



PRESS RELEASE

Interpump Group: 2004 results (estimates for the financial year and fourth quarter)

PRELIMINARY RESULTS FOR THE FINANCIAL YEAR 2004

NET REVENUES TO 535.3 MILLION EURO (+6.7%)

EBITDA TO 79.3 MILLION EURO (+5.4%)

EBIT TO 61.8 MILLION EURO (+4.4%)

OPERATING CASH FLOW FROM OPERATIONS TO 48.2 MILLION EURO (+13.2%)

Giovanni Cavallini, CEO of Interpump Group, stated: *“Despite the dollar weakness and the difficult economic situation, in 2004 Interpump Group reported a growth in turnover (up 6.7%), EBITDA (up 5.4%), and EBIT (up 4.4%). These results confirm the competitive forces, the products’ value and the general strengths of the Group”.*

Milan, 14 February 2005 – Today Interpump Group has released the results of the fourth quarter 2004 and the preliminary results for the financial year 2004 as approved today by the Board of Directors.

PRELIMINARY RESULTS FOR THE FINANCIAL YEAR 2004

Based on preliminary results for the year 2004, **Interpump Group achieved a 6.7% growth rate in consolidated net revenues, reaching 535.3 million euro** (against 501.7 million euro in 2003). At constant dollars turnover would be higher by 10%.

The increase in turnover in 2004 was mainly due to the **Hydraulic Sector, expanding 16.2%**. In particular, turnover in the North American market increased by 34.4% in terms of dollars (up 22.3% after the translation into euro) confirming and strengthening the signals of strong recovery already recorded in the first half of the year. In the European and Asian markets the growth in the Hydraulic Sector was equal to 12.1%, showing a strong trend reversal against the decrease recorded in 2003.

Also the **Industrial Sector**, including high-pressure pumps and very-high-pressure pumps, **grew by 5.2% against 2003**. The sales of high-pressure pumps and their related accessories in the US market increased by 13.9% in local currency (up 1.8% after the translation into euro). In the other markets revenues from high-pressure pumps grew by 8.3%.

Overall, North America (38% of total turnover) reported a growth of 9.2%, while Europe (30% of total revenues) grew by 4.0% (while Italy is stable: up 0.3%, with 21% of total revenues). The Pacific Area (5% of revenues) grew by 16.9% while the rest of the World (6% of turnover) increased by 18.5%.

The **Cleaning Sector** reported a growth of 3.6%, attributable to the strong increase recorded in the first half of the year. This growth is linked both to the professional segment (up 3.9%) and to the hobby high pressure washers (consumer segment) that increased by 6.1%, above all in the US market.

Consolidated gross operating margin (EBITDA) as at 31 December 2004 grew by 5.4% to 79.3 million euro, equal to 14.8% of net revenues (75.3 million euro in 2003, equal to 15.0% of net revenues).



Consolidated operating income (EBIT) was equal to 61.8 million euro (11.5% of net revenues), up 4.4% against 59.2 million euro in 2003 (equal to 11.8% of net revenues).

Consolidated net earnings in 2004 were equal to 8.4 million euro (14.3 million euro in 2003). This fall is attributable for 2.5 million euro to a lower tax burden in 2003, due to an optimization no longer possible with the current legislation, and for 6.4 million euro to the impairment of the goodwill related to the subsidiary company General Technology, acquired in different portions, of which the most important in 1998, when the company had an EBITDA equal to 3 million euro (31.1% of net revenues). General Technology will reconvert its activity to the production of accessories for high-pressure pumps and very-high-pressure pumps due to the unsustainable Chinese competition in the current production of steam products.

Net earnings of the Parent Company were equal to **57.8 million** euro.

Net financial indebtedness increased from 205.6 million euro in 2003 to 211.6 million euro; after decreasing by 14.2 million euro in the first quarter of 2004, following a dividend payment of 10.4 million euro, in the second half indebtedness grew due to a temporary increase in the consumer segment's working capital.

Cash flow from operations as at 31 December 2004 was equal to 48.2 million euro, up 13.2% against 42.6 million euro in 2003.

Net earnings per share (EPS), adjusted for the amortization and impairment of goodwill and calculated on the weighted average of outstanding shares, was equal to 0.322 euro, up 2.2% against **0.315 euro** as at 31 December 2003.



FOURTH QUARTER 2004

NET REVENUES TO 115.3 MILLION EURO (-1.7%)

EBITDA TO 14.2 MILLION EURO (-5.9%)

EBIT TO 9.8 MILLION EURO (-9.6%)

Net revenues amounted to 115.3 million euro, slightly down (-1.7%) against 117.2 million euro in 4Q 2003. The fall in revenues is mainly attributable to the decrease in sales in the **Cleaning Sector**, down 9% to 66.3 million euro, above all as a consequence of the fall in sales of hobby high pressure washers (consumer segment) in the North American market, although in the first half they grew by 34.1% in that same market, despite the dollar depreciation. On the other hand, turnover in the **Hydraulic Sector** grew by 15.7% to 33.9 million euro (up 18.8% in the American market at constant exchange rates and up 13.7 in the European and Asian markets). The **Industrial Sector** (high-pressure pumps and very-high-pressure pumps) grew by 0.3% to 14.1 million euro.

Gross operating margin (EBITDA) amounted to 14.2 million euro (equal to 12.3% of net revenues) against 15.1 million euro in the fourth quarter of 2003. This decrease was mainly attributable to the fall in the gross industrial margin of the consumer segment.

Operating income (EBIT) amounted to 9.8 million euro, equal to 8.5% of net revenues (10.9 million euro in 4Q 2003).

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Finally, after the year-end, on 2 February 2005 Interpump Group S.p.A. announced the cancellation of 4,106,240 company treasury shares, in order to maximize the Shareholders' value and optimize the company's capital, decreasing the cost of capital. This cancellation will also allow to resume the *buy-back* plan up to a maximum of 3,992,026 shares, in order to return cash to the Shareholders in a tax-efficient way.

The Board of Directors of Interpump Group will meet on 15 March 2005 for approval of 2004 Fiscal Year results.

Giovanni Cavallini, CEO of Interpump Group, stated: *“Despite the dollar weakness and the difficult economic situation, in 2004 Interpump Group reported a growth in turnover (up 6.7%), EBITDA (up 5.4%), and EBIT (up 4.4%). These results confirm the competitive forces, the products' value and the general strengths of the Group”*.

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RECLASSIFIED CONSOLIDATED INCOME STATEMENTS (twelve months)

	31/12/2004 €/000	%	31/12/2003 €/000	%
Net revenues	535,306	100.0	501,721	100.0
Purchases, net of changes in inventories	<u>(251,366)</u>		<u>(228,118)</u>	
Gross industrial margin	283,940	53.0	273,603	54.5
Personnel expenses	(88,654)		(85,394)	
Other operating costs	<u>(115,937)</u>		<u>(112,942)</u>	
Gross operating profit (EBITDA)	79,349	14.8	75,267	15.0
Operating depreciation and amortization and allowance to provisions	<u>(17,545)</u>		<u>(16,086)</u>	
Operating profit (EBIT)	61,804	11.5	59,181	11.8
Amortization and impairment of goodwill	(16,412)		(9,896)	
Amortization of the consolidation difference allocated to buildings	(208)		(208)	
Financial income (charges), net	(7,151)		(8,422)	
Exchange-rate differences	70		(2,719)	
Financial discounts granted to customers	(2,353)		(2,620)	
Adjustment of value of investments according to the equity method	296		(202)	
Extraordinary income (charges), net	<u>(1,462)</u>		<u>(182)</u>	
Profit for the period before taxes and minority interests	34,584	6.5	34,932	7.0
Income taxes	<u>(23,293)</u>		<u>(17,461)</u>	
Net profit before minority interests	11,291	2.1	17,471	3.5
Minority interests	<u>(2,895)</u>		<u>(3,218)</u>	
Net consolidated profit for the period	<u>8,396</u>	1.6	<u>14,253</u>	2.8

RECLASSIFIED CONSOLIDATED QUARTERLY INCOME STATEMENTS

	<i>Fourth quarter 2004 €/000</i>	<i>%</i>	<i>Fourth quarter 2003 €/000</i>	<i>%</i>
Net revenues	115,281	100.0	117,219	100.0
Purchases, net of changes in inventories	<u>(55,177)</u>		<u>(51,029)</u>	
Gross industrial margin	60,104	52.1	66,190	56.5
Personnel expenses	(23,084)		(21,361)	
Other operating costs	<u>(22,822)</u>		<u>(29,747)</u>	
Gross operating profit (EBITDA)	14,198	12.3	15,082	12.9
Operating depreciation and amortization and allowance to provisions	<u>(4,374)</u>		<u>(4,212)</u>	
Operating profit (EBIT)	9,824	8.5	10,870	9.3
Amortization and impairment of goodwill	(8,840)		(2,509)	
Amortization of the consolidation difference allocated to buildings	(52)		(52)	
Financial income (charges), net	(1,809)		(1,784)	
Exchange-rate differences	(163)		138	
Financial discounts granted to customers	(613)		(1,270)	
Adjustment of value of investments according to the equity method	(27)		(132)	
Extraordinary income (charges), net	<u>(587)</u>		<u>(22)</u>	
Profit for the period before taxes and minority interests	(2,267)	-2.0	5,239	4.5
Income taxes	<u>(3,966)</u>		<u>(838)</u>	
Net profit before minority interests	(6,233)	-5.4	4,401	3.8
Minority interests	<u>(500)</u>		<u>(813)</u>	
Net consolidated profit for the period	<u>(6,733)</u>	-5.8	<u>3,588</u>	3.1

RECLASSIFIED CONSOLIDATED BALANCE SHEETS

	31/12/2004	%	30/09/2004	%	31/12/2003	%
	€000		€000		€000	
Trade receivables	96,200		93,769		83,906	
Inventories	107,344		116,209		100,546	
Prepayments and accrued income within one year	13,289		23,224		14,347	
Other receivables, net of deferred tax assets	2,514		3,328		2,478	
Trade payables	(75,035)		(82,459)		(85,685)	
Tax payables due within one year	(6,054)		(21,278)		(6,082)	
Other current liabilities, net of payables for the acquisition of equity investments	(15,154)		(16,853)		(13,049)	
Accrued expenses, net of interest charges	<u>(302)</u>		<u>(708)</u>		<u>(759)</u>	
Opening net operating working capital	<u>122,802</u>	32.0	<u>115,232</u>	29.7	<u>95,702</u>	25.2
Tangible fixed assets	105,928		106,835		105,495	
Goodwill	121,605		130,445		136,930	
Treasury stock	33,253		33,253		33,253	
Other financial fixed assets	5,548		5,891		11,092	
Other non current assets	23,938		24,248		23,063	
Provisions	(11,973)		(10,770)		(9,057)	
Staff severance indemnities	(16,838)		(16,433)		(15,739)	
Payables for the acquisition of equity investments	-		(258)		(258)	
Other non current liabilities	<u>(253)</u>		<u>(210)</u>		<u>(1,068)</u>	
Total net fixed assets	<u>261,208</u>	68.0	<u>273,001</u>	70.3	<u>283,711</u>	74.8
Total capital employed	<u>384,010</u>	100.0	<u>388,233</u>	100.0	<u>379,413</u>	100.0
Financed by:						
Share capital	43,694		43,694		43,447	
Retained earnings	103,034		105,491		99,863	
Profit for the period	<u>8,396</u>		<u>15,129</u>		<u>14,253</u>	
Total shareholders' equity for the Group	155,124		164,314		157,563	
Minority interests	<u>17,242</u>		<u>17,093</u>		<u>16,234</u>	
Total consolidated shareholders' equity	<u>172,366</u>	44.9	<u>181,407</u>	46.7	<u>173,797</u>	45.8
Cash on hand	(22,390)		(32,833)		(42,634)	
Payables to banks within one year	47,173		38,477		33,415	
Current portion of medium/long term financing	61,673		61,203		54,924	
Accrued interests	<u>967</u>		<u>839</u>		<u>1,424</u>	
Total short term indebtedness	87,423		67,686		47,129	
Medium/long-term indebtedness	<u>124,221</u>		<u>139,140</u>		<u>158,487</u>	
Total net indebtedness	<u>211,644</u>	55.1	<u>206,826</u>	53.3	<u>205,616</u>	54.2
Total sources of financing	<u>384,010</u>	100.0	<u>388,233</u>	100.0	<u>379,413</u>	100.0