



**INTERPUMP  
GROUP**

**PRESS RELEASE**

**KEY EVENTS DURING THE FIRST NINE MONTHS OF 2013**

**A further development in the Hydraulic Sector with the purchases of Hydrocontrol and IMM Hydraulics. The rationalization of the sector continues.**

**RESULTS FOR THE THIRD QUARTER OF 2013**

**Net sales: €137.0 million (€126.3 million in the third quarter of 2012): +8.4%**

**EBITDA: €26.3 million (19.2% of sales – 19.9% on a like for like basis and excluding non-recurring costs); (€25.5 million in the third quarter of 2012): +3.1%**

**Consolidated net profit: €9.6 million (€15.3 million in the first nine months of 2012, that included one-off tax benefits)**

**Free cash flow: €1.8 million (€7.1 million in the third quarter of 2012): +67.6%**

**RESULTS FOR THE FIRST NINE MONTHS OF 2013**

**Net sales: €417.5 million (€405.5 million in the first nine months of 2012): + 3.0%**

**EBITDA: €79.6 million (19.1% of sales - 19.6% on a like for like basis and excluding non-recurring costs), (€84.5 million in the first nine months of 2012): -5.7%**

**Consolidated net profit: €34.9 million (€42.6 million in the first nine months of 2012)**

**Free cash flow: €19.1 million including higher capex for €10 million (€27.5 million in the first nine months of 2012)**

**Net financial debt falls to €103.6 million (€125.7 million at 30/9/2012)**

**Purchased treasury shares for €15.5 million (€13.4 million in the first nine months of 2012)**

*Sant'Ilario d'Enza (RE), 7 November 2013* – Interpump Group announces its **consolidated results for the third quarter and for the first nine months of 2013**, approved by the Board of Directors at their meeting today.

**KEY EVENTS DURING THE FIRST NINE MONTHS OF 2013**

In 2013 Interpump Group has implemented its plan to strengthen and rationalize the Hydraulic Sector by making two acquisitions (Hydrocontrol and IMM Hydraulics) and carrying out a series of steps to concentrate operations, with the aim of achieving a more rational and efficient organization of its activities in the sector.

On 6 May, Interpump Group **acquired Hydrocontrol** through its subsidiary Interpump Hydraulics. Hydrocontrol, which has its headquarters in the province of Bologna, is a **leading company in the production and sale of hydraulic valves and distributors**. Hydrocontrol has two manufacturing subsidiaries in China and



## INTERPUMP GROUP

India and a distributor in the United States. Hydrocontrol's activities fully complement those of Interpump Group's hydraulic sector and have significant synergies with the business. By acquiring Galtech and MTC recently, **Interpump Hydraulics**, a wholly owned subsidiary of Interpump Group S.p.A. and a world **leader in power take-offs for industrial vehicles**, had already extended its product range by entering the valve and distributor sector, and through the acquisition of Hydrocontrol is strengthening its position by entering additional business segments of key importance, while at the same time creating the bases for important manufacturing and distribution synergies.

The rationalization and strengthening of the Hydraulic Sector has been proceeding throughout 2013. On 13 June 2013 the **merger of Galtech and MTC into Hydrocontrol** was approved. The merger of these three companies will enable **synergies to be achieved in terms of product and organization** between businesses operating in the same market segment, with the resulting significant cost savings.

With the merger between these companies, as a means of improving logistical and organizational aspects the move to concentrate all the manufacturing activities of Galtech and MTC in a recently completed factory is at an advanced stage. This will enable clear advantages to be achieved in terms of manufacturing lay-out and will make it possible to reduce the number of production units from 3 to 1.

In addition, the rationalization of the Hydraulic Sector has led to the following being carried out in 2013: (i) the closure of the factory at Nonantola (MO) and the resulting concentration of the operations of Interpump Hydraulics in the factory at Calderara di Reno (BO), with manufacturing capacity remaining unchanged, (ii) the closure of the Modenflex factory with its merger into HS Penta, enabling increased manufacturing capacity to be achieved thanks to investments in automation which will make it possible for the company to achieve higher growth. This rationalization will additionally enable organizational simplification and efficiencies arising from economies of scale to be obtained.

The merger of Cover S.r.l. into Oleodinamica Panni S.r.l. was approved on 19 September with the aim of creating a more efficient organization by bringing together a series of activities, such as production planning, purchasing and administration. The merger will be effective from an operational standpoint from the beginning of 2014.

The expansion process in the Hydraulic Sector also continued in the third quarter of 2013, with the signing on 2 August of a preliminary agreement for the **purchase through the subsidiary Interpump Hydraulics of 60% of the IMM Group**, which has its headquarters in the province of Chieti and manufactures hydraulic hoses and fittings. The IMM Group has a manufacturing subsidiary in Romania and distribution subsidiaries in Britain, France, Germany and South Africa. Forecasts for 2013 are as follows: turnover of 60 million euros, EBITDA of 8 million euros and net debt of 27.5 million euros at 31 December 2013. The IMM Group's activities highly complement those of the Interpump Group's hydraulic sector. With the acquisition of IMM, Interpump Hydraulics further extends its range of products in the hydraulic business. The entry of IMM into the Interpump Group will enable considerable distribution synergies to be achieved, as IMM will be able to use the Group's worldwide distribution network whereas IMM's customer base is currently concentrated in Europe.

In the first nine months of 2013, Hydrocontrol, which was acquired in May 2013, was consolidated for the first time for a five-month period.



# INTERPUMP GROUP

## RESULTS FOR THE THIRD QUARTER OF 2013

### Net sales

Net sales for the third quarter of 2013 amounted to 137.0 million euros, an increase of 8.4% over the corresponding period in 2012 (126.3 million euros). There was a fall of 1.5% on a like for like basis. A rise of 2.0% emerges if unchanged exchange rates are also used.

Details of net sales for the third quarter by business sector and geographical area may be analyzed as follows:

(€000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
<i>3rd quarter 2013</i>						
Hydraulic Sector	13,431	22,482	22,379	4,008	11,138	73,438
Water Jetting Sector	<u>4,032</u>	<u>20,019</u>	<u>24,756</u>	<u>10,100</u>	<u>4,627</u>	<u>63,534</u>
Total	<u>17,463</u>	<u>42,501</u>	<u>47,135</u>	<u>14,108</u>	<u>15,765</u>	<u>136,972</u>
<i>3rd quarter 2012</i>						
Hydraulic Sector	11,145	14,438	19,638	2,748	12,690	60,659
Water Jetting Sector	<u>3,977</u>	<u>18,634</u>	<u>27,201</u>	<u>10,596</u>	<u>5,281</u>	<u>65,689</u>
Total continuing operations	<u>15,122</u>	<u>33,072</u>	<u>46,839</u>	<u>13,344</u>	<u>17,971</u>	<u>126,348</u>
Percentage changes 2013/2012						
Hydraulic Sector	+20.5%	+55.7%	+14.0%	+45.9%	-12.2%	+21.1%
Water Jetting Sector	+1.4%	+7.4%	-9.0%	-4.7%	-12.4%	-3.3%
Total	+15.5%	+28.5%	+0.6%	+5.7%	-12.3%	+8.4%
Total changes on a like for like basis	+2.4%	+11.0%	-3.6%	-5.2%	-19.7%	-1.5%

On a like for like basis the Hydraulic Sector grew by 0.4%.

### Profitability

**Gross operating income (EBITDA)** amounted to 26.3 million euros (19.2% of sales) compared to 25.5 million euros in the third quarter of 2012 when it represented 20.2% of sales. Excluding non-recurring costs, EBITDA amounted to 19.4% of sales (19.9% on a like for like basis). The following table sets out EBITDA by business sector:

	<i>3rd quarter 2013 €/000</i>	<i>% of total sales*</i>	<i>3rd quarter 2012 €/000</i>	<i>% of total sales*</i>	<i>Increase/ decrease</i>
Hydraulic Sector	10,325	14.1%	8,996	14.8%	+14.8%
Water Jetting Sector	15,941	25.0%	16,461	25.0%	-3.2%
Other Sectors	<u>10</u>	N/A	<u>32</u>	N/A	N/A
<b>Total</b>	<b><u>26,276</u></b>	<b>19.2%</b>	<b><u>25,489</u></b>	<b>20.2%</b>	<b>+3.1%</b>



# INTERPUMP GROUP

\* = Total sales also include those made to other companies in the consolidation scope while the sales analyzed above refer only to those made outside the Group. Thus, for consistency, percentages are calculated as a proportion of total sales instead of as a proportion of those shown above.

On a like for like basis the Hydraulic Sector had an EBITDA of 8.5 million euros (14.0% of sales), representing an increase of 0.4%.

**Operating income (EBIT)** amounted to 19.0 million euros (13.9% of sales) compared to 20.4 million euros in the third quarter of 2012 (16.2% of sales). EBIT was affected by non-recurring costs of 1.1 million euros relating to the rationalization of the Hydraulic Sector; excluding these costs, EBIT amounted to 14.7% of sales (15.6% on a like for like basis).

The third quarter ended with consolidated net profit of 9.6 million euros, or 7.0% of sales (15.3 million euros in the third quarter of 2012). Part of the decrease can be explained by the receipt of a one-off tax benefit of 3.1 million euros in 2012.

Basic earnings per share were 0.089 euros (0.160 euros in the third quarter of 2012).

There was a pick-up in cash generation in the third quarter of 2013. Cash generated by operations amounted to 18.8 million euros (14.9 million euros in the third quarter of 2012), representing an increase of 26.2%. Free cash flow reached 11.8 million euros (7.1 million euros in the third quarter of 2012), representing an increase of 67.6%.

## RESULTS FOR THE FIRST NINE MONTHS OF 2013

### Net sales

Net sales for the first nine months of 2013 amounted to 417.5 million euros, an increase of 3.0% over sales for the corresponding period in 2012 when they totaled 405.5 million euros (-2.5% on a like for like basis, -0.9% if unchanged exchange rates are also used).

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

30/09/2013 (nine months)

(€000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
Hydraulic Sector	41,958	61,410	61,917	11,791	39,880	216,956
Water Jetting Sector	<u>15,091</u>	<u>60,485</u>	<u>84,394</u>	<u>28,080</u>	<u>12,487</u>	<u>200,537</u>
Total	<u>57,049</u>	<u>121,895</u>	<u>146,311</u>	<u>39,871</u>	<u>52,367</u>	<u>417,493</u>

30/09/2012 (nine months)

Hydraulic Sector	40,388	49,653	60,175	9,548	38,598	198,362
Water Jetting Sector	<u>14,665</u>	<u>58,972</u>	<u>84,091</u>	<u>34,705</u>	<u>14,712</u>	<u>207,145</u>
Total	<u>55,053</u>	<u>108,625</u>	<u>144,266</u>	<u>44,253</u>	<u>53,310</u>	<u>405,507</u>

Percentage changes 2013/2012

Hydraulic Sector	+3.9%	+23.7%	+2.9%	+23.5%	+3.3%	+9.4%
Water Jetting Sector	+2.9%	+2.6%	+0.4%	-19.1%	-15.1%	-3.2%
Total	+3.6%	+12.2%	+1.4%	-9.9%	-1.8%	+3.0%
Total changes on a like for like basis	-3.2%	+3.2%	-0.8%	-17.7%	-5.6%	-2.5%



# INTERPUMP GROUP

On a like for like basis sales in the Hydraulic Sector fell by 1.8%.

## Profitability

**Gross operating income (EBITDA)** amounted to 79.6 million euros (19.1% of sales) compared to 84.5 million euros in the first nine months of 2012 when it represented 20.8% of sales. Excluding non-recurring costs, EBITDA amounted to 19.3% of sales (19.6% on a like for like basis). The following table sets out EBITDA by business sector:

	30/09/2013 (nine months) €/000	% of total sales*	30/09/2012 (nine months) €/000	% of total sales*	Increase/ decrease
Hydraulic Sector	31,122	14.3%	30,728	15.5%	+1.3%
Water Jetting Sector	48,487	24.1%	53,620	25.8%	-9.6%
Other Sectors	25	N/A	118	N/A	N/A
<b>Total</b>	<b>79,634</b>	<b>19.1%</b>	<b>84,466</b>	<b>20.8%</b>	<b>-5.7%</b>

\* = Total sales also include those made to other Group companies while the sales analyzed above refer only to those made outside the Group. Thus, for consistency, percentages are calculated as a proportion of total sales instead of as a proportion of those shown above.

On a like for like basis the Hydraulic Sector had an EBITDA of 28.0 million euros (14.4% of sales), a decrease of 8.9%.

**Operating income (EBIT)** amounted to 60.5 million euros (14.5% of sales) compared to 69.0 million euros in the first nine months of 2012 (17.0% of sales). This result was affected by non-recurring costs of 2.3 million euros relating to the rationalization of the Hydraulic Sector; excluding these costs, EBIT amounted to 15.0% of sales (15.6% on a like for like basis).

Capital employed rose from 499.4 million euros at 31 December 2012 to 566.2 million euros at 30 September 2013. The increase is mainly due to the acquisition of Hydrocontrol, which led to a rise of 56.3 million euros. Non-annualized ROCE was 10.7% (13.6% in the first nine months of 2012); the decrease is due also to the fact that only five months' EBIT of Hydrocontrol was consolidated and this is being compared with the whole of the capital employed for the acquisition of the company. Excluding the above, ROCE would have been 11.6%. Non-annualized ROE was 8.1% (12.1% in the first nine months of 2012), affected by the capital increase of 42.4 million euros that took place in the fourth quarter of 2012 and by the acquisition of Hydrocontrol since, as the result of the transfer of 4,500,000 treasury shares for the purchase, a further capital increase of 30.1 million euros was carried out, while the results of Hydrocontrol were only consolidated for five months. Excluding the above ROE would have been 9.4%.

## Financial situation

**Net debt at 30 September 2013 fell to** 103.6 million euros compared to 125.7 million euros at 30 September 2012 (74.5 million euros at 31 December 2012). In addition, the Group has binding commitments to acquire minority interests in subsidiaries for 33.2 million euros (28.0 million euros 31 December 2012).

Free cash flow was 19.1 million euros (27.5 million euros in the first nine months of 2012). It should be noted that a higher level of capital expenditure was incurred in 2013, of which 4.8 million euros regards the building of



## INTERPUMP GROUP

the new Hammelmann factory. It should also be emphasized that the Group took the decision in December 2012 not to carry out any more factoring of receivables without recourse. At 30 September 2012 on the other hand receivables of 5.7 million euros had been factored; accordingly adjusting the change in working capital for the first nine months of 2012 by this amount, free cash flow for the first nine months of 2012 would have been 21.9 million euros.

In the first nine months of 2013 net **capital expenditures** in tangible and intangible fixed assets for 21.7 million euros (11.7 million euros in first nine months of 2012) were paid and therefore with **an increase of 10 million euros**. In addition treasury shares were purchased for 15.5 million euros (13.4 million euros in the first nine months of 2012). At 30 September 2013 Interpump Group held 3,239,977 treasury shares in the portfolio corresponding to 2.9758% of the capital stock, acquired at an average unit cost of €6.4546.

\*\*\*

Sant'Ilario d'Enza (RE), 7 November 2013

On behalf of the Board of Directors  
The Chairman  
Fulvio Montipò

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.

Sant'Ilario d'Enza (RE), 7 November 2013

Manager responsible for drafting  
company accounting documents  
Carlo Banci

*For further information please contact:*

**Moccagatta Associati**

Tel. +39 02 8645.1695

Fax +39 02 8645.2082

[segreteria@moccagatta.it](mailto:segreteria@moccagatta.it)

[www.interpumpgroup.it](http://www.interpumpgroup.it)

## Financial statements

### Consolidated balance sheet

(€000)	<u>30/09/2013</u>	<u>31/12/2012</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	102,587	115,069
Trade receivables	115,308	96,371
Inventories	152,112	131,692
Tax receivables	5,953	6,705
Derivative financial instruments	182	306
Other current assets	7,095	6,675
<b>Total current assets</b>	<b><u>383,237</u></b>	<b><u>356,818</u></b>
<b>Non-current assets</b>		
Property, plant and equipment	145,975	112,527
Goodwill	236,687	225,921
Other intangible assets	24,578	22,146
Other financial assets	1,665	1,840
Tax receivables	3,065	2,802
Deferred tax assets	19,758	16,707
Other non-current assets	606	971
<b>Total non-current assets</b>	<b><u>432,334</u></b>	<b><u>382,914</u></b>
Assets available for sale	2,480	2,121
<b>Total assets</b>	<b><u>818,051</u></b>	<b><u>741,853</u></b>

(€000)	<u>30/09/2013</u>	<u>31/12/2012</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	60,584	53,612
Payables to banks	22,144	10,614
Interest bearing financial payables (current portion)	73,621	87,303
Derivative financial instruments	392	781
Taxes payable	6,643	6,655
Other current liabilities	52,271	27,342
Provisions for risks and charges	5,210	4,653
<b>Total current liabilities</b>	<b><u>220,865</u></b>	<b><u>190,960</u></b>
<b>Non-current liabilities</b>		
Interest bearing financial payables	110,383	91,701
Liabilities for employee benefits	11,747	11,008
Deferred tax liabilities	26,746	22,456
Non-current tax payables	-	17
Other non-current liabilities	17,357	27,496
Provisions for risks and charges	1,469	1,339
<b>Total non-current liabilities</b>	<b><u>167,702</u></b>	<b><u>154,017</u></b>
<b>Total liabilities</b>	<b><u>388,567</u></b>	<b><u>344,977</u></b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	54,933	52,796
Legal reserve	11,323	10,157
Share premium reserve	125,544	105,514
Reserve for valuation of hedging derivatives at fair value	(83)	(333)
Translation reserve	(14,702)	(8,243)
Other reserves	245,975	231,152
<b>Group shareholders' equity</b>	<b><u>422,990</u></b>	<b><u>391,043</u></b>
Non-controlling interests	6,494	5,833
<b>Total shareholders' equity</b>	<b><u>429,484</u></b>	<b><u>396,876</u></b>
<b>Total shareholders' equity and liability</b>	<b><u>818,051</u></b>	<b><u>741,853</u></b>



## Consolidated income statement for the first nine months

(€000)	<u>2013</u>	<u>2012</u>
<b>Net sales</b>	<b>417,493</b>	<b>405,507</b>
Cost of sales	(263,885)	(250,576)
<b>Gross industrial margin</b>	<b>153,608</b>	<b>154,931</b>
<i>% of net sales</i>	<i>36.8%</i>	<i>38.2%</i>
Other operating income	6,309	6,197
Distribution expenses	(43,493)	(40,420)
General and administrative expenses	(52,921)	(50,682)
Other operating costs	(2,969)	(977)
<b>EBIT</b>	<b>60,534</b>	<b>69,049</b>
<i>% of net sales</i>	<i>14.5%</i>	<i>17.0%</i>
Financial income	5,398	4,267
Financial charges	(10,046)	(10,079)
Adjustment of investments accounted for using the equity method	(287)	(70)
<b>Profit for the period before taxes</b>	<b>55,599</b>	<b>63,167</b>
Income taxes	(20,656)	(20,572)
<b>Consolidated profit for the period from continuing operations</b>	<b>34,943</b>	<b>42,595</b>
<i>% of net sales</i>	<i>8.4%</i>	<i>10.5%</i>
Profit from activities to be sold from discontinued operations	-	12
<b>Consolidated profit for the period</b>	<b>34,943</b>	<b>42,607</b>
<b>Attributable to:</b>		
Owners of the parent	34,211	41,660
Non-controlling interests of subsidiaries	732	947
<b>Consolidated profit for the period</b>	<b>34,943</b>	<b>42,607</b>
<b>EBITDA</b>	<b>79,634</b>	<b>84,466</b>
<i>% of net sales</i>	<i>19.1%</i>	<i>20.8%</i>
Shareholders' equity	429,484	350,937
Net debt	103,561	125,744
Debt for the purchase of investments	33,158	29,273
Capital employed	566,203	505,954
<b>Non-annualized ROCE</b>	<b>10.7%</b>	<b>13.6%</b>
<b>Non-annualized ROE</b>	<b>8.1%</b>	<b>12.1%</b>
<b>Basic earnings per share</b>	<b>0.329</b>	<b>0.448</b>

EBITDA\* = EBIT + Depreciation + Amortization + Accruals

ROCE = EBIT/ Capital employed

ROE = Consolidated profit for the period / Consolidated shareholders' equity

\* = Since EBITDA is not an accounting measure either as part of Italian accounting principles or as part of international accounting standards (IAS/IFRS), the calculation of this item may vary. EBITDA is a measure used by the company's management to monitor and assess its operating performance. Management believes that EBITDA is an important parameter for measuring the company's operating performance as it is not affected by the various criteria that may be used to determine taxable income, the amount and characteristics of capital employed and the relative depreciation and amortisation policies. The criteria used by the company to determine EBITDA may not be consistent with that used by other companies/groups and the amount obtained may not be comparable with that calculated by them.

## Statement of consolidated comprehensive income for the first nine months

(€000)	<u>2013</u>	<u>2012</u>
<b>Consolidated profit for the first nine months (A)</b>	<b>34,943</b>	<b>42,607</b>
<b>Other consolidated income which will subsequently be reclassified to consolidated profit for the period</b>		
<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>429</u>	<u>411</u>
<i>Total</i>	<u>429</u>	<u>411</u>
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	1	367
- Less: Adjustment for gains (losses) reclassified to the income statement	(91)	127
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>-</u>	<u>-</u>
<i>Total</i>	<u>(90)</u>	<u>494</u>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	<u>(6,585)</u>	<u>(1,158)</u>
<i>Gains (losses) from companies accounted for using the equity method</i>	<u>(79)</u>	<u>51</u>
<i>Related taxation</i>	<u>(89)</u>	<u>(281)</u>
<b>Total other consolidated income which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)</b>	<b><u>(6,414)</u></b>	<b><u>(483)</u></b>
<b>Consolidated comprehensive income for the first nine months (A) + (B)</b>	<b><u>28,529</u></b>	<b><u>42,124</u></b>
<b>Attributable to:</b>		
Owners of the parent	28,002	40,973
Non-controlling interests of subsidiaries	<u>527</u>	<u>1,151</u>
<b>Consolidated comprehensive income for the period</b>	<b><u>28,529</u></b>	<b><u>42,124</u></b>

## Consolidated income statement for the third quarter

(€000)	<u>2013</u>	<u>2012</u>
<b>Net sales</b>	<b>136,972</b>	<b>126,348</b>
Cost of sales	(87,133)	(77,790)
<b>Gross industrial margin</b>	<b>49,839</b>	<b>48,558</b>
<i>% of net sales</i>	<i>36.4%</i>	<i>38.4%</i>
Other operating income	2,107	1,727
Distribution expenses	(14,143)	(13,198)
General and administrative expenses	(17,553)	(16,483)
Other operating costs	(1,249)	(174)
<b>EBIT</b>	<b>19,001</b>	<b>20,430</b>
<i>% of net sales</i>	<i>13.9%</i>	<i>16.2%</i>
Financial income	1,203	1,805
Financial charges	(4,027)	(3,519)
Adjustment of investments accounted for using the equity method	(185)	18
<b>Profit for the period before taxes</b>	<b>15,992</b>	<b>18,734</b>
Income taxes	(6,365)	(3,409)
<b>Consolidated profit for the period from continuing operations</b>	<b>9,627</b>	<b>15,325</b>
<i>% of net sales</i>	<i>7.0%</i>	<i>12.1%</i>
Profit from activities to be sold from discontinued operations	-	(7)
<b>Consolidated profit for the period</b>	<b>9,627</b>	<b>15,318</b>
Cost of sales		
<b>Gross industrial margin</b>		
<i>% of net sales</i>	<i>9,495</i>	<i>15,010</i>
	<i>132</i>	<i>308</i>
Other operating income	<b>9,627</b>	<b>15,318</b>
<b>EBITDA</b>	<b>26,276</b>	<b>25,489</b>
<i>% of net sales</i>	<i>19.2%</i>	<i>20.2%</i>
Shareholders' equity	429,484	350,937
Net debt	103,561	125,744
Debt for the purchase of investments	33,158	29,273
Capital employed	566,203	505,954
<b>Non-annualized ROCE</b>	<b>3.4%</b>	<b>4.0%</b>
<b>Non-annualized ROE</b>	<b>2.2%</b>	<b>4.4%</b>
<b>Basic earnings per share</b>	<b>0.089</b>	<b>0.160</b>

EBITDA\* = EBIT + Depreciation + Amortization + Accruals

ROCE = EBIT/ Capital employed

ROE = Consolidated profit for the period / Consolidated shareholders' equity

\* = Since EBITDA is not an accounting measure either as part of Italian accounting principles or as part of international accounting standards (IAS/IFRS), the calculation of this item may vary. EBITDA is a measure used by the company's management to monitor and assess its operating performance. Management believes that EBITDA is an important parameter for measuring the company's operating performance as it is not affected by the various criteria that may be used to determine taxable income, the amount and characteristics of capital employed and the relative depreciation and amortisation policies. The criteria used by the company to determine EBITDA may not be consistent with that used by other companies/groups and the amount obtained may not be comparable with that calculated by them.

## Statement of consolidated comprehensive income for the third quarter

(€000)	<u>2013</u>	<u>2012</u>
<b>Consolidated profit for the third quarter (A)</b>	<b>9,627</b>	<b>15,318</b>
<b>Other consolidated income which will subsequently be reclassified to consolidated profit for the period</b>		
<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>99</u>	<u>102</u>
<i>Total</i>	<u>99</u>	<u>102</u>
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	(42)	407
- Less: Adjustment for gains (losses) reclassified to the income statement	-	(207)
- Less: Adjustment for the recognition of fair value in equity in the previous period	-	<u>15</u>
<i>Total</i>	<u>(42)</u>	<u>215</u>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	<u>(6,193)</u>	<u>(3,961)</u>
<i>Gains (losses) from companies accounted for using the equity method</i>	<u>(20)</u>	<u>4</u>
<i>Related taxation</i>	<u>(15)</u>	<u>(94)</u>
<b>Total other consolidated income which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)</b>	<b><u>(6,171)</u></b>	<b><u>(3,734)</u></b>
<b>Consolidated comprehensive income for the third quarter (A) + (B)</b>	<b><u>3,456</u></b>	<b><u>11,584</u></b>
<b>Attributable to:</b>		
Owners of the parent	3,497	11,230
Non-controlling interests of subsidiaries	<u>(41)</u>	<u>354</u>
<b>Consolidated comprehensive income for the period</b>	<b><u>3,456</u></b>	<b><u>11,584</u></b>

## Consolidated cash flow statement for the first nine months

(€000)	<u>2013</u>	<u>2012</u>
<b>Cash flows from operating activities</b>		
Profit before taxes	55,599	63,167
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(921)	(894)
Losses (gains) on the sale of investments	-	(155)
Amortisation and depreciation	17,025	14,700
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	748	656
Losses (profits) from investments	287	70
Net change in risk provisions and allocations to employee benefit provisions	56	(202)
Expenditures for tangible assets to be leased	(4,403)	(3,803)
Proceeds from the disposal of leased tangible assets	1,969	2,473
Net financial charges	4,648	5,812
Other	(11)	(15)
	<u>74,997</u>	<u>81,809</u>
(Increase) decrease in trade receivables and other current assets	(7,369)	(718)
(Increase) decrease in inventories	(5,226)	(10,724)
Increase (decrease) in trade payables and other current liabilities	(3,750)	(7,317)
Interest paid	(4,217)	(5,892)
Realised exchange differences	(54)	(121)
Taxes paid	(14,574)	(18,691)
<b>Net cash from operating activities</b>	<b><u>39,807</u></b>	<b><u>38,346</u></b>
<b>Cash flows from investing activities</b>		
Payments for the purchase of investments net of cash received and gross of treasury shares transferred	(40,865)	(18,776)
Net proceeds from the Hydrocontrol concentration operation	1,720	-
Sale of non-controlling interests	110	421
Capital expenditure on property, plant and equipment	(19,920)	(11,899)
Proceeds from the sale of tangible assets	531	1,966
Increase in intangible assets	(1,906)	(1,757)
Proceeds from the disposal of financial fixed assets	939	1,668
Financial income received	1,239	1,374
Other	321	(384)
<b>Net cash used in investing activities</b>	<b><u>(57,831)</u></b>	<b><u>(27,387)</u></b>
<b>Cash flows from financing activities</b>		
Disbursement (repayment) of loans	(6,603)	(27,390)
Dividends paid	(18,464)	(11,702)
Payment for the purchase of treasury shares	(15,467)	(13,418)
Disposal of treasury shares to acquire investments	30,132	1,704
Proceeds from the sale of treasury shares to stock option beneficiaries	6,754	2,013
Increase in capital following the exercising of warrants	-	14,477
Disbursement (repayment) of loans to unconsolidated subsidiaries	(84)	49
Payment of finance lease instalments (principal)	(1,929)	(1,925)
<b>Net cash from (used in) financing activities</b>	<b><u>(5,661)</u></b>	<b><u>(36,192)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(23,685)</u></b>	<b><u>(25,233)</u></b>

(€000)	<u>2013</u>	<u>2012</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(23,685)</b>	<b>(25,233)</b>
Increase (decrease) in cash from discontinued operations	-	20
Translation differences for cash held by non-EU companies	(558)	128
Opening cash and cash equivalents of GITOP (company consolidated on a line-by-line basis for the first time)	231	-
Cash and cash equivalents at the beginning of the period	104,455	100,306
<b>Cash and cash equivalents at the end of the period</b>	<b><u>80,443</u></b>	<b><u>75,221</u></b>

Cash and cash equivalents may be analysed as follows:

	30/09/2013	31/12/2012
	€000	€000
Cash and cash equivalents as per the balance sheet	102,587	115,069
Payables to banks (for overdrafts and advances subject to collection)	<u>(22,144)</u>	<u>(10,614)</u>
Cash and cash equivalents as per the cash flow statement	<u>80,443</u>	<u>104,455</u>

## Statement of 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>At 1 January 2012</i>	47,936	10,157	64,719	(1,086)	(2,908)	190,879	309,697	5,463	315,160
Recognition in the income statement of the fair value of the stock options granted and exercisable	-	-	656	-	-	-	656	-	656
Purchase of treasury shares	(1180)	-	(12,238)	-	-	-	(13,418)	-	(13,418)
Transfer of treasury shares to stock option beneficiaries	278	-	1,735	-	-	-	2,013	-	2,013
Transfer of treasury shares as payment for investments	156	-	1,548	-	-	-	1,704	-	1,704
Increase in capital following the exercising of warrants	1,506	-	12,971	-	-	-	14,477	-	14,477
Dividends distributed	-	-	-	-	-	(11,145)	(11,145)	(397)	(11,542)
Dividends approved	-	-	-	-	-	-	-	(41)	(41)
Classification of the investment in Hydrocar Roma as assets held for sale	-	-	-	-	-	-	-	(196)	(196)
Comprehensive income for the first nine months of 2012	-	-	-	624	(1,311)	41,660	40,973	1,151	42,124
<i>At 30 September 2012</i>	48,696	10,157	69,391	(462)	(4,219)	221,394	344,957	5,980	350,937
Recognition in the income statement of the fair value of the stock options granted and exercisable	-	-	216	-	-	-	216	-	216
Purchase of treasury shares	(226)	-	(2,183)	-	-	-	(2,409)	-	(2,409)
Transfer of treasury shares to stock option beneficiaries	2	-	10	-	-	-	12	-	12
Capital increase following the exercising of warrants	4,324	-	38,080	-	-	-	42,404	-	42,404
Dividends distributed	-	-	-	-	-	-	-	(29)	(29)
Dividends approved	-	-	-	-	-	-	-	41	41
Comprehensive income for the fourth quarter of 2012	-	-	-	129	(4,024)	9,758	5,863	(159)	5,704
<i>At 31 December 2012</i>	52,796	10,157	105,514	(333)	(8,243)	231,152	391,043	5,833	396,876
Recognition in the income statement of the fair value of the stock options granted and exercisable	-	-	748	-	-	-	748	-	748
Purchase of treasury shares	(1,059)	-	(14,408)	-	-	-	(15,467)	-	(15,467)
Transfer of treasury shares to stock option beneficiaries	856	-	5,898	-	-	-	6,754	-	6,754
Transfer of treasury shares as payment for investments	2,340	-	27,792	-	-	-	30,132	-	30,132
Dividends distributed	-	-	-	-	-	(18,029)	(18,029)	(435)	(18,464)
Allocation of residual 2012 profits	-	1,166	-	-	-	(1,166)	-	-	-
Purchase of an additional interest in Penta Africa	-	-	-	-	-	(193)	(193)	-	(193)
Purchase of Hydrocontrol	-	-	-	-	-	-	-	569	569
Comprehensive income for the first nine months of 2013	-	-	-	250	(6,459)	34,211	28,002	527	28,529
<i>At 30 September 2013</i>	54,933	11,323	125,544	(83)	(14,702)	245,975	422,990	6,494	429,484