



## PRESS RELEASE

### INTERPUMP GROUP

*First half 2004 results*

**NET REVENUES: up 11.9% to 311 million euro**  
**NET EARNINGS: UP 56.7% TO 12.7 MILLION EURO**  
**EBITDA: up 14.1% to 49.3 million euro**  
**Operating cash flow: up 156.9% to 31.1 million euro**  
**ROCE: 11.9, against 9.9% in the first half 2003**

Vice Chairman and Chief Executive of Interpump Group Giovanni Cavallini stated: *"The first half of 2004 saw the strengthening of Interpump Group's leadership position in all the sectors in which the Group operates, confirming the recovery of the high-pressure pump market in North America, and showing important and positive signals of recovery also in Europe. The significant growth in revenues, together with a constant focus on cost containment implemented by the Group since the previous year, allowed the strong increase in net earnings (up 56.7%) and the improvement of all the Group's economic and financial indicators. The operating cash flow generated in the first half of 2004 – equal to 31.1 million euro (more than twice-and-a-half as much if compared to the same period of 2003) allowed to reduce indebtedness by 14.2 million euro as compared to 31 December 2003, after a distribution of dividends for 10.4 million euro."*

Sant'Ilario d'Enza, 14 September 2004 – The **Interpump Group** Board of Directors met today to approve the Report as at 30 June 2004.

**Interpump Group's consolidated net revenues in the first half 2004 increased by 11.9% to 311 million euro, against 277.8 million euro in the first half of 2003. At constant exchange rates as compared to the first half 2003, turnover would have reported a growth of 17%.**

The **Cleaning Sector** reported an **11.6% increase**, still led by the consumer segment. The **Hydraulic Sector** reported a **15.3% increase**, both in North America (up 37.6% in local currency), as well as in the other markets (up 9.8%).

The **Industrial Sector** reported a **6.9% increase in revenues**, again both in North America (up 21.8% in local currency), as well as in the other markets (up 11.1%).

**Gross operating margin (EBITDA) reached 49.3 million euro, up 14.1%** as compared to the first half of the previous financial year. At constant dollars, EBITDA would have increased by 41.9% to 61.3 million euro, if compared to the first half of 2003.



**Operating profit (EBIT) increased 13.8%** from 35.2 million euro as at 30 June 2003 **to 40.1 million euro** in the first half of 2004. At constant dollars, EBIT would have increased by 47.6% to 52.0 million euro, if compared to the first half of 2003.

**Net earnings reached 12.7 million euro, up 56.7% if compared** to 8.1 million euro in the first half of 2003. At constant dollars, net earnings would have increased by further 7.5 million euro.

**Net earnings per share (EPS)**, adjusted for the amortization of goodwill and calculated excluding treasury shares, **reached 0.231 euro, up 36.7%** if compared to 0.169 euro in the first half of 2003.

First half 2004 **ROCE** (Return on Capital Employed), **grew by 20.2% to 11.9%**, compared to 9.9% in the first half of 2003. **ROE** (Return on Equity) reached **10.9%, increasing by 34.6%** if compared to 8.1% in the first half of 2003.

**Net financial indebtedness decreased by 14.2 million euro**, from 205.6 million euro as at year-end 2003, **to 191.4 million euro**, after 10.4 million euro paid for dividends. This improvement was made possible thanks to the high level of **cash flow from operations**, reaching **28.6 million euro in the first half of 2004**, a **26.4% increase** over the first half of 2003, when cash flow from operations amounted to 22.6 million euro. The reduction in working capital, despite a strong increase in sales, allowed the Group's **operating cash flow to increase to 31.1 million euro, over 2.5 times more** if compared to 12.1 million euro as at 30 June 2003.

**Consolidated net equity** as at 30 June 2004 increased to **179 million euro**, from 173.8 million euro as at year-end 2003.

Vice Chairman and Chief Executive of Interpump Group Giovanni Cavallini stated: *"The first half of 2004 saw the strengthening of Interpump Group's leadership position in all the sectors in which the Group operates, confirming the recovery of the high-pressure pump market in North America, and showing important and positive signals of recovery also in Europe. The significant growth in revenues, together with a constant focus on cost containment implemented by the Group since the previous year, allowed the strong increase in net earnings (up 56.7%) and the improvement of all the Group's economic and financial indicators. The operating cash flow generated in the first half of 2004 – equal to 31.1 million euro (more than twice-and-a-half as much if compared to the same period of 2003) allowed to reduce indebtedness by 14.2 million euro as compared to 31 December 2003, after a distribution of dividends for 10.4 million euro."*

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**RECLASSIFIED CONSOLIDATED INCOME STATEMENTS**

<i>(amounts expressed in thousands of euro)</i>	30/06/2004		30/06/2003		31/12/2003	
Net consolidated revenues	310,964	100.0%	277,803	100.0%	501,721	100.0%
Purchases, net of change in inventories	<u>(145,979)</u>		<u>(129,793)</u>		<u>(228,118)</u>	
<i>Gross industrial margin</i>	<u>164,985</u>	53.1%	<u>148,010</u>	53.3%	<u>273,603</u>	54.5%
Personnel expenses	(45,815)		(45,035)		(85,394)	
Other operating costs	<u>(69,907)</u>		<u>(59,782)</u>		<u>(112,942)</u>	
<i>Gross operating profit</i>	49,263	15.8%	43,193	15.5%	75,267	15.0%
Operating depreciation and amortisation	<u>(9,184)</u>		<u>(7,971)</u>		<u>(16,086)</u>	
<i>Operating profit</i>	<u>40,079</u>	12.9%	<u>35,222</u>	12.7%	<u>59,181</u>	11.8%
Amortisation of goodwill	(5,044)		(4,875)		(9,896)	
Amortisation of the difference in consolidation allocated to buildings	(104)		(104)		(208)	
Financial income (charges), net	(3,537)		(4,047)		(8,422)	
Exchange differences	75		(2,748)		(2,719)	
Financial discounts granted to clients	(1,378)		(948)		(2,620)	
Adjustment of value of equity investments according to the equity method	292		(173)		(202)	
Extraordinary income (charges), net	<u>(862)</u>		<u>(175)</u>		<u>(182)</u>	
<i>Profit before taxes and minority interests</i>	<u>29,521</u>	9.5%	<u>22,152</u>	8.0%	<u>34,932</u>	7.0%
Income taxes	<u>(15,074)</u>		<u>(12,071)</u>		<u>(17,461)</u>	
<i>Net profit before minority interests</i>	<u>14,447</u>	4.6%	<u>10,081</u>	3.6%	<u>17,471</u>	3.5%
Minority interests	<u>(1,731)</u>		<u>(1,964)</u>		<u>(3,218)</u>	
<i>Net profit for the period</i>	<u>12,716</u>	4.1%	<u>8,117</u>	2.9%	<u>14,253</u>	2.8%

**RECLASSIFIED CONSOLIDATED BALANCE SHEETS**

<i>(amounts expressed in thousands of euro)</i>	30/06/2004	30/06/2003	31/12/2003
Trade receivables	113,268	110,087	83,927
Inventories	110,222	99,068	100,54€
Prepayment and accrued income within one year	3,435	3,439	2,478
Other receivables, net of deferred tax assets	19,782	27,464	14,300
Trade payables	(115,918)	(96,067)	(85,685)
Tax payables within one year	(17,705)	(25,746)	(6,082)
Other current payables net of payables to purchase equity investments	(18,380)	(16,550)	(13,767)
Accrued expenses and deferred income. net of interest charges	(857)	(626)	(759)
<i>Net operating working capital</i>	<u>93,847</u> 25.3%	<u>101,069</u> 25.9%	<u>94,958</u> 25.0%
Tangible fixed assets	107,142	105,925	105,49€
Goodwill	132,973	141,922	136,92€
Treasury stock	33,253	33,253	33,253
Other financial fixed assets	5,684	10,730	11,092
Other non current assets	25,711	20,683	23,090
Provisions for risks and charges	(11,474)	(7,710)	(9,057)
Staff severance indemnities	(16,272)	(15,064)	(15,739)
Payables for acquisition of equity investments	(258)	(258)	(258)
Other non current liabilities	(165)	(1)	(350)
<i>Total net fixed assets</i>	<u>276,594</u> 74.7%	<u>289,480</u> 74.1%	<u>284,455</u> 75.0%
<i>Total capital employed</i>	<u>370,441</u> 100.0%	<u>390,549</u> 100.0%	<u>379,413</u> 100.0%
<i>Financed by:</i>			
Share Capital	43,694	43,447	43,447
Retained earnings	106,120	117,279	99,863
Profit for the period	12,716	8,117	14,253
Total shareholders' equity for the Group	<u>162,530</u>	<u>168,843</u>	<u>157,563</u>
Minority interests	16,495	15,384	16,234
<i>Total consolidated shareholders' equity</i>	<u>179,025</u> 48.3%	<u>184,227</u> 47.2%	<u>173,797</u> 45.8%
Cash on hand	(48,843)	(46,304)	(42,634)
Payables to banks within one year	35,477	29,134	30,915
Current portion of medium/long term financing	49,326	86,565	57,424
Accrued interest	1,012	1,190	1,424
Total short-term financial indebtedness	36,972	70,585	47,129
Medium/long-term financing	154,444	135,737	158,487
<i>Total net indebtedness</i>	<u>191,416</u> 51.7%	<u>206,322</u> 52.8%	<u>205,616</u> 54.2%
<i>Total sources of financing</i>	<u>370,441</u> 100.0%	<u>390,549</u> 100.0%	<u>379,413</u> 100.0%

## CONSOLIDATED CASH FLOW STATEMENTS

<i>(amounts expressed in thousands of euro)</i>	30/06/2004	30/06/2003	31/12/2003
Net profit for the period	12,716	8,117	14,253
Minority interests	1,731	1,964	3,218
Non cash items :			
Amortisation and depreciation of intangible and tangible fixed assets	13,465	13,017	26,118
Changes in staff severance indemnities	533	146	822
Changes in provision for deferred taxation and deferred tax assets	35	694	(929)
Losses (profits) of non-consolidated equity investments	(292)	173	202
Change in other provisions	626	(1,374)	(1,194)
Dividends received	-	-	(9)
Write-down of investments	-	-	257
Losses (gains) from sales of fixed assets	(232)	(366)	(330)
Exchange rate (profit) loss on intra-group financing and receivables	-	236	204
<i>Cash flow from operations</i>	<u>28,582</u>	<u>22,607</u>	<u>42,612</u>
Cash flow obtained (used) through (in) net operating working capital	<u>2,557</u>	<u>(10,488)</u>	<u>(7,138)</u>
<i>Operating cash flow</i>	<u>31,139</u>	<u>12,119</u>	<u>35,474</u>
<i>Investing activities</i>			
Increase in tangible fixed assets	(8,138)	(9,165)	(17,392)
Increase in intangible fixed assets	(1,616)	(1,718)	(3,845)
Net acquisitions of equity investments and lines of business	(1,258)	(20,524)	(20,662)
Proceeds from sales of equity investments	5,000	494	494
Acquisition of treasury stock	-	(3,286)	(3,286)
Proceeds from sales of fixed assets	296	239	1,710
Other changes	320	(179)	155
<i>Total cash flow used for investing activities</i>	<u>(5,396)</u>	<u>(34,139)</u>	<u>(42,826)</u>
<i>Financing activities</i>			
Increase in (repayment of) long term borrowings	(12,550)	28,455	23,284
Increase in (repayment of) shareholder loans	(54)	(209)	(209)
Collection (increase) of (in) medium/long term financial receivables	(28)	(1,142)	(1,329)
Increase in share capital	247	369	369
Dividends paid	(10,424)	(9,622)	(24,914)
Dividends collected from companies not wholly consolidated	-	319	327
<i>Total cash flow obtained through (used in) financing activities</i>	<u>(22,809)</u>	<u>18,170</u>	<u>(2,472)</u>
<i>Total cash flow generated (used)</i>	<u>2,934</u>	<u>(3,850)</u>	<u>(9,824)</u>

## CONSOLIDATED CASH FLOW STATEMENTS

<i>(amounts expressed in thousands of euro)</i>	<i>30/06/2004</i>	<i>30/06/2003</i>	<i>31/12/2003</i>
Net cash and cash equivalents at the beginning of the period	10,295	19,601	19,601
Adjustment :			
Opening net cash and cash equivalents (debt) of companies not consolidated in prior period	(813)	(145)	(145)
Net cash and cash equivalents at the beginning of the year	<u>9,482</u>	<u>19,456</u>	<u>19,456</u>
Cash flow generated (used)	2,934	(3,850)	(9,824)
Exchange differences	(62)	374	663
<i>Net cash and cash equivalents at the end of the period</i>	<u><u>12,354</u></u>	<u><u>15,980</u></u>	<u><u>10,295</u></u>
Net cash and cash equivalents can be broken down as follows :			
Cash on hand and securities	48,843	46,304	42,634
Payables to banks due within one year	(81,589)	(112,447)	(85,560)
Adjustments, current portion of long term borrowings	46,112	83,313	54,645
Accrued interests	(1,012)	(1,190)	(1,424)
<i>Net cash and cash equivalents</i>	<u><u>12,354</u></u>	<u><u>15,980</u></u>	<u><u>10,295</u></u>

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Weighted average</u>
ROE 1 st half	12.4%	8.4%	10.0%	10.0%	12.8%	11.9%	11.9%	8.1%	10.9%	10.6%
ROE annual	11.4%	16.8%	17.9%	18.4%	20.4%	20.0%	18.4%	15.7%		17.6%
ROCE 1 st half	11.9%	12.3%	13.1%	12.9%	13.1%	12.6%	12.6%	9.9%	11.9%	12.2%
ROCE annual	18.4%	22.2%	23.3%	17.3%	21.3%	20.3%	20.4%	17.1%		19.8%