



INTERPUMP GROUP

PRESS RELEASE

INTERPUMP GROUP

APPROVAL OF THE INTERIM RESULTS FOR THE FIRST QUARTER 2009

The first quarter was characterised by the deep crisis which has affected all industrial sectors

Net sales: 90.8 million euros (112.9 million euros in the first quarter of 2008, -19.6%)

EBITDA: 12.3 million euros (13.5% of net sales)

Cash flow from operations of 7.8 million euros (4.3 million euros in the first quarter of 2008, +81.4%)

Free cash flow of 4.2 million euros (0.8 million euros in the first quarter of 2008; over 5 times higher)

**Consolidated net profit of 7.1 million euros (10.6 million euros for the first quarter of 2008, -33%)
equal to 7.8% of net sales**

The policy of containing costs and of optimisation of financial management

Milan, 13 May 2009 – Today the Board of Directors of Interpump Group S.p.A. approved the interim results from operations for the three months ended 31 March 2009.

The first quarter of 2009 was characterised by the deep financial crisis which began in 2008, a crisis which consequently spread to the real economy and which has hit all production sectors and all geographical areas. The Interpump Group has likewise been affected by a decline in orders and turnover and has reacted against this by taking measures aimed at containing costs, working capital and investments. These steps began to have their effect in the first quarter but will only become more apparent as the year progresses.

When comparing the quarter with the corresponding period of 2008 it should not be forgotten that, together with considerations connected with the economic situation, the first quarter of last year was especially positive and indeed the second best quarter in the whole of the Group's history.

NET SALES FOR THE FIRST QUARTER OF 2009

Net sales for the first quarter of 2009 amounted to **90.8 million euros** (112.9 million euros for the corresponding period of 2008, -19.6%). On a like for like basis there was a fall of 29.0%.



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Net sales by business sector for the first quarter may be analysed as follows:

	<i>First quarter</i> 2009 €/000	<i>%</i>	<i>First quarter</i> 2008 €/000	<i>%</i>	<i>Increase/ decrease</i>
Hydraulic Sector	39,625	44	46,598	41	-15%
Industrial Sector	44,330	49	55,640	49	-20.3%
Electric Motors Sector	<u>6,831</u>	7	<u>10,655</u>	10	-35.9%
Total	<u>90,786</u>	<u>100</u>	<u>112,893</u>	<u>100</u>	-19.6%

The **Hydraulic Sector** had a turnover of 39.6 million euros (46.5 million euros in the first quarter of 2008), a drop of 15% (-37.7% like for like), while the **Industrial Sector** had sales of 44.3 million euros (55.6 million euros in the same period of 2008; -20.3%) and sales of the **Electric Motors Sector** amounted to 6.8 million euros (10.6 million euros in the first quarter of 2008; -35.9%)

PROFITABILITY

Despite a significant fall in the market the Interpump Group was nonetheless able to maintain a **good level of profitability**, as shown by the figure for EBITDA equal to 13.5% of sales. This has been made possible both as the result of its position as world leader in the various sectors in which it operates and also by the reduction of costs at all levels.

EBITDA (gross operating profit) amounted to **12.3 million euros (13.5% of sales)**, compared to 23.3 million euros in the first quarter of 2008 which represented 20.7% of sales (-47.4% and -53.7% like for like). The following table sets out EBITDA by business sector:

	<i>First quarter</i> 2009 €/000	<i>% of</i> <i>total</i> <i>sales</i>	<i>First quarter</i> 2008 €/000	<i>% of</i> <i>total</i> <i>sales</i>	<i>Increase/ decrease</i>
Hydraulic Sector	4,703	11.9%	9,792	21.0%	-52.0%
Industrial Sector	7,798	17.6%	13,373	24.0%	-41.7%
Electric Motors Sector	(226)	-3.2%	162	1.5%	-
Other Sectors	<u>5</u>	-	<u>(2)</u>	-	-
Total	<u>12,280</u>	<u>13.5%</u>	<u>23,325</u>	<u>20.7%</u>	<u>-47.4%</u>

EBIT (operating profit) reached **8.4 million euros** (9.2% of sales) compared to 20.8 million euros in the first quarter of 2008 (18.4% of sales; -62.6% like for like).

The first quarter of 2009 closed with a **consolidated net profit** of 7.1 million euros, equal to 7.8% of sales (10.6 million euros in the first quarter of 2008; -33.3%). **Earnings per share** amounted to 0.095 euros (0.142 euros in the first quarter of 2008).

Net financial debt rose from 206.4 million euros at 31 December 2008 to 231.9 million euros at 31 March 2009, mainly as the result of the payments made for the acquisition of the Cylinder companies. In addition, the Group has liabilities and binding commitments for the purchase of the residual portions of subsidiaries amounting to 47.8 million euros (10.5 million euros at 31 December 2008), exercisable for the major part starting from 2012. **Net cash generated by operations** after the change in working capital amounted to 7.8 million euros (4.3 million euros in the first quarter of 2008), representing a rise of 81.4%. **Free cash flow** amounted to 4.2 million



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euros, more than five times higher than the 0.8 million euros recorded in the first quarter of 2008. These results have been made possible by the commitment to reduce working capital and contain investments, without however affecting production efficiency as the Group's business does not require a high level of investment.

Non-annualized ROCE amounted to 1.8% (5.9% in the first quarter of 2008). **Non-annualized ROE** amounted to 3.6% (7.1% in the first quarter of 2008).

* * *

Pursuant to paragraph 2, article 65-bis and article 82 of Consob resolution no. 11971/1999 and subsequent amendments and additions, it is hereby noted that the report on the interim results from operations for the quarter ended 31 March 2009 is available to the public at the company's offices and at Borsa Italiana S.p.A., and may also be consulted on the page "Financial Statements and Reports" to be found in the section "Investor Relations" of the company's web site www.interpumpgroup.it.

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Milan, 13 May 2009

On behalf of the Board of Directors
Giovanni Cavallini
Chairman

The manager in charge of preparing the corporate accounting records, Carlo Banci, declares pursuant to paragraph 2, article 154-bis of the Consolidated Finance Law that the accounting disclosures provided in this document correspond to the accounting records, books and entries.

Milan, 13 May 2009

Carlo Banci
Manager in charge of the preparation of the
corporate accounting records

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FINANCIAL STATEMENTS

Consolidated balance sheets

(€000)

	<u>31/03/2009</u>	<u>31/12/2008</u>
ASSETS		
Current assets		
Cash and cash equivalents	58,511	49,727
Trade receivables	85,767	84,353
Inventories	122,968	120,031
Tax receivables	8,697	8,279
Derivative financial instruments	153	371
Assets available for sale	4,556	4,556
Other current assets	4,255	4,117
Total current assets	<u>284,907</u>	<u>271,434</u>
Non-current assets		
Property, plant and equipment	87,036	72,491
Goodwill	214,145	174,613
Other intangible assets	26,290	24,402
Other financial assets	3,793	3,584
Tax receivables	630	585
Deferred tax assets	14,588	10,039
Other non current assets	322	420
Total non current assets	<u>346,804</u>	<u>286,134</u>
Total assets	<u>631,711</u>	<u>557,568</u>

(€000)	<u>31/03/2009</u>	<u>31/12/2008</u>
LIABILITIES		
Current liabilities		
Trade payables	42,460	54,234
Payables to banks	9,099	11,547
Interest bearing financial payables (current portion)	131,059	93,891
Derivative financial instruments	62	384
Taxes payable	5,599	4,433
Other current liabilities	27,007	18,898
Provisions for risks and charges	1,982	2,028
Total current liabilities	<u>217,268</u>	<u>185,415</u>
Non-current liabilities		
Interest bearing financial payables	150,222	150,654
Liabilities for employee benefits	10,449	9,094
Taxes payable	500	273
Deferred tax liabilities	16,231	13,524
Other non-current liabilities	37,635	19,101
Provisions for risks and charges	1,596	1,556
Total non current liabilities	<u>216,633</u>	<u>194,202</u>
Total liabilities	<u>433,901</u>	<u>379,617</u>
 SHAREHOLDERS' EQUITY		
Share Capital	38,039	37,417
Legal reserve	8,747	8,747
Share premium reserve	25,730	19,364
Reserve for valuation of hedging derivatives at fair value	80	230
Translation reserve	(11,214)	(17,002)
Other reserves	128,275	121,176
Shareholders' equity for the Group	<u>189,657</u>	<u>169,932</u>
Minority interests	8,153	8,019
Total shareholders' equity	<u>197,810</u>	<u>177,951</u>
Total shareholders' equity and liabilities	<u>631,711</u>	<u>557,568</u>

Consolidated income statements for the first quarter

(€000)	<i>2009</i>	<i>2008</i>
Net sales	90,786	112,893
Cost of sales	(60,154)	(71,542)
Gross industrial margin	30,632	41,351
Other net revenues	1,148	1,240
Distribution costs	(9,500)	(9,256)
General and administrative expenses	(13,699)	(12,286)
Other operating costs	(213)	(234)
Ordinary profit before financial charges	8,368	20,815
Financial income	1,946	1,752
Financial charges	(4,359)	(5,775)
Adjustment of investments according to the equity method	(9)	6
Profit for the period before taxes	5,946	16,798
Income taxes	1,160	(6,137)
Consolidated profit for the period	7,106	10,661
Due to:		
Parent company shareholders	6,938	10,208
Subsidiaries' minority shareholders	168	453
Consolidated profit for the period	7,106	10,661
Basic earnings per share (euro)	0.095	0.142
Diluted earnings per share (euro)	0.095	0.142

Consolidated cash flow statements for the first quarter

(€000)	<u>2009</u>	<u>2008</u>
Cash flow from operating activities		
Earnings before taxes	5,946	16,798
Adjustments for non-cash items:		
Losses (capital gains) from the sale of fixed assets	(28)	(54)
Amortisation and depreciation	3,795	2,454
Impairment losses	72	-
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	249	183
Loss (profit) from investments	9	(6)
Net change of risk funds and allocations to liabilities for benefits for employees	(157)	(229)
Net financial charges	2,413	4,023
Other	(7)	(20)
	<u>12,292</u>	<u>23,149</u>
(Increase) decrease in trade receivables and other current assets	14,144	(13,154)
(Increase) decrease in inventories	6,273	(1,975)
Increase (decrease) in trade payables and other current liabilities	(21,371)	5,617
Interest paid	(2,974)	(3,301)
Currency exchange gains	133	(150)
Taxes paid	(743)	(5,900)
Net liquidity utilised in investing activities	<u>7,754</u>	<u>4,286</u>
Cash flow of financing activities		
Payment for the purchase of equity investments net of cash received and the sale of treasury stock	(33,442)	(1,305)
Formation of an associate	-	(294)
Capital expenditure in property, plant and equipment	(4,205)	(3,456)
Proceeds from sales of tangible fixed assets	537	196
Increase in intangible assets	(600)	(368)
Financial income collected	174	236
Other	82	(102)
Net liquidity utilised in investing activities	<u>(37,454)</u>	<u>(5,093)</u>
Cash flow of financing activities		
Outlays for purchases of treasury shares	(6,651)	(946)
Dividends paid	-	(16,594)
Sale of treasury stock as part of the purchase of Oleodinamica Panni and Cover	13,390	-
Disbursement (repayment) of loans	33,602	(17,556)
Payment of financial leasing instalments (principal)	(244)	(50)
Net liquidity obtained through (utilised in) financing activities	<u>40,097</u>	<u>(35,146)</u>
Net increase (decrease) of cash and cash equivalents	<u>10,397</u>	<u>(35,953)</u>
Exchange differences on conversion of the liquidity of companies in areas outside the EU	554	(547)
Cash and cash equivalents of companies consolidated for the first time	281	388
Cash and cash equivalents at the beginning of the period	<u>38,180</u>	<u>62,285</u>
Cash and cash equivalents at the end of the period	<u>49,412</u>	<u>26,173</u>

Cash and cash equivalents can be broken down as follows:

	31/03/2009	31/12/2008
	€000	€000
Cash and cash equivalents from balance sheet	58,511	49,727
Payables to banks (for overdrafts and advances subject to collection)	<u>(9,099)</u>	<u>(11,547)</u>
Cash and cash equivalents from cash flow statement	<u>49,412</u>	<u>38,180</u>

Changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Translation reserve	Other reserves	Shareholders' equity for the Group	Minority interests	Total
<i>Balances as at 1 January 2008</i>	37,518	8,747	14,766	53	(22,889)	101,728	139,923	7,208	147,131
Exchange differences on the translation of financial statements for companies in areas outside the EU	-	-	-	-	(4,212)	-	(4,212)	19	(4,193)
Exchange differences on the translation of goodwill of companies in areas outside the EU	-	-	-	-	(2,876)	-	(2,876)	-	(2,876)
Purchase of treasury stock	(85)	-	-	-	-	(861)	(946)	-	(946)
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	28	-	-	28	-	28
Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2008 and at 31/3/2008	-	-	-	195	-	-	195	-	195
Taxes for the period recorded directly in equity	-	-	-	-	-	(61)	(61)	-	(61)
Portion referred to companies consolidated for the first time	-	-	-	-	-	-	-	380	380
Dividends resolved	-	-	-	-	-	-	-	(187)	(187)
Recording in the income statement of the change in fair value of the stock options assigned and exercisable	-	-	183	-	-	-	183	-	183
Net profit first quarter 2008	-	-	-	-	-	10,208	10,208	453	10,661
<i>Balances as at 31 March 2008</i>	37,433	8,747	14,949	276	(29,977)	111,014	142,442	7,873	150,315
Exchange differences on the translation of financial statements for companies in areas outside the EU	-	-	-	-	9,228	-	9,228	(95)	9,133
Exchange differences on the translation of goodwill of companies in areas outside the EU	-	-	-	-	3,747	-	3,747	-	3,747
Distribution of ordinary dividends	-	-	-	-	-	(14,381)	(14,381)	(246)	(14,627)
Purchase of treasury stock	(815)	-	(2,124)	-	-	(4,486)	(7,425)	-	(7,425)
Sale of treasury stock as part of the purchase of Contarini Leopoldo S.r.l.	799	-	5,916	-	-	-	6,715	-	6,715
Portion referred to companies consolidated for the first time	-	-	-	-	-	-	-	305	305
Purchase of a further 12% of Hydroven S.r.l.	-	-	-	-	-	-	-	(596)	(596)
Disposal of investment in Refin S.r.l.	-	-	-	-	-	-	-	(119)	(119)
Increase in a subsidiary's share capital	-	-	-	-	-	-	-	423	423
Recording in the income statement of the change in fair value of the stock options assigned and exercisable	-	-	623	-	-	-	623	-	623
Taxes for the period recorded directly in equity	-	-	-	-	-	9	9	-	9
Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/04/2008 and at 31/12/2008	-	-	-	35	-	-	35	(6)	29
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(81)	-	-	(81)	-	(81)
Net profit from 1/04/2008 to 31/12/2008	-	-	-	-	-	29,020	29,020	480	29,500
<i>Balances as at 31 December 2008</i>	37,417	8,747	19,364	230	(17,002)	121,176	169,932	8,019	177,951

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for valuation of hedging derivatives at fair value</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Shareholders' equity for the Group</i>	<i>Minority interests</i>	<i>Total</i>
<i>Balances as at 1 January 2009</i>	37,417	8,747	19,364	230	(17,002)	121,176	169,932	8,019	177,951
Sale of treasury stock as part of the purchase of Oleodinamica Panni s.r.l. and Cover s.r.l.	1,742	-	11,648	-	-	-	13,390	-	13,390
Exchange differences on the translation of financial statements for companies in areas outside the EU	-	-	-	-	3,750	-	3,750	173	3,923
Exchange differences on the translation of goodwill of companies in areas outside the EU	-	-	-	-	2,038	-	2,038	-	2,038
Purchase of treasury stock	(1,120)	-	(5,531)	-	-	-	(6,651)	-	(6,651)
Sale of treasury stock to settle the loan from the shareholder IKO Hydraulics S.r.l.	-	-	-	-	-	112	112	-	112
Purchase of minority interests (Hydroven)	-	-	-	-	-	-	-	(2,057)	(2,057)
Minority interests in acquired equity investments	-	-	-	-	-	-	-	1,845	1,845
Recording in the income statement of the fair value of derivative hedging instruments	-	-	-	(47)	-	-	(47)	4	(43)
Recording under shareholders' equity of the fair value of derivative hedging instruments taken out during the period and change in the fair value for those existing at 1/1/2009 and at 31/3/2009	-	-	-	(103)	-	-	(103)	1	(102)
Taxes for the period recorded directly in equity	-	-	-	-	-	49	49	-	49
Recording in the income statement of the change in fair value of the stock options assigned and exercisable	-	-	249	-	-	-	249	-	249
Net profit for the first quarter of 2009	-	-	-	-	-	6,938	6,938	168	7,106
<i>Balances as at 31 March 2009</i>	<i>38,039</i>	<i>8,747</i>	<i>25,730</i>	<i>80</i>	<i>(11,214)</i>	<i>128,275</i>	<i>189,657</i>	<i>8,153</i>	<i>197,810</i>