



INTERPUMP GROUP

PRESS RELEASE

Interpump Group approves 2011 first quarter results

Net sales: €123.7 million (€99.4 million in 2010 first quarter): +24.4%
EBITDA: €23.3 million (18.8% of sales): +42.8%
EBIT: €18.9 million (15.3% of sales): +62.9%
Consolidated net profit: €11.0 million (€5.7 million in 2010 first quarter): +92.6%
Net financial debt: €129.2 million (€126.1 million at 31/12/2010 and 174.5 million at 31/3/2010)

Milan, 12 May 2011 – The Board of Directors of Interpump Group S.p.A., meeting today in Milan, approved the company's **2011 first quarter** results, which bear out the recovery in terms of turnover and profitability that started in March 2010.

2011 FIRST QUARTER NET SALES

2011 first quarter net sales amounted to EUR 123.7 million, an increase of 24.4% on the figure for the same period in 2010 (EUR 99.4 million).

First quarter net sales are broken down by business division as follows:

	<i>Ist quarter</i>	<i>%</i>	<i>Ist quarter</i>	<i>%</i>	<i>Growth/ Reduction</i>
	<i>2011</i>		<i>2010</i>		
	<i>€/000</i>		<i>€/000</i>		
Hydraulic Sector	55,816	45	45,270	46	+23.3%
Industrial Sector	60,282	49	47,787	48	+26.1%
Electric Motors Sector	<u>7,625</u>	<u>6</u>	<u>6,373</u>	<u>6</u>	+19.6%
Total	<u>123,723</u>	<u>100</u>	<u>99,430</u>	<u>100</u>	+24.4%

The figure for the **Hydraulic Sector** has risen by 23.3%. Sales by the European companies increased by 24.0% compared to the same period last year. The subsidiary company Muncie's sales have risen by 20.1% in Dollars (translating to + 21.4% in euros).

The **Industrial Sector** sales figure has risen by 26.1% to EUR 60.3 million.



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The following table provides a breakdown of Industrial Division sales by product type:

	<i>1st quarter</i> 2011 €/000	<i>1st quarter</i> 2010 €/000	<i>Growth/ Reduction</i>
High-pressure pumps	21,400	17,450	+22.6%
Very high-pressure systems	35,441	27,457	+29.1%
Others	<u>3,441</u>	<u>2,880</u>	+19.5%
Total	<u>60,282</u>	<u>47,787</u>	+26.1%

Sales of **electric motors** amounted to EUR 7.6 million (+19.6% compared to the first quarter of 2010).

The so-called BRIC countries (Brazil, Russia, India and China) made a significant contribution to this growth since, even though the numbers are still pretty low (with 1st quarter sales amounting to EUR 10.4 million), sales there rose by 70.7%, meaning that their incidence on consolidated turnover rose from 6.0% to 8.3%.

PROFITABILITY

The gross operating profit (**EBITDA**) amounted to EUR 23.3 million, corresponding to 18.8% of sales, compared to the 2010 first quarter figure of EUR 16.3 million, which represented 16.4% of sales (+42.8%). The following table shows the EBITDA for each business division:

	<i>1st quarter</i> 2011 €/000	<i>% of total sales*</i>	<i>1st quarter</i> 2010 €/000	<i>% of total sales*</i>	<i>Growth/ Reduction</i>
Hydraulic Sector	8,028	14.4%	5,331	11.8%	+50.6%
Industrial Sector	14,731	24.4%	10,679	22.3%	+37.9%
Electric Motors Sector	502	6.1%	286	4.2%	+75.5%
Other Products	<u>16</u>	n.s.	<u>1</u>	n.s.	
Total	<u>23,277</u>	18.8%	<u>16,297</u>	16.4%	+42.8%

* = The total sales figures also comprise sales to other Group companies, whereas the sales figures examined previously only referred to sales outside the Group. Therefore, for the sake of uniformity, the percentages were calculated on total sales rather than on the figures previously reported.

The operating profit (**EBIT**) has risen by 62.9% to EUR 18.9 million (15.3% of sales), compared to the 2010 first quarter figure of EUR 11.6 million (11.7% of sales).

The first quarter of 2011 closes with a consolidated **net profit** of EUR 11.0 million (EUR 5.7 million in the first quarter of 2010), which figure has risen by 92.6%. The basic earnings per share figure has risen by 88.1% to EUR 0.111 (EUR 0.059 in the first quarter of 2010).

Net financial debt figure has substantially remained unchanged with respect to 31 December 2010: EUR 129.2 million compared to EUR 126.1 million at the end of 2010 and EUR 174.5 million at 31 March 2010. The **cash flow from operations** amounted to EUR 0.3 million (EUR 12.4 million in the first quarter of 2010).



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The free cash flow figure reports a negative result of EUR 1.8 million, compared to the positive figure of EUR 10.7 million reported at the end of the first quarter of 2010. EUR 17.5 million of working capital was deployed during the first quarter of 2011 due to the strong growth in that period. It should be remembered that the amount of working capital was greatly reduced in both 2009 and 2010. This absorption of available funds was almost exclusively caused by trade receivables resulting from the sharp rise in sales. It should be noted that the receivables assigned under recourse factoring agreements amounted to EUR 9.6 million at 31/12/2010, whereas at 31/3/2011 that figure stands at EUR 4.4 million.

The non-annualized **ROCE** stands at 4.2% (2.6% in the first quarter of 2010) and the non-annualized **ROE** rate is 3.7% (2.2% in the first quarter of 2010).

The Board of Directors decided also to call the Extraordinary Shareholders' meeting on 28 June (first call), 29 June (second call) and 30 June (third call) following the approval of the Legislative Decree no.27/2010 and the issue of the Consob Rule for the transaction with related parties.

* * *

Events occurring after the closure of the 2011 first quarter accounts

The acquisition of American Mobile Power (AMP), based in Fairmount (Indiana), was concluded on 18 April 2011. AMP is one of the leading American manufacturers of tanks for oil hydraulics systems intended for industrial vehicles; said tanks are primarily made of aluminium and steel. AMP reported an annual turnover of USD 7.5 million in 2010, while its EBITDA had reached USD 1.4 million, corresponding to 19% of sales. At the date of closing, the company had a positive net financial position (cash) of USD 0.8 million. The Group purchased 80% of the shares in American Mobile Power, paying a total of USD 6.8 million in cash. AMP's business is highly complementary to the operations conducted by Interpump Group's Hydraulics Sector.

* * *

Pursuant to articles 65-bis, paragraph 2, and 82 of CONSOB resolution no. 11971/1999, as subsequently amended and supplemented, it is announced that the **Interim Statement of Operating Results at 31 March 2011 is available to the public** at the Company's registered office and c/o Borsa Italiana S.p.A. and has also been posted on the "Financial Statements and Reports" page in the "Investor Relations" section of the Company's website www.interpumpgroup.it.

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Milan, 12 May 2011

On behalf of the Board of Directors
Giovanni Cavallini
Chairman

Mr. Carlo Banci, the Manager in charge of financial reporting, hereby confirms, in compliance with section 154-bis, paragraph 2, of the Consolidated Finance Law, that the accounting information contained in this document corresponds to that resulting from documentary evidence, accounts ledgers and accounting records.

Milan, 12 May 2011

Carlo Banci
Manager in charge of
financial reporting

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Consolidated financial position statement

(€/000)

	<u>31/03/2011</u>	<u>31/12/2010</u>
ASSETS		
Current assets		
Cash and cash equivalents	169,251	138,721
Trade receivables	103,921	88,536
Inventories	108,839	108,004
Tax receivables	4,955	5,277
Derivative financial instruments	433	375
Assets available for sale	4,556	4,556
Other current assets	4,920	3,835
Total current assets	<u>396,875</u>	<u>349,304</u>
Non-current assets		
Property, plant and equipment	100,330	103,121
Goodwill	206,974	209,655
Other intangible assets	23,210	23,895
Other financial assets	3,378	3,399
Tax receivables	1,014	1,021
Deferred tax assets	13,523	14,161
Other non current assets	384	414
Total non current assets	<u>348,813</u>	<u>355,666</u>
Total assets	<u>745,688</u>	<u>704,970</u>

(€/000)	<u>31/03/2011</u>	<u>31/12/2010</u>
Current liabilities		
Trade payables		
Payables to banks		
Interest bearing financial payables (current portion)	63,923	61,732
Derivative financial instruments	7,470	7,751
Taxes payable	123,189	125,374
Other current liabilities	1,075	2,651
Provisions for risks and charges	11,177	8,125
Total current liabilities	20,390	19,805
Current liabilities	2,293	2,243
Trade payables	<u>229,517</u>	<u>227,681</u>
Non-current liabilities		
Interest bearing financial payables	167,749	131,718
Liabilities for employee benefits	10,175	10,225
Deferred tax liabilities	18,308	18,856
Other non-current liabilities	23,204	23,175
Provisions for risks and charges	1,878	1,856
Total non current liabilities	<u>221,314</u>	<u>185,830</u>
Total liabilities	<u>450,831</u>	<u>413,511</u>
SHAREHOLDERS' EQUITY		
Share Capital	49,913	49,193
Legal reserve	10,064	10,064
Share premium reserve	74,735	74,427
Reserve for valuation of hedging derivatives at fair value	(973)	(1,730)
Translation reserve	(16,358)	(8,196)
Other reserves	171,059	160,524
Shareholders' equity for the Group	<u>287,720</u>	<u>284,282</u>
Minority interests	7,137	7,177
Total shareholders' equity	<u>294,857</u>	<u>291,459</u>
Total shareholders' equity and liabilities	<u>745,688</u>	<u>704,970</u>

Consolidated income statements for the first quarter

(€/000)	<i>2011</i>	<i>2010</i>
Net sales	123,723	99,430
Cost of sales	(79,613)	(64,499)
Gross industrial margin	44,110	34,931
Other net revenues	1,698	1,611
Distribution costs	(11,125)	(9,811)
General and administrative expenses	(15,629)	(14,757)
Other operating costs	(180)	(386)
Ordinary profit before financial charges	18,874	11,588
Financial income	1,635	839
Financial charges	(3,556)	(2,722)
Adjustment of investments according to the equity method	37	38
Profit for the period before taxes	16,990	9,743
Income taxes	(6,031)	(4,054)
Consolidated profit for the period	10,959	5,689
Due to:		
Parent company shareholders	10,535	5,450
Subsidiaries' minority shareholders	424	239
Consolidated profit for the period	10,959	5,689
Basic earnings per share (euro)	0.111	0.059
Diluted earnings per share (euro)	0.108	0.058

Statements of consolidated comprehensive income for the first month

(€/000)	<u>2011</u>	<u>2010</u>
Consolidated profit (A)	10,959	5,689
<i>Cash flow hedge accounting for derivatives hedging interest rate risk</i>		
- Gains (losses) on derivatives for the period	-	-
- Less: Adjustment for gains (losses) reclassified to the income statement	-	-
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>1,043</u>	<u>(1,328)</u>
<i>Total</i>	<i>1,043</i>	<i>(1,328)</i>
<i>Cash flow hedge accounting for derivatives hedging currency risk</i>		
- Gains (losses) on derivatives for the period	54	(73)
- Less: Adjustment for gains (losses) reclassified to the income statement	(106)	10
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>47</u>	<u>(69)</u>
<i>Total</i>	<i>(5)</i>	<i>(132)</i>
<i>Gain (losses) on translating the financial statements of foreign entities</i>	<i>(8,399)</i>	<i>8,951</i>
<i>Gain (losses) from companies accounted for under the equity method</i>	<i>(18)</i>	<i>10</i>
<i>Related taxation</i>	<i>(283)</i>	<i>405</i>
Gains (losses) recognized directly in equity (B)	<u>(7,662)</u>	<u>7,906</u>
Consolidated comprehensive income for the first nine months(A) + (B)	<u>3,297</u>	<u>13,595</u>
Attributable to:		
Owners of the parent	3,130	13,217
Non-controlling interests of subsidiaries	<u>167</u>	<u>378</u>
Consolidated comprehensive income for the period	<u>3,297</u>	<u>13,595</u>

Consolidated cash flow statements for the first quarter

(€/000)	<u>2011</u>	<u>2010</u>
Cash flow from operating activities		
Earnings before taxes	16,990	9,743
Adjustments for non-cash items:		
Losses (capital gains) from the sale of fixed assets	(307)	(320)
Amortisation and depreciation	4,256	4,408
Impairment losses	-	93
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	308	519
Loss (profit) from investments	(37)	(38)
Net change of risk funds and allocations to liabilities for benefits for employees	65	(197)
Expenditures for tangible assets to be leased	(973)	(542)
Collections from leased tangible assets	773	507
Net financial charges	1,921	1,883
Other	(8)	10
	<u>22,988</u>	<u>16,066</u>
(Increase) decrease in trade receivables and other current assets	(22,746)	(8,960)
(Increase) decrease in inventories	(3,764)	729
Increase (decrease) in trade payables and other current liabilities	6,247	7,452
Interest paid	(2,103)	(1,580)
Currency exchange gains	(135)	216
Taxes paid	(206)	(1,485)
Net liquidity utilised in investing activities	<u>281</u>	<u>12,438</u>
Cash flow of financing activities		
Payment for the purchase of equity investments net of cash received and the sale of treasury stock	(210)	(210)
Capital expenditure in property, plant and equipment	(1,899)	(1,121)
Proceeds from sales of tangible fixed assets	74	164
Increase in intangible assets	(638)	(397)
Financial income collected	673	41
Other	(131)	(68)
Net liquidity utilised in investing activities	<u>(2,131)</u>	<u>(1,591)</u>
Cash flow of financing activities		
Expenditures relating to the share capital increase	-	(508)
Disbursement (repayment) of loans	34,457	(5,763)
Dividends paid to shareholders of subsidiaries	(207)	-
Disbursal (repayment) of shareholder loans	(61)	-
Payment of financial leasing instalments (principal)	(594)	(691)
Net liquidity obtained through (utilised in) financing activities	<u>33,595</u>	<u>(6,962)</u>
Net increase (decrease) of cash and cash equivalents	<u>31,745</u>	<u>3,885</u>
Exchange differences on conversion of the liquidity of companies in areas outside the EU	(934)	1,186
Cash and cash equivalents at the beginning of the period	130,970	75,792
Cash and cash equivalents at the end of the period	<u>161,781</u>	<u>80,863</u>

Cash and cash equivalents can be broken down as follows:

	31/03/2011	31/12/2010
	€/000	€/000
Cash and cash equivalents from balance sheet	169,251	138,721
Payables to banks (for overdrafts and advances subject to collection)	<u>(7,470)</u>	<u>(7,751)</u>
Cash and cash equivalents from cash flow statement	<u>161,781</u>	<u>130,970</u>

Changes in shareholders' equity

	Share Capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Translation provision	Other reserves	Shareholders' equity for the Group	Minority interests	Total
<i>Balances as at 1 January 2010</i>	48,414	8,747	65,548	(1,122)	(20,171)	135,332	236,748	6,048	242,796
Recording in the income statement of the change in fair value of the stock options assigned and exercisable	-	-	519	-	-	-	519	-	519
Comprehensive income (loss) in the first quarter of 2010	-	-	-	(1,055)	8,822	5,450	13,217	378	13,595
<i>Balances as at 31 March 2010</i>	48,414	8,747	66,067	(2,177)	(11,349)	140,782	250,484	6,426	256,910
Recording in the income statement of the change in fair value of the stock options assigned and exercisable	-	-	1,761	-	-	-	1,761	-	1,761
Allocation of 2009 profit	-	1,317	-	-	-	(1,317)	-	-	-
Dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	(147)	(147)
Capital increase following the exercising of warrants	466	-	3,568	-	-	-	4,034	-	4,034
Transfer of treasury shares as payment of the residual debt for the purchase of HS Penta S.p.A.	313	-	3,031	-	-	-	3,344	-	3,344
Comprehensive income (loss) from 1/4 to 31/12/ 2010	-	-	-	447	3,153	21,059	24,659	898	25,557
<i>Balances as at 31 December 2010</i>	49,193	10,064	74,427	(1,730)	(8,196)	160,524	284,282	7,177	291,459
Recording in the income statement of the change in fair value of the stock options assigned and exercisable	-	-	308	-	-	-	308	-	308
Dividends to shareholders of subsidiaries	-	-	-	-	-	-	-	(207)	(207)
Comprehensive income (loss) in the first quarter of 2011	-	-	-	757	(8,162)	10,535	3,130	167	3,297
<i>Balances as at 31 March 2011</i>	49,193	10,064	74,735	(973)	(16,358)	171,059	287,720	7,137	294,857