



INTERPUMP GROUP

PRESS RELEASE

Interpump Group approves results for the first quarter of 2014

NET SALES: €160.2 million (+21.1%) - €132.2 million in the first quarter of 2013

EBITDA: €32.0 million (+25.9%), equal to 20.0% of sales – €25.4 million in the first quarter of 2013, equal to 19.2% of sales

EBIT: €24.8 million (+21.7%), equal to 15.5% of sales - €20.4 million in the first quarter of 2013, equal to 15.4% of sales

Consolidated NET PROFIT: €13.6 million (+6.3%) - €2.8 million in the first quarter of 2013

NET FINANCIAL POSITION: €127.3 million after the acquisition of IMM Group in January 2014

Sant'Ilario d'Enza (RE), 14 May 2014 – Interpump Group announces its results for the **first quarter of 2014** as approved by today's Board of Directors meeting. Hydrocontrol, acquired on 6 May 2013, and IMM Hydraulics, acquired on 8 January 2014 (both in the Hydraulic Sector) were consolidated entirely from the first quarter of 2014.

NET SALES FOR THE FIRST QUARTER OF 2014

Net sales for the first quarter of 2014 totaled 160.2 million euros, an increase of 21.13% over the 132.3 million euros in the corresponding period of 2013 (-1.8% on a like for like basis and +0.7% with unchanged exchange rates). Therefore, the exchange effect penalized consolidated sales by 2.5% (€3.3 million).

Sales by business sector and geographical area were as follows:

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Far-East and Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
1st quarter 2014						
Hydraulic Sector	18,948	37,506	22,376	5,344	14,809	98,983
Water Jetting Sector	4,146	18,185	28,677	6,594	3,624	61,226
Total	<u>23,094</u>	<u>55,691</u>	<u>51,053</u>	<u>11,938</u>	<u>18,433</u>	<u>160,209</u>
1st quarter 2013						
Hydraulic Sector	13,039	17,121	18,966	2,393	13,453	64,972
Water Jetting Sector	4,967	20,195	29,413	9,287	3,430	67,292
Total	<u>18,006</u>	<u>37,316</u>	<u>48,379</u>	<u>11,680</u>	<u>16,883</u>	<u>132,264</u>



INTERPUMP GROUP

(€/000)	<u>Italy</u>	<u>Rest of Europe</u>	<u>North America</u>	<u>Far-East and Pacific Area</u>	<u>Rest of the World</u>	<u>Total</u>
Percentage changes 2014/2013						
Hydraulic Sector	+45.3%	+119.1%	+18.0%	+123.3%	+10.1%	+52.3%
Water Jetting Sector	-16.5%	-10.0%	-2.5%	-29.0%	+5.7%	-9.0%
Total	+28.3%	+49.2%	+5.5%	+2.2%	+9.2%	+21.1%

On a like for like basis, 2014/2013 changes were as follows:

Hydraulic Sector	+6.6%	+10.2%	+5.5%	+31.3%	-5.1%	+5.7%
Total	+0.2%	-0.7%	+0.6%	-16.7%	-2.9%	-1.8%

Sales in the Hydraulic Sector rose by 8.5% on a like for like basis and with unchanged exchange rate.

It should be noted that the larger order portfolio in the Water Jetting Sector at 31 March 2014 offsets the decrease in sales in the first quarter of 2014 (+15% of the order portfolio), whereas order portfolio in the Hydraulic Sector increased by 30% on a on a like for like basis and with unchanged exchange rate.

Profitability

Gross operating income (**EBITDA**) amounted to 32.0 million euros (20.0% of sales) compared to 25.4 million euros in the first quarter of 2013 (19.2% of sales), an increase of 25.9%. On a like for like basis, EBITDA increased by 4.7% and reached 26.6 million euros (20.5% of sales) and increased the margin by 1.3%. With an unchanged exchange rate, EBITDA would have been 27.4 million (20.5% of sales); therefore the exchange effect penalized consolidated EBITDA by Euro 0.8 million.

The following table sets out EBITDA by business sector:

	<u>1st quarter 2014</u>	<u>% of total sales*</u>	<u>1st quarter 2013</u>	<u>% of total sales*</u>	<u>Change</u>
	<u>€/000</u>		<u>€/000</u>		
Hydraulic Sector	17,322	17.5%	9,484	14.6%	+82.6%
Water Jetting Sector	14,723	23.9%	15,901	23.6%	-7.4%
Other Sectors	<u>(42)</u>	n.s.	<u>26</u>	n.s.	n.s.
Total	<u>32,003</u>	20.0%	<u>25,411</u>	19.2%	+25.9%

* = Total sales also include those made to other Group companies, whereas the sales analyzed previously were only those made outside the Group. Thus, for consistency, percentages are calculated on total sales instead of those shown previously.

EBITDA in the Hydraulic Sector increased by 25.8% (17.4% of net sales) on a like for like basis.

Operating income (**EBIT**) amounted to 24.8 million euros (15.5% of sales) compared to 20.4 million euros in the first quarter of 2013 (15.4% of sales), an increase of 21.7%. On a like for like basis, EBIT increased by 3.7% and reached 21.1 million euros (16.3% of sales) and increased the margin by 0.9%.

On a like for like basis, the **increased margin** was the first result of rationalization of the Hydraulic Sector conducted in 2013 and 2012.



INTERPUMP GROUP

Net profit was 13.6 million euros (12.8 million in the first quarter of 2013), an increase of 6.3%. Basic earnings per share was 0.126 euro (0.123 euro in the first quarter of 2013), an increase of 2.4%.

Net financial position was 127.3 million euros, compared to 88.7 million at 31 December 2013, also due to the acquisition of IMM Hydraulics Group for 22.3 million euros. The amount does not include commitments to purchase stakes (put-options) in subsidiaries for 69.4 million euros (32.7 million at 31 December 2013). Net cash flow generated from operating activities was 26.8 million euros (20.7 million in the first quarter of 2013), an increase of 29.8%.

Capital employed increased from 554.3 million euros at 31 December 2013 to 643.2 million euros at 31 March 2014, due mainly to consolidation of IMM Hydraulics Group. Non-annualized **ROCE** was 3.9% (3.9% in the first quarter of 2013 as well, demonstrating that the acquisitions were not dilutive). Non-annualized ROE was 3.0% (3.1% in the first quarter of 2013).

Pursuant to Article 65-bis, paragraph 2 and Article 82 of Consob deliberation 11971/1999 as modified and supplemented, we report that the **Interim Report at 31 March 2014 is available to the public** at the Group's registered office and at Borsa Italiana S.p.A., and may be also be consulted on the "Financial Statements and Reports" page in the "Investor relations" section of the Group's website www.interpumpgroup.it.

Sant'Ilario d'Enza (RE), 14 May 2014

On behalf of the Board of Directors
Fulvio Montipò, Chairman

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), 14 May 2014

Carlo Banci
Manager responsible for drafting
company accounting documents

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Consolidated statement of financial position

	<u>31/03/2014</u>	<u>31/12/2013</u>
ASSETS		
Current assets		
Cash and cash equivalents	85,500	105,312
Trade receivables	139,982	113,726
Inventories	170,893	145,994
Tax receivables	7,001	6,029
Derivative financial instruments	7	42
Other current assets	6,830	5,582
Total current assets	410,213	376,685
Non-current assets		
Property, plant and equipment	194,035	150,668
Goodwill	248,108	234,792
Other intangible assets	26,321	23,755
Other financial assets	2,821	2,072
Tax receivables	3,048	3,071
Deferred tax assets	21,404	19,525
Other non-current assets	725	565
Total non-current assets	496,462	434,448
Total assets	906,675	811,133

	<u>31/03/2014</u>	<u>31/12/2013</u>
LIABILITIES		
Current liabilities		
Trade payables	82,039	69,985
Payables to banks	36,320	20,932
Interest bearing financial payables (current portion)	60,090	61,371
Derivative financial instruments	221	279
Taxes payable	8,539	5,723
Other current liabilities	55,220	45,524
Provisions for risks and charges	4,055	3,972
Total current liabilities	246,484	207,786
Non-current liabilities		
Interest bearing financial payables	116,435	111,693
Liabilities for employee benefits	12,635	11,942
Deferred tax liabilities	31,962	26,458
Other non-current liabilities	50,844	18,774
Provisions for risks and charges	1,846	1,531
Total non-current liabilities	213,722	170,398
Total liabilities	460,206	378,184
SHAREHOLDERS' EQUITY		
Share capital	55,258	55,003
Legal reserve	11,323	11,323
Share premium reserve	127,026	125,039
Reserve for valuation of hedging derivatives at fair value	(16)	(27)
Remeasurement reserve for defined benefit plans	(3,396)	(3,396)
Translation reserve	(18,951)	(19,084)
Other reserves	270,738	257,828
Group shareholders' equity	441,982	426,686
Non-controlling interests	4,487	6,263
Total shareholders' equity	446,469	432,949
Total shareholders' equity and liability	906,675	811,133

Consolidated income statement for the first quarter

(€/000)	<i>2014</i>	<i>2013</i>
Net sales	160,209	132,264
Cost of sales	(102,170)	(82,380)
Gross industrial margin	58,039	49,884
Other operating income	2,995	1,862
Distribution expenses	(16,241)	(14,072)
General and administrative expenses	(19,588)	(16,943)
Other operating costs	(390)	(349)
EBIT	24,815	20,382
Financial income	1,142	2,069
Financial charges	(3,493)	(2,464)
Adjustment for investments accounted for using the equity method	(159)	(29)
Profit for the period before taxes	22,305	19,958
Income taxes	(8,710)	(7,174)
Consolidated profit for the period	13,595	12,784
Attributable to:		
Shareholders of Parent	13,394	12,433
Minority shareholders of subsidiaries	201	351
Consolidated profit for the period	13,595	12,784
Basic earnings per share	0.126	0.123
Dilutive earnings per share	0.124	0.121

Consolidated statement of comprehensive income for the first quarter

(€/000)	<u>2014</u>	<u>2013</u>
Consolidated profit for the first quarter (A)	13,595	12,784
Other consolidated income (losses) which will be reclassified subsequently to consolidated profit for the period		
<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>31</u>	<u>200</u>
<i>Total</i>	<i>31</i>	<i>200</i>
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	-	(115)
- Less: Adjustment for gains (losses) reclassified to the income statement	(14)	(89)
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>-</u>	<u>(4)</u>
<i>Total</i>	<i>(14)</i>	<i>(208)</i>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	<i>17</i>	<i>5,733</i>
<i>Gains (losses) from companies accounted for using the equity method</i>	<i>-</i>	<i>(30)</i>
<i>Related taxation</i>	<i>(6)</i>	<i><u>10</u></i>
Total other consolidated income (losses) which will be reclassified subsequently to consolidated profit for the period, net of the tax effect (B)	<u>28</u>	<u>5,705</u>
Consolidated comprehensive income for the first quarter (A) + (B)	<u>13,623</u>	<u>18,489</u>
Attributable to:		
Shareholders of Parent	13,538	17,942
Minority shareholders of subsidiaries	<u>85</u>	<u>547</u>
Consolidated comprehensive income for the first quarter	<u>13,623</u>	<u>18,489</u>

Consolidated cash flow statement for the first quarter

(€/000)	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Profit before taxes	22,305	19,958
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(389)	(450)
Losses (gains) on the sale of investments and branches	(495)	-
Amortization and depreciation	6,859	4,931
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	337	209
Losses (profits) from investments	159	29
Net change in risk provisions and allocations to employee benefit provisions	(34)	(353)
Net financial charges	2,351	395
Other	-	6
	<u>31,093</u>	<u>24,725</u>
Disbursements for tangible assets to be leased	(1,181)	(1,252)
Revenue from sales of tangible assets granted in leasing	1,055	874
Interest paid	(1,389)	(1,176)
Realized exchange differences	(194)	269
Taxes paid	<u>(2,555)</u>	<u>(2,770)</u>
Net cash flow from operating activities	<u>26,829</u>	<u>20,670</u>
(Increase) decrease in trade receivables and other current assets	(13,006)	(13,251)
(Increase) decrease in inventories	(11,781)	(5,598)
Increase (decrease) in trade payables and other current liabilities	908	3,311
Net cash from operating activities	<u>2,950</u>	<u>5,132</u>
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and gross of treasury shares transferred	(20,539)	(287)
Sale of equity interests and branches inclusive of cash transferred	650	-
Capital expenditure on property, plant and equipment	(9,916)	(5,568)
Proceeds from the sale of tangible assets	159	120
Increase in intangible assets	(1,020)	(568)
Proceeds from the disposal of financial fixed assets	-	990
Financial income received	173	702
Other	414	(249)
Net cash (used in) investing activities	<u>(30,079)</u>	<u>(4,860)</u>
Cash flows from financing activities		
Disbursement (repayment) of loans	(7,239)	(17,111)
Payment for the purchase of treasury shares	(3,762)	(402)
Disposal of treasury shares to acquire investments	2,561	-
Proceeds from the sale of treasury shares to stock option beneficiaries	3,106	-
Disbursement (repayment) of loans to unconsolidated subsidiaries	22	(117)
Disbursement (repayment) of shareholder loans	(62)	-
Payment of finance lease installments (principal)	<u>(2,530)</u>	<u>(629)</u>
Net cash (used in) financing activities	<u>(7,904)</u>	<u>(18,259)</u>
Net increase (decrease) in cash and cash equivalents	<u>(35,033)</u>	<u>(17,987)</u>

(€/000)	2014	2013
Translation differences for cash held by non-EU companies	(124)	717
Initial cash and cash equivalents of companies consolidated for the first time with the integral method	(43)	231
Cash and cash equivalents at the beginning of the year	84,380	104,455
Cash and cash equivalents at the end of the year	49,180	87,416

Cash and cash equivalents may be analyzed as follows:

	31/03/2014	31/12/2013
	€/000	€/000
Cash and cash equivalents as per the balance sheet	85,500	105,312
Payables to banks (for overdrafts and advances subject to collection)	<u>(36,320)</u>	<u>(20,932)</u>
Cash and cash equivalents as per the cash flow statement	<u>49,180</u>	<u>84,380</u>

Consolidated statement of changes in shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Remeasure- ment reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholde rs' equity	Non- controlling interests	Total
<i>At 1 January 2013</i>	52,796	10,157	105,514	(333)	(2,850)	(8,243)	234,002	391,043	5,833	396,876
Recognition in the income statement of the fair value of the stock options granted and exercisable	-	-	209	-	-	-	-	209	-	209
Purchase of treasury shares	(36)	-	(366)	-	-	-	-	(402)	-	(402)
Purchase of an additional interest in Penta Africa	-	-	-	-	-	-	(193)	(193)	-	(193)
Dividends distributed	-	-	-	-	-	-	-	-	(398)	(398)
Comprehensive income (loss) for the first quarter of 2013	-	-	-	2	-	5,507	12,433	17,942	547	18,489
<i>At 31 March 2013</i>	52,760	10,157	105,357	(331)	(2,850)	(2,736)	246,242	408,599	5,982	414,581
Allocation of 2012 residual profit	-	1,166	-	-	-	-	(1,166)	-	-	-
Recognition in the income statement of the fair value of the stock options granted and exercisable	-	-	838	-	-	-	-	838	-	838
Purchase of treasury shares	(1,405)	-	(19,634)	-	-	-	-	(21,039)	-	(21,039)
Transfer of treasury shares to stock option beneficiaries	1,309	-	10,686	-	-	-	-	11,995	-	11,995
Transfer of treasury shares as payment for investments	2,339	-	27,792	-	-	-	-	30,131	-	30,131
Dividends distributed	-	-	-	-	-	-	(18,029)	(18,029)	(97)	(18,126)
Purchase of the residual interest in Golf	-	-	-	-	-	-	12	12	(102)	(90)
Purchase of Hydrocontrol	-	-	-	-	-	-	-	-	491	491
Comprehensive income (loss) in 2013	-	-	-	304	(546)	(16,348)	30,769	14,179	(11)	14,168
<i>At 31 December 2013</i>	55,003	11,323	125,039	(27)	(3,396)	(19,084)	257,828	426,686	6,263	432,949
Recognition in the income statement of the fair value of the stock options granted and exercisable	-	-	337	-	-	-	-	337	-	337
Purchase of treasury shares	(199)	-	(3,563)	-	-	-	-	(3,762)	-	(3,762)
Transfer of treasury shares to stock option beneficiaries	310	-	2,796	-	-	-	-	3,106	-	3,106
Transfer of treasury shares as payment for investments	144	-	2,417	-	-	-	-	2,561	-	2,561
Purchase of additional interest in Hydrocar Chile	-	-	-	-	-	-	(542)	(542)	(1,870)	(2,412)
Effect of Copa-Golf merger	-	-	-	-	-	-	58	58	(58)	0
Acquisition of IMM	-	-	-	-	-	-	-	-	67	67
Comprehensive income (loss) for the first quarter of 2014	-	-	-	11	-	133	13,394	13,538	85	13,623
<i>At 31 March 2014</i>	55,258	11,323	127,026	(16)	(3,396)	(18,951)	270,738	441,982	4,487	446,469