



## **PRESS RELEASE**

### **THE BOARD OF DIRECTORS APPROVES THE 2014 CONSOLIDATED RESULTS**

#### **PROPOSALS TO THE SHAREHOLDERS' MEETING:**

- DIVIDEND OF 0,18 EUROS (0.17 Euros in 2013)**
- AUTHORIZATION FOR THE PURCHASE OF TREASURY  
SHARES**

**Net sales: €672.0 million (€556.5 million in 2013): + 20.8%**

**EBITDA: €136.1 million or 20.3% of sales (€105.2 million in 2013 or 18.9% of sales):  
+29.4%**

**EBIT: €104.4 million or 15.5% of sales (€79.3 million in 2013 or 14.3% of sales): +31.6%**

**Consolidated net profit: €57.7 million (€44.1 million in 2013): +31.0%**

**Free cash flow: €38.3 million (€34.3 million after 2013): +11.7%**

**Net debt: €152.0 million (€88.7 million at 31 December 2013) after acquisitions and  
purchases of treasury shares for €1.6 million**

*Sant'Ilario d'Enza (RE), 19 March 2015* – The Board of Directors of Interpump Group S.p.A. has approved the **2014 consolidated results**.

The Hydrocontrol Group which was acquired on 6 May 2013 and the IMM Hydraulics Group which was acquired on 8 January 2014 have been fully consolidated in 2014. The results of these two groups were not consolidated in 2013 apart from those for the final eight months of the Hydrocontrol Group.

#### **Net sales**

**Net sales** for 2014 amounted to €672.0 million, an increase of 20.8% over sales for 2013 which totaled €556.5 million (+6.2% 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>Far East and Oceania</u>	<u>Rest of the World</u>	<u>Total</u>
<i>31/12/2014</i>						
Hydraulic Sector	72,619	145,709	98,602	21,869	57,405	396,204
Water Jetting Sector	<u>19,159</u>	<u>78,554</u>	<u>118,436</u>	<u>39,993</u>	<u>19,653</u>	<u>275,795</u>
Total	<u>91,778</u>	<u>224,263</u>	<u>217,038</u>	<u>61,862</u>	<u>77,058</u>	<u>671,999</u>
<i>31/12/2013</i>						
Hydraulic Sector	58,010	86,838	82,468	15,952	50,830	294,098
Water Jetting Sector	<u>19,759</u>	<u>79,981</u>	<u>107,969</u>	<u>35,688</u>	<u>19,018</u>	<u>262,415</u>
Total	<u>77,769</u>	<u>166,819</u>	<u>190,437</u>	<u>51,640</u>	<u>69,848</u>	<u>556,513</u>
Percentage changes 2014/2013						
Hydraulic Sector	+25.2%	+67.8%	+19.6%	+37.1%	+12.9%	+34.7%
Water Jetting Sector	-3.0%	-1.8%	+9.7%	+12.1%	+3.3%	+5.1%
Total	+18.0%	+34.4%	+14.0%	+19.8%	+10.3%	+20.8%

Like for like changes between 2013 and 2014 were as follows:

Hydraulic Sector	+2.9%	+6.3%	+15.7%	+6.7%	-0.2%	+7.2%
Total	+1.4%	+2.4%	+12.3%	+10.4%	+0.7%	+6.2%

### **Profitability**

**Gross operating income (EBITDA)** amounted to €136.1 million (20.3% of sales) compared to €105.2 million in 2013 (18.9% of sales), an increase of 29.4%. On a like for like basis EBITDA rose by 15.9% to reach €121.8 million or 20.6% of sales, increasing the margin by 1.7 percentage points. The following table sets out EBITDA by business sector:

	<i>31/12/2014</i>	<i>% of total</i>	<i>31/12/2013</i>	<i>% of total</i>	<i>Increase/decrease</i>
	<u>€/000</u>	<u>sales*</u>	<u>€/000</u>	<u>sales*</u>	
Hydraulic Sector	69,366	17.5%	41,387	14.1%	+67.6%
Water Jetting Sector	66,701	24.1%	63,747	24.2%	4.6%
Other Sectors	<u>39</u>	N/A	<u>39</u>	N/A	N/A
<b>Total</b>	<b><u>136,106</u></b>	<b>20.3%</b>	<b><u>105,173</u></b>	<b>18.9%</b>	<b>+29.4%</b>

\* = 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 EBITDA of the Hydraulic Sector rose by 33.1% (17.5% of sales).

**Operating income (EBIT)** amounted to €104.4 million (15.5% of sales) compared to €79.3 million in 2013 (14.3% of sales), a rise of 31.6%. On a like for like basis EBIT rose by 19.1% to reach €94.5 million or 16.0% of sales, with the margin accordingly increasing by 1.7 percentage points.



**Net profit** totaled €7.7 million (€4.1 million in 2013), a rise of 31.0%. Basic earnings per share amounted to €0.541 (€0.413 in 2013), an increase of 31.0%.

**Capital employed** rose from €54.3 million at 31 December 2013 to €92.6 million at 31 December 2014. The increase is due to the consolidation of IMM Hydraulics, the investments made and the rise in working capital. ROCE closed at 15.1%, an increase over the figure of 14.3% achieved in 2013 showing that the acquisitions did not have a dilutive effect. ROE closed at 12.4% (10.2% in 2013).

### **Financial situation**

**Net debt** at 31 December 2014 stood at €52.0 million (€88.7 million at 31 December 2013), following outlays of €3.3 million for acquisitions and €8.3 million for the purchase of treasury shares. In addition, the Group has binding commitments of €74.1 million to acquire minority interests in subsidiaries (€32.7 million at 31 December 2013).

**Net cash of €5.8 million was generated by operations** (€5.3 million in 2013), a rise of 46.7%. Free cash flow totaled €8.3 million (€4.3 million in 2013), an increase of 11.7%. Capital expenditure of €2.7 million was made in 2014 (€7.8 million in 2013). In addition, working capital of €1.5 million was absorbed during the year (€0.9 million in 2013); this arose as a result of the increase in sales, which on a like for like basis fell in 2013.

## **GENERAL SHAREHOLDERS' MEETING**

### *APPROVAL OF THE 2014 STATUTORY ACCOUNTS*

The Board of Directors resolved to convene an Ordinary General Shareholders' Meeting to approve the 2014 statutory accounts in single call on 30 April 2015 at the offices of Interpump Group in Sant'Ilario d'Enza.

### *DIVIDEND*

The Board of Directors resolved to submit a proposal to shareholders to approve the distribution of a dividend of 18 euro cents (2013: 17 euro cents). If approved, the dividend will be put into payment on 14 May and the share will go ex-dividend on 11 May. The holders of outstanding shares at the end of accounting day 13 May (the record date) will be entitled to receive the dividend.

### *AUTHORIZATION FOR THE PURCHASE OF TREASURY SHARES*

The Shareholders' Meeting convened in ordinary session will also be called to adopt a resolution renewing authorization for the purchase and disposal of treasury shares until October 2016.

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*REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES AND  
REPORT ON REMUNERATION POLICY*

Pursuant to article 123-bis of the Consolidated Finance Act (TUF) the Company announces that it has published the Report on Corporate Governance and Ownership Structures for 2014 on its website [www.interpumpgroup.it](http://www.interpumpgroup.it).

In addition, pursuant to article 123-ter of the Consolidated Finance Act (TUF) the Company announces that it has also published the Interpump Group S.p.A. Report on Remuneration on its website [www.interpumpgroup.it](http://www.interpumpgroup.it), together with the public disclosures on compensation schemes based on financial instruments required by article 84-bis of the Consob Issuers' Regulations. The Shareholders' Meeting convened in ordinary session will be called to adopt a resolution on the first section of that report (remuneration policy and procedures for its adoption).

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Sant'Ilario d'Enza (RE), 19 March 2015

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-bis of the Consolidated Finance 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), 19 March 2015

Manager responsible for drafting  
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Carlo Banci

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## Consolidated balance sheet

(€000)	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	87,159	105,312
Trade receivables	135,634	113,726
Inventories	182,463	145,994
Tax receivables	10,477	6,029
Derivative financial instruments	-	42
Other current assets	<u>6,855</u>	<u>5,582</u>
<b>Total current assets</b>	<b><u>422,588</u></b>	<b><u>376,685</u></b>
<b>Non-current assets</b>		
Property, plant and equipment	209,073	150,668
Goodwill	279,373	234,792
Other intangible assets	24,649	23,755
Other financial assets	994	2,072
Tax receivables	2,456	3,071
Deferred tax assets	22,035	19,525
Other non-current assets	<u>1,380</u>	<u>565</u>
<b>Total non-current assets</b>	<b><u>539,960</u></b>	<b><u>434,448</u></b>
Assets held for sale	<u>615</u>	<u>-</u>
<b>Total assets</b>	<b><u>963,163</u></b>	<b><u>811,133</u></b>

(€000)	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	80,273	69,985
Payables to banks	27,770	20,932
Interest-bearing financial payables (current portion)	64,298	61,371
Derivative financial instruments	169	279
Taxes payable	11,665	5,723
Other current liabilities	38,123	45,524
Provisions for risks and charges	4,162	3,972
<b>Total current liabilities</b>	<b><u>226,460</u></b>	<b><u>207,786</u></b>
<b>Non-current liabilities</b>		
Interest-bearing financial payables	147,060	111,693
Liabilities for employee benefits	14,940	11,942
Deferred tax liabilities	33,436	26,458
Other non-current liabilities	72,605	18,774
Provisions for risks and charges	1,949	1,531
<b>Total non-current liabilities</b>	<b><u>269,990</u></b>	<b><u>170,398</u></b>
Liabilities held for sale	163	-
<b>Total liabilities</b>	<b><u>496,613</u></b>	<b><u>378,184</u></b>
 <b>SHAREHOLDERS' EQUITY</b>		
Share capital	53,871	55,003
Legal reserve	11,323	11,323
Share premium reserve	101,237	125,039
Reserve for valuation of hedging derivatives at fair value	(19)	(27)
Reserve for remeasurement of defined benefit plans	(5,273)	(3,396)
Translation reserve	3,809	(19,084)
Other reserves	295,747	257,828
<b>Group shareholders' equity</b>	<b><u>460,695</u></b>	<b><u>426,686</u></b>
Minority interests	5,855	6,263
<b>Total shareholders' equity</b>	<b><u>466,550</u></b>	<b><u>432,949</u></b>
<b>Total shareholders' equity and liabilities</b>	<b><u>963,163</u></b>	<b><u>811,133</u></b>

## Consolidated income statement for the year

(€000)	<u>2014</u>	<u>2013</u>
<b>Net sales</b>	<b>671,999</b>	<b>556,513</b>
Cost of sales	(426,585)	(353,753)
<b>Gross industrial margin</b>	<b>245,414</b>	<b>202,760</b>
<i>% of net sales</i>	<i>36.5%</i>	<i>36.4%</i>
Other operating income	12,563	8,765
Distribution expenses	(68,074)	(58,107)
General and administrative expenses	(80,517)	(70,441)
Other operating costs	(5,019)	(3,643)
<b>EBIT</b>	<b>104,367</b>	<b>79,334</b>
<i>% of net sales</i>	<i>15.5%</i>	<i>14.3%</i>
Financial income	8,144	4,941
Financial charges	(19,504)	(12,865)
Adjustment of investments accounted for using the equity method	102	(338)
<b>Profit for the year before taxes</b>	<b>93,109</b>	<b>71,072</b>
Income taxes	(35,367)	(26,985)
<b>Consolidated profit for the year</b>	<b>57,742</b>	<b>44,087</b>
<i>% of net sales</i>	<i>8.6%</i>	<i>7.9%</i>
<b>Attributable to:</b>		
Owners of the parent	56,936	43,201
Minority interests of subsidiaries	806	886
<b>Consolidated profit for the year</b>	<b>57,742</b>	<b>44,087</b>
<b>EBITDA*</b>	<b>136,106</b>	<b>105,173</b>
<i>% of net sales</i>	<i>20.3%</i>	<i>18.9%</i>
Shareholders' equity	466,550	432,949
Net debt	151,969	88,684
Debt for the purchase of equity investments	74,075	32,700
Capital employed	692,594	554,333
<b>ROCE</b>	<b>15.1%</b>	<b>14.3%</b>
<b>ROE</b>	<b>12.4%</b>	<b>10.2%</b>
<b>Basic earnings per share</b>	<b>0.541</b>	<b>0.413</b>

EBITDA = EBIT + Depreciation + amortization + accruals

ROCE = EBIT / Capital employed

ROE = Consolidated profit for the year / Consolidated 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 amortization 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 year

(€000)	<u>2014</u>	<u>2013</u>
<b>Consolidated profit for the year (A)</b>	<b>57,742</b>	<b>44,087</b>
<b>Other comprehensive income which will subsequently be reclassified to consolidated profit or loss</b>		
<i>Cash flow hedge accounting for derivatives hedging interest rate risk:</i>		
- Gains (losses) on derivatives for the year	-	-
- Less: Adjustment for gains (losses) reclassified to profit or loss	-	-
- Less: Adjustment for the recognition of fair value in equity in the previous year	<u>50</u>	<u>495</u>
<i>Total</i>	<u>50</u>	<u>495</u>
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the year	(27)	14
- Less: Adjustment for gains (losses) reclassified to profit or loss	(14)	(91)
- Less: Adjustment for the recognition of fair value in equity in the previous year	<u>-</u>	<u>-</u>
<i>Total</i>	<u>(41)</u>	<u>(77)</u>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	23,275	(11,049)
<i>Gains (losses) from companies accounted for using the equity method</i>	68	(126)
<i>Related taxation</i>	<u>(1)</u>	<u>(111)</u>
<b>Total other comprehensive income which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)</b>	<b><u>23,351</u></b>	<b><u>(10,868)</u></b>
<b>Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss</b>		
<i>Gains (losses) from the remeasurement of defined benefit plans</i>	(2,640)	(774)
<i>Related taxation</i>	<u>726</u>	<u>212</u>
<b>Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)</b>	<b><u>(1,914)</u></b>	<b><u>(562)</u></b>
<b>Consolidated comprehensive income for the year (A) + (B) + (C)</b>	<b><u>79,179</u></b>	<b><u>32,657</u></b>
<b>Attributable to:</b>		
Owners of the parent	77,960	32,121
Minority interests of subsidiaries	<u>1,219</u>	<u>536</u>
<b>Consolidated comprehensive income for the year</b>	<b><u>79,179</u></b>	<b><u>32,657</u></b>



## Consolidated cash flow statement for the year

(€000)

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>		
Profit before taxes	93,109	71,072
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(1,519)	(1,543)
Losses (gains) on the sale of business units and equity investments	(406)	-
Amortization, depreciation, impairment losses and reversals of impairment losses	30,085	23,719
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	1,370	1,047
Losses (profits) from equity investments	(102)	338
Net change in risk provisions and allocations to employee benefit provisions	(147)	(1,902)
Expenditures for tangible assets to be leased	(7,180)	(6,413)
Proceeds from the disposal of leased tangible assets	3,792	3,354
Net financial charges	11,360	7,924
Other	-	(45)
	<u>130,362</u>	<u>97,551</u>
(Increase) decrease in trade receivables and other current assets	(5,503)	(7,232)
(Increase) decrease in inventories	(14,145)	(3,112)
Increase (decrease) in trade payables and other current liabilities	(4,107)	8,677
Interest paid	(5,823)	(5,697)
Realized exchange differences	1,185	(50)
Taxes paid	(29,911)	(26,522)
<b>Net cash from operating activities</b>	<b><u>72,058</u></b>	<b><u>63,615</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	(47,784)	(41,225)
Sale of equity investments including cash transferred	796	1,277
Net proceeds from the Hydrocontrol concentration operation	-	1,720
Capital expenditure on property, plant and equipment	(32,575)	(27,321)
Proceeds from the sale of tangible fixed assets	1,512	708
Increase in intangible assets	(3,000)	(2,665)
Proceeds from the disposal of financial investments in insurance policies	-	919
Financial income received	637	1,502
Other	883	(189)
<b>Net cash used in investing activities</b>	<b><u>(79,531)</u></b>	<b><u>(65,274)</u></b>

(€000)	<u>2014</u>	<u>2013</u>
<b>Cash flows from financing activities</b>		
Disbursement (repayment) of loans	28,325	(17,043)
Dividends paid	(18,166)	(18,524)
Payment for the purchase of treasury shares	(38,299)	(21,441)
Disposal of treasury shares to acquire equity investments	7,026	30,132
Proceeds from the sale of treasury shares to stock option beneficiaries	4,626	11,995
(Disbursement) repayment of loans to unconsolidated subsidiaries	21	(41)
Change in other financial fixed assets	1,017	-
Disbursement (repayment) of shareholder loans	(248)	(172)
Payment of finance lease installments (principal)	(4,306)	(2,503)
<b>Net cash used in financing activities</b>	<b><u>(20,004)</u></b>	<b><u>(17,597)</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b><u>(27,477)</u></b>	<b><u>(19,256)</u></b>
Opening cash and cash equivalents for companies consolidated on a line-by-line basis for the first time	41	231
Translation differences for cash held by non-EU companies	2,445	(1,050)
Cash and cash equivalents at the beginning of the year	<u>84,380</u>	<u>104,455</u>
<b>Cash and cash equivalents at the end of the year</b>	<b><u>59,389</u></b>	<b><u>84,380</u></b>

## Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Reserve for remeasurement of defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Minority interests	Total
<i>At 31 December 2012</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 stock options granted and exercisable	-	-	1,047	-	-	-	-	1,047	-	1,047
Purchase of treasury shares	(1,441)	-	(20,000)	-	-	-	-	(21,441)	-	(21,441)
Sale of treasury shares to stock option beneficiaries	1,309	-	10,686	-	-	-	-	11,995	-	11,995
Transfer of treasury shares as payment for equity investments	2,339	-	27,792	-	-	-	-	30,131	-	30,131
Dividends distributed	-	-	-	-	-	-	(18,029)	(18,029)	(495)	(18,524)
Allocation of residual 2012 profits	-	1,166	-	-	-	-	(1,166)	-	-	-
Purchase of an additional interest in Penta Africa	-	-	-	-	-	-	(193)	(193)	-	(193)
Purchase of residual interest in Golf	-	-	-	-	-	-	12	12	(102)	(90)
Purchase of Hydrocontrol	-	-	-	-	-	-	-	-	491	491
Comprehensive income for 2013	-	-	-	306	(546)	(10,841)	43,202	32,121	536	32,657
<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 stock options granted and exercisable	-	-	1,370	-	-	-	-	1,370	-	1,370
Purchase of treasury shares	(1,986)	-	(35,970)	-	-	-	(343)	(38,299)	-	(38,299)
Sale of treasury shares to stock option beneficiaries	482	-	4,144	-	-	-	-	4,626	-	4,626
Transfer of treasury shares as payment for equity investments	372	-	6,654	-	-	-	-	7,026	-	7,026
Dividends distributed	-	-	-	-	-	-	(18,108)	(18,108)	(58)	(18,166)
Purchase of an additional interest in Hydrocar Chile	-	-	-	-	-	-	(542)	(542)	(1,870)	(2,412)
Effect of Hydrocar Chile-Syscam combination	-	-	-	-	-	-	(82)	(82)	289	207
Effect of Copa-Golf merger	-	-	-	-	-	-	58	58	(58)	-
Effect of the purchase of HC Hydraulics Technologies(P) Ltd.	-	-	-	-	-	-	-	-	(1)	(1)
Purchase of IMM	-	-	-	-	-	-	-	-	71	71
Comprehensive income for 2014	-	-	-	8	(1,877)	22,893	56,936	77,960	1,219	79,179
<i>At 31 December 2014</i>	53,871	11,323	101,237	(19)	(5,273)	3,809	295,747	460,695	5,855	466,550