



**INTERPUMP
GROUP**

PRESS RELEASE

INTERPUMP GROUP APPROVES CONSOLIDATED RESULTS AS AT 30/09/2017

9M 2017 RESULTS:

NET SALES: € 818.7 million (+18.1% compared to 9M 2016)

EBITDA: € 191.9 million (+26.6%)

EBITDA/SALES: 23.4% (21.9% in 9M 2016)

CONSOLIDATED NET PROFIT: € 99.1 million (+34.8%)

FREE CASH FLOW: € 73.4 million (€ 62.8 million in 9M 2016)

NET DEBT: € 287.9 million (€ 257.3 million at 31/12/2016)

after € 84.1 million disbursements for acquisitions and € 21.8 million paid in dividends

Q3 2017 RESULTS:

NET SALES: € 259.9 million (+17.9% compared to Q3 2016)

EBITDA: € 61.1 million (+24.1%)

EBITDA/SALES: 23.5% (22.3% in Q3 2016)

CONSOLIDATED NET PROFIT: € 32.9 million (+34.6%)

Chairman Fulvio Montipò: “We closed the quarter featuring record organic growth, confirming the trend of this year’s outstanding results”

Sant’Ilario d’Enza, 8 November 2017 – The Board of Directors of Interpump Group S.p.A. met today and approved the results for the **third quarter and first nine months of 2017**.

9M 2017 RESULTS

Net Sales in the first nine months of 2017 totaled 818.7 million euro, an increase of 18.1% over the 693.0 million euro in the corresponding period of 2016.



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Sales by business sector and geographical area were 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>9M 2017</i>						
Hydraulics	114,935	180,219	125,163	48,400	51,761	520,478
Water-Jetting	<u>28,459</u>	<u>104,567</u>	<u>100,193</u>	<u>39,891</u>	<u>25,111</u>	<u>298,221</u>
Total	<u>143,394</u>	<u>284,786</u>	<u>225,356</u>	<u>88,291</u>	<u>76,872</u>	<u>818,699</u>
<i>9M 2016</i>						
Hydraulics	91,132	161,044	110,125	31,988	51,955	446,244
Water-Jetting	<u>22,459</u>	<u>68,721</u>	<u>103,292</u>	<u>37,499</u>	<u>14,807</u>	<u>246,778</u>
Total	<u>113,591</u>	<u>229,765</u>	<u>213,417</u>	<u>69,487</u>	<u>66,762</u>	<u>693,022</u>
Change, 2017/2016						
Hydraulics	+26.1%	+11.9%	+13.7%	+51.3%	-0.4%	+16.6%
Water-Jetting	+26.7%	+52.2%	-3.0%	+6.4%	+69.6%	+20.8%
Total	+26.2%	+23.9%	+5.6%	+27.1%	+15.1%	+18.1%

The y/y growth in sales at unchanged perimeter was 12.2% for Hydraulics, 2.9% for Water-Jetting, and 8.9% for the whole Group (of which +0.2% due to the currency exchange).

EBITDA amounted to 191.9 million euro (23.4% of sales) compared to 151.6 million euro in the first nine months of 2016 (21.9% of sales), an increase of 26.6%. The following table sets out EBITDA by business sector:

	<i>9M 2017</i>	<i>% on</i>	<i>9M 2016</i>	<i>% on</i>	<i>Change</i>
	<u>€/000</u>	<u>sales</u>	<u>€/000</u>	<u>sales</u>	
Hydraulics	112,438	21.6%	87,901	19.7%	+27.9%
Water-Jetting	79,464	26.5%	63,714	25.7%	+24.7%
Other	<u>(4)</u>	n.s.	<u>(17)</u>	n.s.	n.s.
Total	<u>191,898</u>	23.4%	<u>151,598</u>	21.9%	+26.6%

Operating income (**EBIT**) amounted to 154.8 million euro (18.9% of sales) compared to 119.0 million euro in the first nine months of 2016 (17.2% of sales), an increase of 30.1%.

Consolidated Net Profit for the first nine months was 99.1 million euro (73.6 million euro in 9M 2016), up 34.8%. Basic earnings per share rose from 0.688 euro in 9M 2016 to 0.919 euro in 9M 2017.

Net cash flow from operating activities was 143.6 million euro (112.8 million euro in 9M 2016), with a 27.3% increase. **Free cash flow** amounted to 73.4 million euro (62.8 million euro in 9M 2016), with an increase of 16.8%.



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Net debt at the end of the period was 287.9 million euro (257.3 million euro at 31 December 2016), after 84.1 million euro spent in acquisitions and 21.8 million euro paid in dividends. Additionally, the Group has commitments for the acquisition of stakes in subsidiaries for a total of 51.8 million euro (42.8 million euro at 31/12/2016).

Capital employed increased from 977.6 million euro at 31 December 2016 to 1,071.7 million euro at 30 June 2017, mainly due to acquisitions made during the year. Non-annualized **ROCE** was 14.4% (12.3% in 9M 2016). Non-annualized **ROE** was 13.5% (11.5% in 9M 2016).

At 30 September 2017 Interpump Group S.p.A. had 1,651,752 **treasury shares** in its portfolio, representing 1.5170% of total share capital, purchased at an average cost of € 12.4967.

Q3 2017 RESULTS

Net Sales for the third quarter of 2017 totaled 259.9 million euro, an increase of 17.9% over the 220.6 million euro in the corresponding period of 2016.

Sales by business sector and geographical area were 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>Q3 2017</i>						
Hydraulics	35,845	56,590	39,449	16,357	16,393	164,634
Water-Jetting	<u>11,111</u>	<u>33,822</u>	<u>28,705</u>	<u>14,442</u>	<u>7,234</u>	<u>95,314</u>
Total	<u>46,956</u>	<u>90,412</u>	<u>68,154</u>	<u>30,799</u>	<u>23,627</u>	<u>259,948</u>
<i>Q3 2016</i>						
Hydraulics	29,688	47,605	36,845	13,277	16,674	144,089
Water-Jetting	<u>5,738</u>	<u>21,071</u>	<u>31,624</u>	<u>12,760</u>	<u>5,272</u>	<u>76,465</u>
Total	<u>35,426</u>	<u>68,676</u>	<u>68,469</u>	<u>26,037</u>	<u>21,946</u>	<u>220,554</u>
Change, 2017/2016						
Hydraulics	+20.7%	+18.9%	+7.1%	+23.2%	-1.7%	+14.3%
Water-Jetting	+93.6%	+60.5%	-9.2%	+13.2%	+37.2%	+24.7%
Total	+32.5%	+31.7%	-0.5%	+18.3%	+7.7%	+17.9%

The y/y growth in sales at unchanged perimeter was 3.7% for Water-Jetting, and 10.6% for the whole Group. The currency exchange had a negative effect (-2.5%) in the quarter.

EBITDA amounted to 61.1 million euro (23.5% of sales) compared to 49.3 million euro in the third quarter of 2016 (22.3% of sales), an increase of 24.1%.

Consolidated Net Profit for the third quarter was 32.9 million euro (24.4 million euro in Q3 2016), up 34.6%. Basic earnings per share rose from 0.227 euro in Q3 2016 to 0.304 euro in Q3 2017.



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Pursuant to Article 65-bis, paragraph 2 and Article 82 of Consob Deliberation 11971/1999 as modified and supplemented, the **Interim Report at 30 September 2017** is **available to the public** at the Group's registered office 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, as well on the www.emarketstorage.com repository.

S. Ilario d'Enza (RE), 8 November 2017

On behalf of the Board of Directors
Fulvio Montipò, Chairman

Carlo Banci, the manager responsible for drafting the company's accounting documents, declares - pursuant to the terms Article 154-bis, paragraph 2 of the Consolidated 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), 8 November 2017

Carlo Banci
Manager responsible for drafting
the company's accounting documents

Media Relations:

Moccagatta Associati

Tel. 02 8645.1695

segreteria@moccagatta.it

Investor Relations:

Luca Mirabelli

Tel. 0522-904433

lmirabelli@interpumpgroup.it



Consolidated Statement of financial position

(€/000)	<u>30/09/2017</u>	<u>31/12/2016</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	153,478	197,891
Trade receivables	234,705	200,018
Inventories	286,690	257,545
Tax receivables	17,710	11,140
Other current assets	<u>11,523</u>	<u>7,686</u>
Total current assets	<u>704,106</u>	<u>674,280</u>
Non-current assets		
Property, plant and equipment	313,573	300,921
Goodwill	426,496	390,708
Other intangible assets	38,889	30,039
Other financial assets	1,386	790
Tax receivables	1,743	1,740
Deferred tax assets	24,276	24,108
Other non-current assets	<u>2,488</u>	<u>1,654</u>
Total non-current assets	<u>808,851</u>	<u>749,960</u>
Assets available for sale	<u>785</u>	-
Total assets	<u>1,513,742</u>	<u>1,424,240</u>



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(€/000)	<u>30/09/2017</u>	<u>31/12/2016</u>
LIABILITIES		
Current liabilities		
Trade payables	127,051	109,004
Payables to banks	7,354	2,396
Interest bearing financial payables (current portion)	147,505	124,784
Derivative financial instruments	-	36
Taxes payable	30,062	18,126
Other current liabilities	59,180	49,772
Provisions for risks and charges	3,704	3,620
Total current liabilities	<u>374,856</u>	<u>307,738</u>
Non-current liabilities		
Interest bearing financial payables	286,556	327,974
Liabilities for employee benefits	19,496	19,311
Deferred tax liabilities	49,518	47,755
Other non-current liabilities	48,066	41,058
Provisions for risks and charges	3,053	2,866
Total non-current liabilities	<u>406,689</u>	<u>438,964</u>
Liabilities available for sale	200	-
Total liabilities	<u>781,745</u>	<u>746,702</u>
 SHAREHOLDERS' EQUITY		
Share capital	55,868	55,431
Legal reserve	11,323	11,323
Share premium reserve	119,787	112,386
Reserve for valuation of hedging derivatives at fair value	-	(24)
Remeasurement reserve for defined benefit plans	(5,022)	(5,022)
Translation reserve	1,438	33,497
Other reserves	543,074	466,153
Group shareholders' equity	<u>726,468</u>	<u>673,744</u>
Minority interests	5,529	3,794
 Total shareholders' equity	<u>731,997</u>	<u>677,538</u>
Total shareholders' equity and liabilities	<u>1,513,742</u>	<u>1,424,240</u>



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9M 2017 Consolidated Income Statement

(€/000)	<u>2017</u>	<u>2016</u>
Net sales	818,699	693,022
Cost of goods sold	(505,119)	(438,209)
Gross industrial margin	313,580	254,813
<i>% of net sales</i>	38.3%	36.8%
Other operating income	11,818	10,554
Distribution expenses	(76,105)	(63,408)
General and administrative expenses	(92,247)	(80,662)
Other operating costs	(2,203)	(2,256)
EBIT	154,843	119,041
<i>% of net sales</i>	18.9%	17.2%
Financial income	10,819	5,157
Financial charges	(17,315)	(10,060)
Equity method contribution	(186)	4
Profit for the period before taxes	148,161	114,142
Income taxes	(49,026)	(40,591)
Consolidated profit for the period	99,135	73,551
<i>% of net sales</i>	12.1%	10.6%
Attributable to:		
Shareholders of Parent	98,170	73,005
Minority shareholders of subsidiaries	965	546
Consolidated profit for the period	99,135	73,551
EBITDA	191,898	151,598
<i>% of net sales</i>	23.4%	21.9%
Shareholders' equity	731,997	641,820
Net debt	287,937	286,326
Payables for purchase of shareholdings	51,797	39,818
Capital employed	1,071,731	967,964
Non-annualized ROCE	14.4%	12.3%
Non-annualized ROE	13.5%	11.5%
Basic earnings per share	0.919	0.688



9M 2017 Consolidated statement of comprehensive income

(€/000)	<u>2017</u>	<u>2016</u>
Consolidated profit for the first nine months (A)	99,135	73,551
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	-	(1)
- 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>33</u>	<u>19</u>
<i>Total</i>	<u>33</u>	<u>18</u>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(32,420)	(4,685)
<i>Gains (losses) from companies accounted for using the equity method</i>	(6)	(27)
<i>Applicable taxes</i>	<u>(9)</u>	<u>(6)</u>
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>(32,402)</u>	<u>(4,700)</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on the remeasurement of defined benefit plans</i>	-	(72)
<i>Applicable taxes</i>	-	<u>20</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	<u>-</u>	<u>52</u>
Consolidated comprehensive income for the first nine months (A)+(B)+(C)	<u>66,733</u>	<u>68,799</u>
Attributable to:		
Shareholders of Parent	66,135	68,466
Minority shareholders of subsidiaries	<u>598</u>	<u>333</u>
Consolidated comprehensive income for the first nine months	<u>66,733</u>	<u>68,799</u>



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Q3 2017 Consolidated Income Statement

(€/000)	<u>2017</u>	<u>2016</u>
Net sales	259,948	220,554
Cost of goods sold	(161,277)	(138,037)
Gross industrial margin	98,671	82,517
<i>% of net sales</i>	38.0%	37.4%
Other operating income	3,705	3,320
Distribution expenses	(23,547)	(20,423)
General and administrative expenses	(29,148)	(26,291)
Other operating costs	(831)	(1,058)
EBIT	48,850	38,065
<i>% of net sales</i>	18.8%	17.3%
Financial income	4,533	1,190
Financial charges	(5,664)	(2,570)
Equity method contribution	(221)	43
Profit for the period before taxes	47,498	36,728
Income taxes	(14,623)	(12,312)
Consolidated profit for the period	32,875	24,416
<i>% of net sales</i>	12.6%	11.1%
Attributable to:		
Shareholders of Parent	32,546	24,137
Minority shareholders of subsidiaries	329	279
Consolidated profit for the period	32,875	24,416
EBITDA	61,135	49,262
<i>% of net sales</i>	23.5%	22.3%
Shareholders' equity	731,997	641,820
Net debt	287,937	286,326
Payables for purchase of shareholdings	51,797	39,818
Capital employed	1,071,731	967,964
Non-annualized ROCE	4.6%	3.9%
Non-annualized ROE	4.5%	3.8%
Basic earnings per share	0.304	0.227



Q3 2017 Consolidated statement of comprehensive income

(€/000)	<u>2017</u>	<u>2016</u>
Consolidated profit for the third quarter (A)	32,875	24,416
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	-	(1)
- Less: Adjustment for gains (losses) reclassified to the income statement	-	-
- Less: Adjustment for the recognition of fair value in equity in the previous period		=
<i>Total</i>	-	(1)
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(10,071)	(888)
<i>Gains (losses) from companies accounted for using the equity method</i>	21	(13)
<i>Applicable taxes</i>		=
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>(10,050)</u>	<u>(902)</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on the remeasurement of defined benefit plans</i>	-	-
<i>Applicable taxes</i>	=	
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)		=
Consolidated comprehensive income for the third quarter (A)+(B)+(C)	<u>22,825</u>	<u>23,514</u>
Attributable to:		
Shareholders of Parent	22,553	23,264
Minority shareholders of subsidiaries	272	250
Consolidated comprehensive income for the third quarter	<u>22,825</u>	<u>23,514</u>



9M 2017 Consolidated cash flow statement

(€/000)	2017	2016
Cash flows from operating activities		
Profit before taxes	148,161	114,142
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(2,465)	(1,604)
Amortization and depreciation	35,996	32,310
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	1,318	1,278
Losses (profits) from investments	186	(4)
Net change in risk provisions and allocations to employee benefit provisions	180	(808)
Expenditures for tangible assets to be leased	(4,604)	(8,474)
Proceeds from the disposal of leased tangible assets	6,047	5,433
Net financial charges (revenues)	6,496	4,903
	191,315	147,176
(Increase) decrease in trade receivables and other current assets	(36,269)	(662)
(Increase) decrease in inventories	(26,804)	(13,874)
Increase (decrease) in trade payables and other current liabilities	24,282	(8,663)
Interest paid	(2,539)	(3,540)
Realized exchange differences	(2,078)	(1,541)
Taxes paid	(43,108)	(29,266)
Net cash from operating activities	104,799	89,630
Cash flows from investing activities		
Payments for the purchase of investments net of cash received	(77,121)	(40,758)
Sale of equity investments and business units including cash transferred	-	746
Capital expenditure on property, plant and equipment	(29,126)	(23,523)
Proceeds from the sale of tangible fixed assets	516	460
Proceeds from the sale of available-for-sale assets	2,714	-
Increase in intangible assets	(2,312)	(2,029)
Financial income received	336	310
Other	(153)	51
Net cash (used in) investing activities	(105,146)	(64,743)
Cash flows from financing activities		
Disbursements (repayments) of loans	(28,063)	77,232
Dividends paid	(21,783)	(21,153)
Payments for the purchase of treasury shares	-	(43,308)
Disposal of treasury shares to acquire equity investments	3,685	5,516
Proceeds from the sale of treasury shares to stock option beneficiaries	2,835	9,008
Disbursements (repayments) of shareholder loans	(50)	(7)
Change in other financial assets	70	6
Payment of finance lease installments (principal)	(1,731)	(2,103)
Net cash generated by (used in) financing activities	(45,037)	25,191
Net increase (decrease) in cash and cash equivalents	(69,252)	(13,487)



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(€/000)	<u>2017</u>	<u>2016</u>
Net increase (decrease) in cash and cash equivalents	(45,384)	50,078
Translation differences for cash held by non-EU companies	(3,987)	(715)
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	-	160
Cash and cash equivalents at the beginning of the period	195,495	129,395
Cash and cash equivalents at the end of the period	146,124	178,918

Cash and cash equivalents consist of the following:

	30/09/2017 €/000	31/12/2016 €/000
Cash and cash equivalents as per the consolidated statement of financial position	153,478	197,891
Bank payables (overdrafts and subject to collection advances)	<u>(7,354)</u>	<u>(2,396)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>146,124</u>	<u>195,495</u>



Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non-controlling interests	Total
<i>At 1 January 2016</i>	56,032	11,323	138,955	(13)	(3,501)	22,657	391,704	617,157	5,471	622,628
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,278	-	-	-	-	1,278	-	1,278
Purchase of treasury shares	(1,772)	-	(41,536)	-	-	-	-	(43,308)	-	(43,308)
Sale of treasury shares to stock option beneficiaries	886	-	8,122	-	-	-	-	9,008	-	9,008
Transfer of treasury shares as payment for equity investments	234	-	5,282	-	-	-	-	5,516	-	5,516
Purchase of residual interests in subsidiaries	-	-	-	-	-	43	52	95	(1,040)	(945)
Dividends distributed	-	-	-	-	-	-	(20,054)	(20,054)	(1,102)	(21,156)
Comprehensive income for the first nine months of 2016	-	-	-	12	(52)	(4,499)	73,005	68,466	333	68,799
<i>At 30 September 2016</i>	55,380	11,323	112,101	(1)	(3,553)	18,201	444,707	638,158	3,662	641,820
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	455	-	-	-	-	455	-	455
Purchase of treasury shares	-	-	(1,772)	-	-	-	1,772	-	-	-
Sale of treasury shares to stock option beneficiaries	51	-	1,368	-	-	-	(937)	482	-	482
Transfer of treasury shares as payment for equity investments	-	-	234	-	-	-	(234)	-	-	-
Comprehensive income for the fourth quarter of 2016	-	-	-	(23)	(1,469)	15,296	20,845	34,649	132	34,781
<i>At 31 December 2016</i>	55,431	11,323	112,386	(24)	(5,022)	33,497	466,153	673,744	3,794	677,538
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,318	-	-	-	-	1,318	-	1,318
Sale of treasury shares to stock option beneficiaries	250	-	2,585	-	-	-	-	2,835	-	2,835
Transfer of treasury shares as payment for equity investments	187	-	3,498	-	-	-	-	3,685	-	3,685
Purchase of Inoxpa Group	-	-	-	-	-	-	-	-	2,320	2,320
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	107	107	(257)	(150)
Dividends distributed	-	-	-	-	-	-	(21,356)	(21,356)	(427)	(21,783)
Dividends approved	-	-	-	-	-	-	-	-	(499)	(499)
Comprehensive income for the first nine months of 2017	-	-	-	24	-	(32,059)	98,170	66,135	598	66,733
<i>At 30 September 2017</i>	55,868	11,323	119,787	-	(5,022)	1,438	543,074	726,468	5,529	731,997