



PRESS RELEASE

**INTERPUMP GROUP APPROVES Q4 2017 RESULTS
& PRELIMINARY FULL-YEAR 2017 DATA**

FY 2017 PRELIMINARY RESULTS:

NET SALES: € 1,086.5 million (+17.7% compared to 2016)

EBITDA: € 248.6 million (+25.3%)

EBITDA/SALES: 22.9% (21.5% in 2016)

CONSOLIDATED NET PROFIT: € 135.6 million (+43.5%)

o/w € 5.9 mn due to the reassessment of US deferred tax assets & liabilities

FREE CASH FLOW: € 93.6 million (€ 89.9 million in 2016)

NET DEBT: € 273.5 million (€ 257.3 million at 31/12/2016)

after € 89.1 million disbursements for acquisitions and € 22.3 million paid in dividends

Q4 2017 RESULTS:

NET SALES: € 267.8 million (+16.6% compared to Q4 2016)

EBITDA: € 56.8 million (+21.0%)

EBITDA/SALES: 21.2% (20.4% in Q4 2016)

CONSOLIDATED NET PROFIT: € 36.4 million (+74.1%)

o/w € 5.9 mn due to the reassessment of US deferred tax assets & liabilities

Chairman Fulvio Montipò: “Yet another record year has drawn to a close, the healthy underlying trends of organic growth and margin improvement are still going on”

Sant’Ilario d’Enza, 14 February 2018 – The Board of Directors of Interpump Group S.p.A. met today and approved the **consolidated results for the fourth quarter and preliminary results for FY 2017.**



FY 2017 PRELIMINARY RESULTS

Net Sales in the year totaled 1,086.5 million euro, an increase of 17.7% over the 922.8 million euro registered in 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>2017</i>						
Hydraulics	153,133	240,636	163,944	63,339	69,862	690,914
Water-Jetting	<u>37,900</u>	<u>141,490</u>	<u>130,473</u>	<u>52,254</u>	<u>33,516</u>	<u>395,633</u>
Total	<u>191,033</u>	<u>382,126</u>	<u>294,417</u>	<u>115,593</u>	<u>103,378</u>	<u>1,086,547</u>
<i>2016</i>						
Hydraulics	124,390	209,640	145,175	46,958	70,648	596,811
Water-Jetting	<u>30,971</u>	<u>90,885</u>	<u>132,996</u>	<u>50,393</u>	<u>20,762</u>	<u>326,007</u>
Total	<u>155,361</u>	<u>300,525</u>	<u>278,171</u>	<u>97,351</u>	<u>91,410</u>	<u>922,818</u>
Change, 2017/2016						
Hydraulics	+23.1%	+14.8%	+12.9%	+34.9%	-1.1%	+15.8%
Water-Jetting	+22.4%	+55.7%	-1.9%	+3.7%	+61.4%	+21.4%
Total	+23.0%	+27.2%	+5.8%	+18.7%	+13.1%	+17.7%

The y/y growth in sales at unchanged perimeter was 12.2% for Hydraulics, 2.0% for Water-Jetting, and 8.6% for the whole Group, of which -0.7% due to the currency exchange which negatively impacted the year's sales for 7.1 million euro.

EBITDA amounted to 248.6 million euro (22.9% of sales) compared to 198.5 million euro of 2016 (21.5% of sales), an increase of 25.3%. The following table sets out EBITDA by business sector:

	<u>2017</u>	<u>% on sales</u>	<u>2016</u>	<u>% on sales</u>	<u>Change</u>
	<u>€/000</u>		<u>€/000</u>		
Hydraulics	144,563	20.9%	115,446	19.3%	+25.2%
Water-Jetting	104,090	26.2%	83,075	25.4%	+25.3%
Other	<u>(5)</u>	n.s.	<u>(19)</u>	n.s.	n.s.
Total	<u>248,648</u>	22.9%	<u>198,502</u>	21.5%	+25.3%

The negative impact of currency exchange on EBITDA was 2.3 million euro in the whole year.

Operating income (**EBIT**) amounted to 198.9 million euro (18.3% of sales) compared to 153.5 million euro in 2016 (16.6% of sales), an increase of 29.6%.



Consolidated Net Profit for the year was 135.6 million euro (94.5 million euro in 2016), up 43.5%. This figure incorporates the one-off € 5.9 million positive effect of reassessment of deferred tax assets & liabilities in the US, in light of the recent tax reform. Basic earnings per share rose from 0.884 euro in 2016 to 1.255 euro in 2017.

Net cash flow from operating activities was 173.1 million euro (138.0 million euro in 2016), with a 25.5% increase. **Free cash flow** amounted to 93.6 million euro (89.9 million euro in 2016), with an increase of 4%.

Net debt at the end of the period was 273.5 million euro (257.3 million euro at 31 December 2016), after 89.1 million euro spent in acquisitions and 22.3 million euro paid in dividends. Additionally, the Group has commitments for the acquisition of stakes in subsidiaries valued at 50.3 million euro (42.8 million euro at 31/12/2016).

Capital employed increased from 977.6 million euro at 31 December 2016 to 1,088.4 million euro at 31 December 2017, mainly due to acquisitions made during the year. **ROCE** was 18.3% (15.7% in 2016). **ROE** was 17.7% (13.9% in 2016).

At 31 December 2017 Interpump Group S.p.A. had 1,561,752 **treasury shares** in its portfolio, representing 1.4344% of total share capital, purchased at an average cost of € 12.4967.

Q4 2017 RESULTS

Net Sales for the fourth quarter of 2017 totaled 267.8 million euro, an increase of 16.6% over the 229.8 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>Q4 2017</i>						
Hydraulics	38,198	60,417	38,781	14,939	18,101	170,436
Water-Jetting	<u>9,441</u>	<u>36,923</u>	<u>30,280</u>	<u>12,363</u>	<u>8,405</u>	<u>97,412</u>
Total	<u>47,639</u>	<u>97,340</u>	<u>69,061</u>	<u>27,302</u>	<u>26,506</u>	<u>267,848</u>
<i>Q4 2016</i>						
Hydraulics	33,258	48,596	35,050	14,970	18,693	150,567
Water-Jetting	<u>8,512</u>	<u>22,164</u>	<u>29,704</u>	<u>12,894</u>	<u>5,955</u>	<u>79,229</u>
Total	<u>41,770</u>	<u>70,760</u>	<u>64,754</u>	<u>27,864</u>	<u>24,648</u>	<u>229,796</u>
Change, 2017/2016						
Hydraulics	+14.9%	+24.3%	+10.6%	-0.2%	-3.2%	+13.2%
Water-Jetting	+10.9%	+66.6%	+1.9%	-4.1%	+41.1%	+22.9%
Total	+14.1%	+37.6%	+6.7%	-2.0%	+7.5%	+16.6%



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At unchanged perimeter, sales grew 12.2% in Hydraulics, were down 1% in Water-Jetting, and grew 7.7% in total. These data incorporate a negative currency effect of -3.7% in the quarter, with a negative impact on sales for 8.6 million euro.

EBITDA amounted to 56.8 million euro (21.2% of sales) compared to 46.9 million euro in the fourth quarter of 2016 (20.4% of sales), an increase of 21.0% despite a negative impact of currency exchange worth 2.6 million euro.

Consolidated Net Profit for the fourth quarter was 36.4 million euro (20.9 million euro in Q4 2016), up 74.1%. This figure benefits from the aforementioned one-off effect resulting from US deferred tax assets & liabilities.

Basic earnings per share rose from 0.196 euro in Q4 2016 to 0.337 euro in Q4 2017.

Pursuant to Article 65-bis, paragraph 2 and Article 82 of Consob Deliberation 11971/1999 as modified and supplemented, the **Interim Report at 31 December 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), 14 February 2018

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), 14 February 2018

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

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Consolidated Statement of financial position

(€/000)	<u>31/12/2017</u>	<u>31/12/2016</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	144,938	197,891
Trade receivables	236,761	200,018
Inventories	291,701	257,545
Tax receivables	15,290	11,140
Other current assets	8,301	7,686
<i>Total current assets</i>	<u>696,991</u>	<u>674,280</u>
Non-current assets		
Property, plant and equipment	321,833	300,921
Goodwill	428,418	390,708
Other intangible assets	38,096	30,039
Other financial assets	1,145	790
Tax receivables	1,704	1,740
Deferred tax assets	24,953	24,108
Other non-current assets	2,582	1,654
<i>Total non-current assets</i>	<u>818,731</u>	<u>749,960</u>
Assets available for sale	785	-
<i>Total assets</i>	<u>1,516,507</u>	<u>1,424,240</u>



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(€/000)	<u>31/12/2017</u>	<u>31/12/2016</u>
LIABILITIES		
Current liabilities		
Trade payables	142,975	109,004
Payables to banks	8,955	2,396
Interest bearing financial payables (current portion)	165,136	124,784
Derivative financial instruments	-	36
Taxes payable	18,291	18,126
Other current liabilities	54,038	49,772
Provisions for risks and charges	3,610	3,620
Total current liabilities	<u>393,005</u>	<u>307,738</u>
Non-current liabilities		
Interest bearing financial payables	244,389	327,974
Liabilities for employee benefits	20,044	19,311
Deferred tax liabilities	40,756	47,755
Other non-current liabilities	50,397	41,058
Provisions for risks and charges	3,156	2,866
Total non-current liabilities	<u>358,742</u>	<u>438,964</u>
Liabilities available for sale	200	-
Total liabilities	<u>751,947</u>	<u>746,702</u>
 SHAREHOLDERS' EQUITY		
Share capital	55,805	55,431
Legal reserve	11,323	11,323
Share premium reserve	121,228	112,386
Reserve for valuation of hedging derivatives at fair value	-	(24)
Remeasurement reserve for defined benefit plans	(5,722)	(5,022)
Translation reserve	(2,485)	33,497
Other reserves	578,909	466,153
Group shareholders' equity	<u>759,058</u>	<u>673,744</u>
Minority interests	5,502	3,794
 Total shareholders' equity	<u>764,560</u>	<u>677,538</u>
Total shareholders' equity and liabilities	<u>1,516,507</u>	<u>1,424,240</u>



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FY 2017 Consolidated Income Statement

(€/000)	<u>2017</u>	<u>2016</u>
Net sales	1,086,547	922,818
Cost of goods sold	(672,548)	(584,816)
Gross industrial margin	413,999	338,002
<i>% of net sales</i>	38.1%	36.6%
Other operating income	16,744	14,372
Distribution expenses	(102,726)	(86,425)
General and administrative expenses	(124,534)	(108,973)
Other operating costs	(4,571)	(3,443)
EBIT	198,912	153,533
<i>% of net sales</i>	18.3%	16.6%
Financial income	14,684	7,862
Financial charges	(21,424)	(12,862)
Equity method contribution	(22)	(40)
Profit for the period before taxes	192,150	148,493
Income taxes	(56,600)	(54,020)
Consolidated profit for the period	135,550	94,473
<i>% of net sales</i>	12.5%	10.2%
Attributable to:		
Shareholders of Parent	134,270	93,850
Minority shareholders of subsidiaries	1,280	623
Consolidated profit for the period	135,550	94,473
EBITDA	248,648	198,502
<i>% of net sales</i>	22.9%	21.5%
Shareholders' equity	764,560	677,538
Net debt	273,542	257,263
Payables for purchase of shareholdings	50,266	42,761
Capital employed	<u>1,088,368</u>	<u>977,562</u>
Non-annualized ROCE	18.3%	15.7%
Non-annualized ROE	17.7%	13.9%
Basic earnings per share	1.255	0.884



FY 2017 Consolidated statement of comprehensive income

(€/000)	<u>2017</u>	<u>2016</u>
Consolidated profit for the year (A)	135,550	94,473
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<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	=	=
<i>Total</i>		
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	-	(33)
- Less: Adjustment for gains (losses) reclassified to the income statement	-	19
- Less: Adjustment for the recognition of fair value in equity in the previous period	<u>33</u>	=
<i>Total</i>	<u>33</u>	<u>(14)</u>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	<u>(36,316)</u>	<u>10,664</u>
<i>Gains (losses) from companies accounted for using the equity method</i>	<u>(2)</u>	<u>(5)</u>
<i>Applicable taxes</i>	<u>(9)</u>	<u>3</u>
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>(36,294)</u>	<u>10,648</u>
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>	<u>(927)</u>	<u>(1,803)</u>
<i>Applicable taxes</i>	<u>219</u>	<u>262</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	<u>(708)</u>	<u>(1,541)</u>
Consolidated comprehensive income for the year (A)+(B)+(C)	<u>98,548</u>	<u>103,580</u>
Attributable to:		
Shareholders of Parent	97,612	103,115
Minority shareholders of subsidiaries	<u>936</u>	<u>465</u>
Consolidated comprehensive income for the year	<u>98,548</u>	<u>103,580</u>



Q4 2017 Consolidated Income Statement

(€/000)	<u>2017</u>	<u>2016</u>
Net sales	267,848	229,796
Cost of goods sold	(167,429)	(146,607)
Gross industrial margin	100,419	83,189
<i>% of net sales</i>	37.5%	36.2%
Other operating income	4,926	3,818
Distribution expenses	(26,621)	(23,017)
General and administrative expenses	(32,287)	(28,311)
Other operating costs	(2,368)	(1,187)
EBIT	44,069	34,492
<i>% of net sales</i>	16.5%	15.0%
Financial income	3,865	2,705
Financial charges	(4,109)	(2,802)
Equity method contribution	164	(44)
Profit for the period before taxes	43,989	34,351
Income taxes	(7,574)	(13,429)
Consolidated profit for the period	36,415	20,922
<i>% of net sales</i>	13.6%	9.1%
Attributable to:		
Shareholders of Parent	36,100	20,845
Minority shareholders of subsidiaries	315	77
Consolidated profit for the period	36,415	20,922
EBITDA	56,750	46,904
<i>% of net sales</i>	21.2%	20.4%
Shareholders' equity	764,560	677,538
Net debt	273,542	257,263
Payables for purchase of shareholdings	50,266	42,761
Capital employed	1,088,368	977,562
Non-annualized ROCE	4.0%	3.5%
Non-annualized ROE	4.8%	3.1%
Basic earnings per share	0.337	0.196



Q4 2017 Consolidated statement of comprehensive income

(€/000)	<u>2017</u>	<u>2016</u>
Consolidated profit for the fourth quarter (A)	36,415	20,922
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<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	=	=
<i>Total</i>		
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the period	-	(32)
- 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>	-	(32)
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(3,896)	15,349
<i>Gains (losses) from companies accounted for using the equity method</i>	4	22
<i>Applicable taxes</i>	<u>-</u>	<u>9</u>
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>(3,892)</u>	<u>15,348</u>
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>	(927)	(1,731)
<i>Applicable taxes</i>	<u>219</u>	<u>242</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	<u>(708)</u>	<u>(1,489)</u>
Consolidated comprehensive income for the fourth quarter (A)+(B)+(C)	<u>31,815</u>	<u>34,781</u>
Attributable to:		
Shareholders of Parent	31,477	34,649
Minority shareholders of subsidiaries	<u>338</u>	<u>132</u>
Consolidated comprehensive income for the fourth quarter	<u>31,815</u>	<u>34,781</u>



FY 2017 Consolidated cash flow statement

(€/000)	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Profit before taxes	192,150	148,493
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(3,257)	(2,099)
Losses (gains) on the sale of business units and equity investments	-	(61)
Amortization and depreciation	47,792	44,044
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	1,781	1,733
Losses (profits) from investments	22	40
Net change in risk provisions and allocations to employee benefit provisions	(377)	(1,298)
Expenditures for tangible assets to be leased	(6,508)	(10,784)
Proceeds from the disposal of leased tangible assets	7,966	6,494
Net financial charges (revenues)	6,740	5,000
	<u>246,309</u>	<u>191,562</u>
(Increase) decrease in trade receivables and other current assets	(29,558)	(4,614)
(Increase) decrease in inventories	(32,603)	(5,753)
Increase (decrease) in trade payables and other current liabilities	30,661	(1,815)
Interest paid	(3,331)	(4,450)
Realized exchange differences	(3,370)	(653)
Taxes paid	(66,476)	(48,464)
Net cash from operating activities	<u>141,632</u>	<u>125,813</u>
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and gross of treasury shares transferred	(82,014)	(41,302)
Sale of equity investments and business units including cash transferred	-	861
Capital expenditure on property, plant and equipment	(44,533)	(31,954)
Proceeds from the sale of tangible fixed assets	871	566
Proceeds from the sale of available-for-sale assets	2,714	-
Increase in intangible assets	(3,544)	(3,022)
Financial income received	534	496
Other	(608)	149
Net cash (used in) investing activities	<u>(126,580)</u>	<u>(74,206)</u>
Cash flows from financing activities		
Disbursements (repayments) of loans	(52,681)	66,464
Dividends paid	(22,310)	(21,138)
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	3,376	9,490
Disbursements (repayments) of shareholder loans	(50)	(7)
Change in other financial assets	83	(53)
Payment of finance lease installments (principal)	(2,205)	(3,992)
Net cash generated by (used in) financing activities	<u>(70,102)</u>	<u>12,972</u>
Net increase (decrease) in cash and cash equivalents	<u>(55,050)</u>	<u>64,579</u>



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(€/000)	<u>2017</u>	<u>2016</u>
Net increase (decrease) in cash and cash equivalents	(55,050)	64,579
Translation differences for cash held by non-EU companies	(4,462)	1,361
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	135,983	195,495

Cash and cash equivalents consist of the following:

	31/12/2017	31/12/2016
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	144,938	197,891
Bank payables (overdrafts and subject to collection advances)	<u>(8,955)</u>	<u>(2,396)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>135,983</u>	<u>195,495</u>



Statement of changes in consolidated shareholders' equity

	<i>Share capital</i>	<i>Legal reserve</i>	<i>Share premium reserve</i>	<i>Reserve for valuation of hedging derivatives at fair value</i>	<i>Remeasurement reserve for defined benefit plans</i>	<i>Translation reserve</i>	<i>Other reserves</i>	<i>Group shareholders' equity</i>	<i>Non-controlling interests</i>	<i>Total</i>
<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	-	-	1,733	-	-	-	-	1,733	-	1,733
Purchase of treasury shares	(1,772)	-	(43,308)	-	-	-	1,772	(43,308)	-	(43,308)
Sale of treasury shares to stock option beneficiaries	937	-	9,490	-	-	-	(937)	9,490	-	9,490
Transfer of treasury shares as payment for equity investments	234	-	5,516	-	-	-	(234)	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 2016	-	-	-	(11)	(1,521)	10,797	93,850	103,115	465	103,580
<i>At 31 December 2016</i>	<i>55,431</i>	<i>11,323</i>	<i>112,386</i>	<i>(24)</i>	<i>(5,022)</i>	<i>33,497</i>	<i>466,153</i>	<i>673,744</i>	<i>3,794</i>	<i>677,538</i>
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,781	-	-	-	-	1,781	-	1,781
Sale of treasury shares to stock option beneficiaries	296	-	3,376	-	-	-	(296)	3,376	-	3,376
Transfer of treasury shares as payment for equity investments	78	-	3,685	-	-	-	(78)	3,685	-	3,685
Purchase of Inoxpa Group	-	-	-	-	-	-	-	-	2,300	2,300
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	216	216	(602)	(386)
Dividends distributed	-	-	-	-	-	-	(21,356)	(21,356)	(926)	(22,282)
Comprehensive income for 2017	-	-	-	24	(700)	(35,982)	134,270	97,612	936	98,548
<i>At 31 December 2017</i>	<i>55,805</i>	<i>11,323</i>	<i>121,228</i>	<i>-</i>	<i>(5,722)</i>	<i>(2,485)</i>	<i>578,909</i>	<i>759,058</i>	<i>5,502</i>	<i>764,560</i>