



INTERPUMP GROUP

PRESS RELEASE

PRELIMINARY RESULTS FOR 2012

Consolidated net profit of: €52.3 million, record for the Interpump Group (9.9% of sales) compared to €42.6 million in 2011: +22.9%

Earnings per share: €0.546 compared with €0.439 in 2011: +24.4%

Free cash flow: €38.6 million compared to €30.9 million in 2011: +24.9%

Net sales: €527.2 million compared to €471.6 million in 2011: +11.8%

Adjusted EBITDA: €105.6 million (20.0% of sales) –best result in absolute terms for the Interpump Group compared to €94.6 million in 2011: +10.6%

Net financial debt at 31 December 2012 down to €745 million compared to €127.0 million at year-end 2011

RESULTS FOR THE FOURTH QUARTER OF 2012

Net sales: €121.7 million compared to €119.1 million in the fourth quarter of 2011

Adjusted EBITDA: €21.1 million compared to €22.2 million in the fourth quarter of 2011

Consolidated net profit of €9.7 million compared to €10.3 million in 2011

Milan, 14 February 2013 –Interpump Group announces its preliminary data for 2012 and the results for the fourth quarter of 2012, approved by the Board of Directors which met today.

PRELIMINARY DATA FOR FINANCIAL YEAR 2012

Net sales in 2012 amounted to €527.2 million, up 11.8% on 2011, when sales totalled €471.6 million (up 6.1% on a like-for-like basis).

Details of sales by business sector and geographical area are as follows

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of World</u>	<u>Total</u>
<i>31/12/2012</i>						
Hydraulic Sector	52,358	65,195	77,027	12,170	50,986	257,736
Water Jetting Sector	<u>19,185</u>	<u>78,284</u>	<u>110,448</u>	<u>42,612</u>	<u>18,911</u>	<u>269,440</u>
Total	<u>71,543</u>	<u>143,479</u>	<u>187,475</u>	<u>54,782</u>	<u>69,897</u>	<u>527,176</u>



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31/12/2011

Hydraulic Sector	56,363	60,161	62,979	10,592	39,150	229,245
Water Jetting Sector	<u>19,692</u>	<u>73,445</u>	<u>92,007</u>	<u>41,901</u>	<u>15,329</u>	<u>242,374</u>
Total continuing operations	<u>76,055</u>	<u>133,606</u>	<u>154,986</u>	<u>52,493</u>	<u>54,479</u>	<u>471,619</u>

Percentage changes 2012/2011

Hydraulic Sector	-7.1%	+8.4%	+22.3%	+14.9%	+30.2%	+12.4%
Water Jetting Sector	-2.6%	+6.6%	+20.0%	+1.7%	+23.4%	+11.2%
Total	-5.9%	+7.4%	+21.0%	+4.4%	+28.3%	+11.8%
Total changes on a like-for-like basis	-13.0%	+1.5%	+18.7%	-1.3%	+14.9%	+6.1%

For a major clarification of the definition of the specific activities, the Group has decided to rename the Industrial Sector in Water Jetting Sector.

Sales in the **Hydraulic Sector** increased by 0.6 %, on a like-for-like basis.

Performance by geographical area shows differentiated growth: North America was the fastest growing area (up 21.0% and up 18.7% on a like-for-like basis) followed by the Pacific Area and the rest of the World which, together, rose by 16.6% (up 6.9% on a like-for-like basis), driven mainly by GDP growth in these areas. On the other hand, sales in Italy fell by 5.9% (down 13% on a like-for-like basis) due to the difficulties experienced by the local economy, while Europe excluding Italy rose by 7.4% (up 1.5% on a like-for-like basis).

EBITDA reached **€104.6 million** (19.8% of sales) compared to €94.6 million in 2011 (20.1% of sales), up 10.6%, thereby setting a record in absolute terms for the Interpump Group. The table below breaks down EBITDA by business sector:

	31/12/2012	% of	31/12/2011	% of	Increase/ Decrease
	€/000	total	€/000	total	
		sales *		sales *	
Hydraulic Sector	36,699	14.2%	32,818	14.3%	+11.8%
Water Jetting Sector	67,945	25.1%	60,664	25.0%	+12.0%
Other	(12)	n.s.	1,132	n.s.	n.s.
Total	<u>104,632</u>	19.8%	<u>94,614</u>	20.1%	+10.6%

* = Total sales include intercompany sales while the breakdown provided above reflects only sales outside the Group. Thus, for consistency, percentages are calculated as a share of the total instead of those shown before.

The **adjusted EBITDA** for non recurrent items was €105.6 million (20.0% of sales) compared to €94.6 million of 2011 (20.1% of sales) with a 11.6% growth.

On a like-for-like basis, EBITDA for the Hydraulic Sector was €33.9 million (14.7% of sales), up 3.3%.

EBIT was €82.8 million, representing 15.7% of sales compared with €75.7 million in 2011 (16.0% of sales), reflecting a 9.5% growth.



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Consolidated net profit for the year amounted to €2.3 million, representing 9.9% of sales, a **record in absolute terms for the Interpump Group** (€42.6 million in 2011), **with a 22.9% increase**. Basic earnings per share amounted to 0.546 (€0.439 in 2011), up 24.4%.

Capital employed went from €461.1 million at 31 December 2011 to €49.4 million at 31 December 2012, reflecting an increase due to the acquisitions of Takarada, Galtech and MTC in 2012. ROCE was 16.6% (16.4% in 2011). ROE was 13.2% (13.5% in 2011) and was affected by the capital increase determined by the exercise of warrants.

Net Cash from generated by operating activities was €65.6 million (€60.4 million in 2011), reflecting an increase of 8.5%. **Free cash flow** totalled €38.6 million, up 24.9% on €30.9 million for 2011.

Net financial debt fell to €74.5 million from €127.0 million at 31 December 2011, due also to the capital increase of €56.9 million resulting from the exercise of warrants. The amount does not include commitments to acquire additional stakes (put options) in subsidiaries for €28.0 million (€19.0 million at 31 December 2011).

CONSOLIDATED RESULTS FOR FOURTH QUARTER OF 2012

Net sales for fourth quarter of 2012 amounted to €121.7 million, up 2.1% on the corresponding period of 2011 (€119.1 million). On a like-for-like basis, there was a 2.1% decrease.

Details of sales in the fourth quarter by business sector and geographical area are as follows:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of World</u>	<u>Total</u>
<i>4th quarter of 2012</i>						
Hydraulic Sector	11,970	15,542	16,852	2,622	12,388	59,374
Water Jetting Sector	<u>4,520</u>	<u>19,312</u>	<u>26,357</u>	<u>7,907</u>	<u>4,199</u>	<u>62,295</u>
Total	<u>16,490</u>	<u>34,854</u>	<u>43,209</u>	<u>10,529</u>	<u>16,587</u>	<u>121,669</u>
<i>4th quarter of 2011</i>						
Hydraulic Sector	13,174	14,726	16,875	3,532	10,055	58,362
Water Jetting Sector	<u>5,069</u>	<u>17,642</u>	<u>23,775</u>	<u>10,049</u>	<u>4,212</u>	<u>60,747</u>
Total from continuing operations	<u>18,243</u>	<u>32,368</u>	<u>40,650</u>	<u>13,581</u>	<u>14,267</u>	<u>119,109</u>
Percentage changes 2012/2011						
Hydraulic Sector	-9.1%	+3.5%	-0.1%	-25.8%	+23.2%	+1.7%
Water Jetting Sector	-10.8%	+9.5%	+10.9%	-21.3%	-0.3%	+2.5%
Total	-9.6%	+7.7%	+6.3%	-22.5%	+16.3%	+2.1%
Total changes on a like-for-like basis	-15.1%	+2.4%	+5.6%	-26.7%	+5.5%	-2.1%



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Sales in the **Hydraulic Sector** decreased by 7.2% on a like-for-like basis.

EBITDA was €20.2 million, accounting for 16.6% of sales, compared with €22.2 million in the fourth quarter of 2011, representing 18.7% of sales.

The **adjusted EBITDA** for non recurrent items was €21.1 million (17.4% of sales) compared to €22.2 million of 2011 (18.7% of sales).

EBIT was €13.8 million, representing 11.3% of sales, compared with €17.0 million in the fourth quarter of 2011 (14.2% of sales).

Consolidated net profit for the fourth quarter of 2012 amounted to €9.7 million, representing 8.0% of sales (€10.3 million for the fourth quarter of 2011).

Basic earnings per share amounted to €0.100 (€0.10 for the fourth quarter of 2011).

Milan, 14 February 2013

On behalf of the Board of Directors
The Chairman
Giovanni Cavallini

The manager responsible for drafting company accounting documents, Carlo Banci, declares pursuant to the terms of section 2 article 154(2) of the Financial Services Act that the accounting disclosures in the present release correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Milan, 14 February 2013

Manager responsible for drafting
company accounting documents
Dott. Carlo Banci

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Financial statements- Consolidated balance sheet

	<u>31/12/2012</u>	<u>31/12/2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	115,069	109,068
Trade receivables	96,367	95,912
Inventories	131,692	117,021
Tax receivables	6,845	4,425
Derivative financial instruments	306	-
Assets available for sale	2,121	2,123
Other current assets	6,666	8,754
Total current assets	<u>359,066</u>	<u>337,303</u>
Non current assets		
Property, plant and equipment	112,527	102,777
Goodwill	225,921	213,400
Other intangible assets	22,146	23,562
Other financial assets	1,840	3,424
Tax receivables	2,802	1,017
Deferred tax assets	16,707	15,057
Other non-current assets	971	1,490
Total non-current assets	<u>382,914</u>	<u>360,727</u>
Total assets	<u>741,980</u>	<u>698,030</u>

	<u>31/12/2012</u>	<u>31/12/2011</u>
LIABILITIES		
Current liabilities		
Trade payables	53,612	57,962
Payables to banks	10,614	8,762
Interest bearing financial payables (current portion)	87,303	113,700
Derivative financial instruments	781	2,006
Taxes payable	6,791	8,552
Other current liabilities	27,333	22,943
Provisions for risks and charges	4,653	2,851
Total current liabilities	191,087	216,776
Non-current liabilities		
Interest bearing financial payables	91,701	113,569
Liabilities for employee benefits	11,008	9,698
Deferred tax liabilities	22,456	20,668
Non current tax liabilities	17	-
Other non-current liabilities	27,496	20,439
Provisions for risks and charges	1,339	1,720
Total non-current liabilities	154,017	166,094
Total liabilities	345,104	382,870
SHAREHOLDERS' EQUITY		
Share Capital	52,795	47,936
Legal reserve	10,157	10,157
Share premium reserve	105,515	64,719
Reserve for valuation of hedging derivatives at fair value	(333)	(1,086)
Translation reserve	(8,243)	(2,908)
Other reserves	231,152	190,879
Shareholders' equity for the Group	391,043	309,697
Minority interests	5,833	5,463
Total shareholders' equity	396,876	315,160
Total shareholders' equity and liabilities	741,980	698,030

Consolidated income statements

(€/000)	<i>2012</i>	<i>2011</i>
Net sales	527,176	471.619
Cost of sales	(327,571)	(294.378)
Gross industrial margin	199,605	177.241
Other net revenues	8,775	7.559
Distribution costs	(53,448)	(45.802)
General and administrative expenses	(69,375)	(60.320)
Other operating costs	(2,752)	(3.028)
Ordinary profit before financial charges	82,805	75.650
Financial income	4,905	6.365
Financial charges	(12,756)	(15.032)
Adjustment of investments according to the equity method	(147)	(367)
Profit for the period before taxes	74,807	66.616
Income taxes	(22,494)	(22.998)
Consolidated net profit for the period of continuing operations	52,313	43.618
Result of discontinued operations and assets held for sale	12	(1.033)
Consolidated profit for the period	52,325	42.585
Due to:		
Parent company shareholders	51,418	41.232
Minority interests	907	1.353
Consolidated profit for the period	52,325	42.585
Basic earnings per share from continuing operations	546	0451
Basic earnings per share from non continuing operations	-	(0,012)
Basic earnings per share	546	0,439
Diluted earnings per share from continuing operations	0,539	0,446
Diluted earnings per share from non continuing operations	-	(0,012)
Diluted earnings per share	0,539	0,434

Statements of consolidated comprehensive income for the year

(€/000)	<u>2012</u>	<u>2011</u>
Consolidated profit (A)	52,325	42,585
<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	<u>623</u>	<u>1,283</u>
<i>Total</i>	<i>623</i>	<i>1,283</i>
<i>Cash flow hedge accounting for derivatives hedging currency risk</i>		
- Gains (losses) on derivatives for the period	91	(367)
- Less: Adjustment for gains (losses) reclassified to the income statement	367	(67)
- Less: Adjustment for the recognition of fair value in equity	<u>-</u>	<u>-</u>
<i>Total</i>	<i>458</i>	<i>(434)</i>
<i>Gain (losses) on translating the financial statements of foreign entities</i>	<i>(5,277)</i>	<i>5,344</i>
<i>Gain (losses) from companies accounted for under the equity method</i>	<i>27</i>	<i>18</i>
<i>Related taxation</i>	<i>(328)</i>	<i>(206)</i>
Gains (losses) recognized directly in equity (B)	<u>(4,497)</u>	<u>6,005</u>
Consolidated comprehensive income for the period (A) + (B)	<u>47,828</u>	<u>48,590</u>
Attributable to:		
Parent company shareholders	46,836	47,164
Minority interests	<u>992</u>	<u>1,426</u>
Consolidated income for the period	<u>47,828</u>	<u>48,590</u>

Consolidated income statements for the fourth quarter

(€/000)	<u>2012</u>	<u>2011</u>
Net sales	121,669	119.109
Cost of sales	<u>(76,995)</u>	<u>(74.842)</u>
Gross industrial margin	44,674	44.267
Other net revenues	2,578	1.569
Distribution costs	(13,028)	(11.875)
General and administrative expenses	(18,693)	(15.802)
Other operating costs	<u>(1,775)</u>	<u>(1.205)</u>
Ordinary profit before financial charges	13,756	16.954
Financial income	638	1.873
Financial charges	(2,677)	(4.151)
Adjustment of investments according to the equity method	<u>(77)</u>	<u>(40)</u>
Profit for the period before taxes	11,640	14.636
Income taxes	<u>(1,922)</u>	<u>(4.385)</u>
Consolidated profit for the period of continuing operations	9,718	10.251
Result of discontinued operations and assets held for sale	<u>-</u>	<u>5</u>
Consolidated profit for the period	<u>9,718</u>	<u>10.256</u>
Due to:		
Parent company shareholders	9,758	9.825
Minority interests	<u>(40)</u>	<u>431</u>
Consolidated profit for the period	<u>9,718</u>	<u>10.256</u>
Basic earnings per share from continuing operations	0.100	0.106
Basic earnings per share from non continuing operations	<u>-</u>	<u>-</u>
Basic earnings per share	<u>0.100</u>	<u>0.106</u>
Diluted earnings per share from continuing operations	0.099	0.105
Diluted earnings per share from non continuing operations	<u>-</u>	<u>-</u>
Diluted earnings per share	<u>099</u>	<u>0.105</u>

Statement of consolidated comprehensive income for the fourth quarter

(€/000)	<u>2012</u>	<u>2011</u>
Consolidated profit for the fourth quarter (A)	9,718	10,256
<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	<u>212</u>	<u>336</u>
<i>Total</i>	<u>212</u>	<u>336</u>
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	(36)	(236)
- Less: Adjustment for gains (losses) reclassified to the income statement	-	7
- Less: Adjustment for the recognition of fair value in equity	<u>-</u>	<u>-</u>
<i>Total</i>	<u>(36)</u>	<u>(229)</u>
<i>Gain (losses) on translating the financial statements of foreign entities</i>	(4,119)	6,882
<i>Gain (losses) from companies accounted for under the equity method</i>	(24)	35
<i>Related taxation</i>	<u>(47)</u>	<u>(16)</u>
Gains (losses) recognized directly in equity in the fourth quarter (B)	<u>(4,014)</u>	<u>7,008</u>
Consolidated comprehensive income for the fourth quarter (A) + (B)	<u>5,704</u>	<u>17,264</u>
Attributable to:		
Parent company shareholders		
Minority interests	5,863	16,608
Consolidated profit for the fourth quarter (A)	<u>(159)</u>	<u>656</u>
Consolidated profit (loss) for the period	<u>5,704</u>	<u>17,264</u>

Consolidated cash flow statements

(€/000)	<u>2012</u>	<u>2011</u>
Cash flow from operating activities		
Profit before taxes and loss from discontinued operations	74,808	66,616
<i>Adjustments for non-cash items:</i>		
Losses (capital gains) from the sale of fixed assets	(1,958)	(1,922)
Losses (capital gains) from disposals of investments	(155)	-
Amortisation and depreciation	19,798	17,347
Impairment losses and restore of assets	345	716
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	872	962
Loss (profit) from investments	147	367
Net change of risk funds and allocations to liabilities for benefits for employees	1,626	598
Disbursements for tangible assets to be leased	(4,413)	(3,700)
Proceeds from leased tangible assets	4,703	2,250
Variation of medium-long term tax credit	(1,881)	-
Net financial charges	7,851	8,667
Other	(24)	180
	<u>101,719</u>	<u>92,081</u>
(Increase) decrease in trade receivables and other current assets	2,481	(14,491)
(Increase) decrease in inventories	(9,882)	(11,118)
Increase (decrease) in trade payables and other current liabilities	(4,869)	5,914
Interest paid	(8,052)	(8,702)
Currency exchange gains	(632)	(264)
Taxes paid	(27,478)	(22,670)
Net liquidity generated by operating activities	<u>53,287</u>	<u>40,750</u>
Cash flow from investing activities		
Payment for the purchase of investments net of cash received and gross of treasury shares given as consideration	(19,216)	(9,102)
Sales of equity interests inclusive of liquidity sold	1,378	1,551
Capital expenditure	(16,860)	(10,642)
Proceeds from the sale of tangible fixed assets	3,342	1,584
Increase in intangible assets	(2,321)	(2,763)
Cash in from proceeds of financial assets	1,634	-
Financial income collected	1,973	2,896
Other	(320)	137
Net liquidity utilised in investing activities	<u>(30,390)</u>	<u>(16,339)</u>

(€/000)	<u>2012</u>	<u>2011</u>
Cash flow of financing activities		
Disbursement (reimbursement) of financing	(49,010)	(28,956)
Dividends paid	(11,731)	(10,768)
Disbursement for purchase of treasury shares	(15,827)	(16,489)
Sale of treasury shares for acquisition of subsidiaries	1,704	4,309
Proceeds from the sale of treasury shares to stock option beneficiaries	2,025	188
Capital increase following the warrants' exercise	56,881	31
Disbursement of a loan to an unconsolidated subsidiary	(90)	7
Disbursement (reimbursement) of shareholders' financing	-	346
Payment of finance lease instalments (capital portion)	(2,490)	(2,379)
Net liquidity obtained through (utilised in) financing activities	<u>(18,538)</u>	<u>(53,711)</u>
Net increase (decrease) of cash and cash equivalents	<u>4,359</u>	<u>(29,300)</u>
Net increase (decrease) of cash and cash equivalents		
Increase (decrease) of liquidity from discontinued operations	20	(2,110)
Exchange differences on conversion of the liquidity of companies in areas outside the EU	(230)	746
Cash and cash equivalents at the start of the period	<u>100,306</u>	<u>130,970</u>
Cash and cash equivalents at the end of the period	<u>104,455</u>	<u>100,306</u>

Cash and cash equivalents can be broken down as follows:

	31/12/2012	31/12/2011
	€/000	€/000
Cash and cash equivalents from balance sheet	115,069	109,068
Payables to banks (for overdrafts and advances subject to collection)	<u>(10,614)</u>	<u>(8,762)</u>
Cash and cash equivalents from cash flow statement	<u>104,455</u>	<u>100,306</u>

Changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for the fair value of hedging derivatives	Translation reserve	Other reserves	Shareholders' equity for the Group	Minority interests	Total
<i>Balances as at 1 January 2011</i>	49,193	10,064	74,427	(1,730)	(8,196)	160,524	284,282	7,177	291,459
Allocation of 2010 profit	-	93	-	-	-	(93)	-	-	-
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	996	-	-	-	996	-	996
Acquisition of treasury stock	(1,845)	-	(14,644)	-	-	-	(16,489)	-	(16,489)
Sale of treasury shares to stock option beneficiaries	26	-	162	-	-	-	188	-	188
Sale of treasury shares as part of the purchase of the additional 11% of Interpump Hydraulics International	559	-	3,750	-	-	-	4,309	-	4,309
Dividends distributed	-	-	-	-	-	(10,412)	(10,412)	(356)	(10,768)
Acquisition of the remaining 49% of AVI	-	-	-	-	-	(372)	(372)	(899)	(1,271)
Capital increase following exercise of warrants	3	-	28	-	-	-	31	-	31
Effect on equity of the sale of Unielectric	-	-	-	-	-	-	-	(1,885)	(1,885)
Comprehensive profit (loss) for the year 2011	-	-	-	644	5,288	41,232	47,164	1,426	48,590
<i>Balances as at 31 December 2011</i>	<i>47,936</i>	<i>10,157</i>	<i>64,719</i>	<i>(1,086)</i>	<i>(2,908)</i>	<i>190,879</i>	<i>309,697</i>	<i>5,463</i>	<i>315,160</i>
Recording in the income statement of the fair value of the stock options assigned and exercisable	-	-	872	-	-	-	872	-	872
Acquisition of treasury stock	(1,406)	-	(14,421)	-	-	-	(15,827)	-	(15,827)
Sale of treasury shares to stock option beneficiaries	280	-	1,745	-	-	-	2,025	-	2,025
Sale of treasury shares for stakes payment	156	-	1,548	-	-	-	1,704	-	1,704
Capital increase following exercise of warrants	5,829	-	51,052	-	-	-	56,881	-	56,881
Dividends distributed	-	-	-	-	-	(11,145)	(11,145)	(426)	(11,571)
Sale of Hydrocar Roma stake	-	-	-	-	-	-	-	(196)	(196)
Comprehensive profit (loss) for the year 2012	-	-	-	753	(5,335)	51,418	46,836	992	47,828
<i>Balances as at 31 December 2012</i>	<i>52,795</i>	<i>10,157</i>	<i>105,515</i>	<i>(333)</i>	<i>(8,243)</i>	<i>231,152</i>	<i>391,043</i>	<i>5,833</i>	<i>396,876</i>