



PRESS RELEASE

Interpump Group: third quarter 2004 results

NET PROFIT OF THE FIRST NINE MONTHS: up 41.9% to €15.1 million

Net revenues of the third quarter: up 2.2% to €109.1 million

Net revenues of the first nine months of 2004: up 9.2% to €120 million

EBITDA of the first nine months: up 8.3% to 65.2 million

Sharp growth in the Hydraulic Sector (up 18.5% in the third quarter of 2004)

Mr. Giovanni Cavallini, Vice Chairman and Chief Executive Officer of Interpump Group stated, *“The third quarter of 2004 again showed Interpump Group’s ability to take advantage of favorable market conditions. The traditional sectors of the Group, such as the Sector of the high-pressure and very-high-pressure pumps, the Hydraulic Sector and the professional Cleaning sector, reported a strong growth, both in terms of sales and in terms of an increase in profitability. The consumer segment registered a contraction - which was anyway expected after the very strong growth in the first half of the year – that influenced consolidated results. The results of the first nine months point out a good growth in sales and profitability, despite the dollar weakness, showing a context that is more representative of the Group’s performance in 2004 and confirming the strong competitive positions of Interpump Group.”*

Milan, 12 November 2004 – The Interpump Group Board of Directors met today to approve the Report on the third quarter of 2004.

The **third quarter of 2004** was characterized by the continuous strong growth of the Interpump Group’s traditional sectors, such as the hydraulic sector, the industrial sector and the professional segment of the cleaning sector. On the contrary, the consumer segment – after a strong growth in recent years and in particular the performance of the first half of 2004 – contracted due to the reduction in orders from US clients, who in the first half of the year greatly increased their purchases.

Net consolidated revenues amounted to €109.1 million, up 2.2% as compared to the third quarter 2003 revenues (equal to €106.7 million). The turnover of the industrial, oleo-dynamic and professional cleaning sectors increased by 8.9%, while that of the consumer segment contracted 30.9%.

In particular, the **Cleaning Sector decreased by 5.3%**, due to the fall in sales of hobby high-pressure washers. On the other side, the professional segment grew by 7.8%. The **Hydraulic Sector** grew by 18.5%. The **USA continue to show signals of strong growth, with an increase of 32.9% in local currency terms** (up 22.3% after the translation into euro). The **European and the Asian markets** registered a **15.6% increase**, showing an important trend reversal against the contraction recorded in 2003 and confirming the growth of the first half of 2004. The **Industrial Sector**, including high-pressure pumps and very-high-pressure pumps, **grew by 6.4%**.

Gross industrial margin (**EBITDA**) **amounted to €15.9 million**, down from €17 million in the third quarter of 2003. **The EBITDA of sectors not belonging to the consumer segment amounted to €17.7 million**,



up 9.2% against the third quarter of 2003. On the other hand, the consumer segment paid for the strong growth in the first half of the year, reporting a negative EBITDA for €1.8 million, against a positive EBITDA for €74,000 in the third quarter of 2003. It is to be pointed out that in the first nine months the consumer segment recorded an EBITDA equal to €5.5 million, mostly in line with the same period of 2003, when the EBITDA amounted to €5.7 million. The turnover/EBITDA ratio for the sectors not belonging to the consumer segment was 18.2%, in line with that of the third quarter of 2003; as far as the consumer segment is concerned, the consolidated turnover/EBITDA ratio was 14.6%, against 15.9% in the third quarter of 2003.

Operating profit (EBIT) amounted to €11.9 million (down 9.1% from €13.1 million in the third quarter of 2003). This decrease is due to the factors previously specified for the consumer segment. **The operating profit of activities not belonging to the consumer segment increased by 8.3% to €13.7 million** (equal to 14.1% of sales), from €12.6 million in the third quarter of 2003.

Net profit was €2.4 million (down from €2.5 million in the third quarter of 2003).

Results of the first nine months of 2004

Net revenues in the first nine months of 2004 reached €420 million, up 9.2% from €384.5 million in the third quarter of 2003. At constant dollars, the increase would have been 13.3% to €435.7 million.

The Cleaning sector grew 7.2%, once again driven by sales in the consumer segment which increased by 15.2%; the professional segment grew by 3%. The Hydraulic sector recorded a growth of 16.3%, due both to the very strong increase in sales in North America (up 36% in local currency terms, up 23.4% after the translation into euro), and the growth in other markets (up 11.5%). The Industrial sector grew by 6.7%, again due to the strong recovery in the North American market (up 16.4% in terms of dollars, up 4.7% after the translation into euro), as well as to the growth in other markets (up 11.5%).

Gross industrial margin (EBITDA) for the first nine months of 2004 amounted to €65.2 million (up 8.3% from €60.2 million in the first nine months of 2003). At constant dollars, EBITDA would have been €76.6 million, up 27.3% as compared to first nine months of 2003.

Operating profit (EBIT) amounted to €52 million in the first nine months of 2004, up 7.6% as compared to the year-before period. At constant dollars, EBIT would have been €63.3 million, a 31.1% increase as compared to the first nine months of 2003, when operating profit was €48.3 million.

Net profit amounted to €5.1 million in the first nine months of 2004 (up 41.9% from €10.7 million in the first nine months of 2003), including a negative €7.1 million dollar effect.

The net financial position as at 30 September 2004 shows indebtedness amounting to **€206.8 million**, a €1.2 million increase from €205.6 million as at year-end 2003. The increase as compared to 30 June 2004 – when indebtedness amounted to €191.4 million – is due to the fact that in the third quarter working capital regarding the consumer segment grew by €1.6 million, as in that period the payment of suppliers in relation to the strong increase in turnover in the first half of the year and lower proceeds in the third quarter took place at the same time. **Operating cash flow reached €38.6 million (up 20.2% from €32.1 million** in the first nine months of 2003).

Total consolidated shareholders' equity as at 30 September 2004 amounted to **€181.4 million**, up 5.7% from €171.6 million a year previously.



On 18 October 2004 the Shareholders' Meeting of **Interpump Group S.p.A.** deliberated **the reduction in share capital as per art. 2445 of the Italian Civil Code, through the annulment and cancellation of 4,106,240 own shares**, from a total of 8,106,240 shares previously held by the Company (as shown in the 2003 financial statements). The treasury stock held by the company before today's resolution had a total nominal value of euro 4,215,244.80 corresponding to about 9.65% of share capital, which was equal to euro 43,693,780.00 and was represented by 84,026,500 ordinary shares.

The share capital reduction aims at **optimizing the capital structure of the Company, reducing the average cost of capital and maximizing the value.**

Mr. Giovanni Cavallini, Vice Chairman and Chief Executive Officer of Interpump Group stated, *“The third quarter of 2004 again showed Interpump Group’s ability to take advantage of favorable market conditions. The traditional sectors of the Group, such as the Sector of the high-pressure and very-high-pressure pumps, the Hydraulic Sector and the professional Cleaning sector, reported a strong growth, both in terms of sales and in terms of an increase in profitability. The consumer segment registered a contraction - which was anyway expected after the very strong growth in the first half of the year – that influenced consolidated results. The results of the first nine months point out a good growth in sales and profitability, despite the dollar weakness, showing a context that is more representative of the Group’s performance in 2004 and confirming the strong competitive positions of Interpump Group.”*

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Financial statements.

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

	<i>Third quarter 2004 €/000</i>	<i>%</i>	<i>Third quarter 2003 €/000</i>	<i>%</i>
Net revenues	109,061	100.0	106,699	100.0
Purchases, net of changes in inventories	<u>(50,210)</u>		<u>(47,296)</u>	
Gross industrial margin	58,851	54.0	59,403	55.7
Personnel expenses	(19,755)		(18,998)	
Other operating costs	<u>(23,208)</u>		<u>(23,413)</u>	
Gross operating profit (EBITDA)	15,888	14.6	16,992	15.9
Operating depreciation and amortization	<u>(3,987)</u>		<u>(3,903)</u>	
Operating profit (EBIT)	11,901	10.9	13,089	12.3
Amortization of goodwill	(2,528)		(2,513)	
Amortization of the consolidation difference allocated to buildings	(52)		(52)	
Financial income (charges), net	(1,805)		(2,590)	
Exchange-rate differences	158		(109)	
Financial discounts granted to customers	(362)		(402)	
Adjustment of value of investments according to the equity method	31		103	
Extraordinary income (charges), net	<u>(13)</u>		<u>15</u>	
Profit for the period before taxes and minority interests	7,330	6.7	7,541	7.1
Income taxes	<u>(4,253)</u>		<u>(4,552)</u>	
Net profit before minority interests	3,077		2,989	
Minority interests	<u>(664)</u>		<u>(441)</u>	
Net consolidated profit for the period	<u>2,413</u>	2.2	<u>2,548</u>	2.4

RECLASSIFIED CONSOLIDATED INCOME STATEMENTS (nine months)

	30/9/2004 €/000	%	30/9/2003 €/000	%
Net revenues	420,025	100.0	384,502	100.0
Purchases, net of changes in inventories	<u>(196,189)</u>		<u>(177,089)</u>	
Gross industrial margin	223,836	53.3	207,413	53.9
Personnel expenses	(65,570)		(64,033)	
Other operating costs	<u>(93,115)</u>		<u>(83,195)</u>	
Gross operating profit (EBITDA)	65,151	15.5	60,185	15.7
Operating depreciation and amortization	<u>(13,171)</u>		<u>(11,874)</u>	
Operating profit (EBIT)	51,980	12.4	48,311	12.6
Amortization of goodwill	(7,572)		(7,387)	
Amortization of the consolidation difference allocated to buildings	(156)		(156)	
Financial income (charges), net	(5,342)		(6,638)	
Exchange-rate differences	233		(2,857)	
Financial discounts granted to customers	(1,740)		(1,350)	
Adjustment of value of investments according to the equity method	323		(70)	
Extraordinary income (charges), net	<u>(875)</u>		<u>(160)</u>	
Profit for the period before taxes and minority interests	36,851	8.8	29,693	7.7
Income taxes	<u>(19,327)</u>		<u>(16,623)</u>	
Net profit before minority interests	17,524		13,070	
Minority interests	<u>(2,395)</u>		<u>(2,405)</u>	
Net consolidated profit for the period	<u>15,129</u>	3.6	<u>10,665</u>	2.8

RECLASSIFIED CONSOLIDATED BALANCE SHEETS

	30/09/2004	%	30/09/2003	%	30/06/2004	%	31/12/2003	%
	€000		€000		€000		€000	
Trade receivables	93,769		88,581		113,268		83,906	
Inventories	116,209		98,050		110,222		100,546	
Prepayments and accrued income within one year	23,224		26,965		19,782		14,347	
Other receivables, net of deferred tax assets	3,328		3,118		3,435		2,478	
Trade payables	(82,459)		(73,255)		(115,918)		(85,685)	
Tax payables due within one year	(21,278)		(28,195)		(17,705)		(6,082)	
Other current liabilities, net of payables for the acquisition of equity investments	(16,853)		(15,929)		(18,380)		(13,049)	
Accrued expenses, net of interest charges	<u>(708)</u>		<u>(349)</u>		<u>(857)</u>		<u>(759)</u>	
Opening net operating working capital	<u>115,232</u>	29.7	<u>98,986</u>	25.7	<u>93,847</u>	25.3	<u>95,702</u>	25.2
Tangible fixed assets	106,835		105,370		107,142		105,495	
Goodwill	130,445		139,409		132,973		136,930	
Treasury stock	33,253		33,253		33,253		33,253	
Other financial fixed assets	5,891		11,248		5,684		11,092	
Other non current assets	24,248		19,850		25,711		23,063	
Provisions	(10,770)		(7,513)		(11,474)		(9,057)	
Staff severance indemnities	(16,433)		(15,261)		(16,272)		(15,739)	
Payables for the acquisition of equity investments	(258)		(258)		(258)		(258)	
Other non current liabilities	<u>(210)</u>		<u>(110)</u>		<u>(165)</u>		<u>(1,068)</u>	
Total net fixed assets	<u>273,001</u>	70.3	<u>285,988</u>	74.3	<u>276,594</u>	76.7	<u>283,711</u>	74.8
Total capital employed	<u>388,233</u>	100.0	<u>384,974</u>	100.0	<u>370,441</u>	100.0	<u>379,413</u>	100.0
Financed by:								
Share capital	43,694		43,447		43,694		43,447	
Retained earnings	105,491		101,800		106,120		99,863	
Profit for the period	<u>15,129</u>		<u>10,665</u>		<u>12,716</u>		<u>14,253</u>	
Total shareholders' equity for the Group	164,314		155,912		162,530		157,563	
Minority interests	<u>17,093</u>		<u>15,675</u>		<u>16,495</u>		<u>16,234</u>	
Total consolidated shareholders' equity	<u>181,407</u>	46.7	<u>171,587</u>	44.6	<u>179,025</u>	48.3	<u>173,797</u>	45.8
Cash on hand	(32,833)		(32,906)		(48,843)		(42,634)	
Payables to banks within one year	38,477		26,469		35,477		33,415	
Current portion of medium/long term financing	61,203		84,509		49,326		54,924	
Accrued interests	<u>839</u>		<u>1,004</u>		<u>1,012</u>		<u>1,424</u>	
Total short term indebtedness	67,686		79,076		36,972		47,129	
Medium/long-term indebtedness	<u>139,140</u>		<u>134,311</u>		<u>154,444</u>		<u>158,487</u>	
Total net indebtedness	<u>206,826</u>	53.3	<u>213,387</u>	55.4	<u>191,416</u>	51.7	<u>205,616</u>	54.2
Total sources of financing	<u>388,233</u>	100.0	<u>384,974</u>	100.0	<u>370,441</u>	100.0	<u>379,413</u>	100.0