	25.9	<u>95,570</u>	25.9
Tangible fixed assets	105,370		103,291		105,925		104,504	
Goodwill	139,409		136,447		141,922		134,093	
Treasury stock	33,253		26,182		33,253		29,967	
Other financial fixed assets	11,248		11,011		10,730		10,233	
Other non current assets	19,850		21,514		20,683		22,046	
Provisions	(7,513)		(7,331)		(7,710)		(9,582)	
Staff severance indemnities	(15,261)		(14,555)		(15,064)		(14,918)	
Payables for the acquisition of equity investments	(258)		(516)		(258)		(258)	
Other non current liabilities	<u>(110)</u>		<u>(2,679)</u>		<u>(1)</u>		<u>(2,885)</u>	
Total net fixed assets	<u>285,988</u>	74.3	<u>273,364</u>	74.7	<u>289,480</u>	74.1	<u>273,200</u>	74.1
Total capital employed	<u>384,974</u>	100.0	<u>365,810</u>	100.0	<u>390,549</u>	100.0	<u>368,770</u>	100.0
Financed by:								
Share capital	43,447		43,055		43,447		43,078	
Retained earnings	101,800		107,211		117,279		106,563	
Profit for the period	<u>10,665</u>		<u>18,353</u>		<u>8,117</u>		<u>21,085</u>	
Total shareholders' equity for the Group	155,912		168,619		168,843		170,726	
Minority interests	<u>15,675</u>		<u>21,891</u>		<u>15,384</u>		<u>22,636</u>	
Total consolidated shareholders' equity	<u>171,587</u>	44.6	<u>190,510</u>	52.1	<u>184,227</u>	47.2	<u>193,362</u>	52.4
Cash on hand	(32,906)		(45,183)		(46,304)		(42,958)	
Payables to banks within one year	26,469		26,534		29,134		22,464	
Current portion of medium/long term financing	84,509		66,168		86,565		81,820	
Accrued interests	<u>1,004</u>		<u>1,397</u>		<u>1,190</u>		<u>893</u>	
Total short term indebtedness	79,076		48,916		70,585		62,219	
Medium/long-term indebtedness	<u>134,311</u>		<u>126,384</u>		<u>135,737</u>		<u>113,189</u>	
Total net indebtedness	<u>213,387</u>	55.4	<u>175,300</u>	47.9	<u>206,322</u>	52.8	<u>175,408</u>	47.6
Total sources of financing	<u>384,974</u>	100.0	<u>365,810</u>	100.0	<u>390,549</u>	100.0	<u>368,770</u>	100.0