



PRESS RELEASE

INTERPUMP GROUP APPROVES RESULTS FOR THE FIRST QUARTER OF 2018

Chairman Fulvio Montipò: “The sixth consecutive quarter of organic growth is a positive confirmation that both our companies and the main reference markets are in excellent health”

NET SALES: € 312.3 million (+14.5% compared to Q1 2017)

EBITDA: € 69.6 million (+10.7%)

EBITDA/SALES: 22.3% (23.0% in Q1 2017)

CONSOLIDATED NET PROFIT: € 51.6 million (+58.5%)
including € 12.7 mn one-off earnings resulting from the GS-Hydro acquisition

FREE CASH FLOW: € 17.3 million (€ 23.7 million in Q1 2017)

NET DEBT: € 256.3 million (€ 273.5 million at 31/12/2017)

S. Ilario d’Enza, 10 May 2018 – The Board of Directors of Interpump Group met today and approved the results for the **first quarter of 2018**.

Net Sales for the first quarter of 2018 totaled 312.3 million euro, an increase of 14.5% over the 272.7 million euro in the corresponding period of 2017.

Sales by business sector and geographical area were as follows:

Q1 2018

(€/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>
Hydraulics	43,613	78,176	44,678	18,441	21,761	206,669
Water-Jetting	<u>9,796</u>	<u>36,562</u>	<u>35,075</u>	<u>15,377</u>	<u>8,817</u>	<u>105,627</u>
Total	<u>53,409</u>	<u>114,738</u>	<u>79,753</u>	<u>33,818</u>	<u>30,578</u>	<u>312,296</u>

Q1 2017

Hydraulics	38,032	61,286	42,839	14,733	18,098	174,988
Water-Jetting	<u>8,230</u>	<u>31,226</u>	<u>35,402</u>	<u>13,509</u>	<u>9,386</u>	<u>97,753</u>
Total	<u>46,262</u>	<u>92,512</u>	<u>78,241</u>	<u>28,242</u>	<u>27,484</u>	<u>272,741</u>

Change, 2018/2017

Hydraulics	+14.7%	+27.6%	+4.3%	+25.2%	+20.2%	+18.1%
Water-Jetting	+19.0%	+17.1%	-0.9%	+13.8%	-6.1%	+8.1%
Total	+15.4%	+24.0%	+1.9%	+19.7%	+11.3%	+14.5%



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Organic growth, at unchanged perimeter and before the currency exchange, was +14.7% in Hydraulics, +8.4% in Water-Jetting, and +12.4% in total sales.

Please note that the currency exchange had a very noticeable negative effect on turnover, worth €16.6 million: as a consequence the growth in sales, at unchanged perimeter but calculated in Euro, was +9.3% for Hydraulics, +0.9% for Water-Jetting, and +6.3% on total sales.

EBITDA amounted to 69.6 million euro (22.3% of sales) compared to 62.8 million euro in the first quarter of 2017 (23.0% of sales), an increase of 10.7%. The following table sets out EBITDA by business sector:

	<i>Q1 2018</i>	<i>% on</i>	<i>Q1 2017</i>	<i>% on</i>	<i>Change</i>
	<i>€/000</i>	<i>sales</i>	<i>€/000</i>	<i>sales</i>	
Hydraulics	42,063	20.3%	37,155	21.2%	+13.2%
Water-Jetting	<u>27,522</u>	26.0%	<u>25,681</u>	26.2%	+7.2%
Total	<u>69,585</u>	22.3%	<u>62,836</u>	23.0%	+10.7%

It should be noted that, at unchanged perimeter, EBITDA was 23.4% on sales, with a 40bps improvement over the same period of 2017. EBITDA was also negatively affected (€ -5.0 million) by the currency exchange.

Operating income (**EBIT**) amounted to 57.3 million euro (18.3% of sales) compared to 50.8 million euro in the first quarter of 2017 (18.6% of sales), an increase of 12.7%.

Net Profit for the first quarter 2018 was 51.6 million euro (32.5 million euro in Q1 2017), up 58.5%. Please note that Q118 net profit includes € 12.7 million one-off earnings resulting from the GS-Hydro acquisition.

Basic earnings per share rose from 0.301 euro in the first quarter of 2017 to 0.478 euro in the first quarter of 2018.

Net cash flow from operating activities was 64.8 million euro (58.7 million euro in Q1 2017), with a 10.3% increase. **Free cash flow** in the first quarter of 2018 amounted to 17.3 million euro (it was 23.7 million euro in the same period last year). The reduction is due to higher investments and the increase in working capital driven by the very strong organic growth.

Net debt was 256.3 million euro (273.5 million euro at 31 December 2017). Additionally, at the end of March the Group had commitments for the acquisition of stakes in subsidiaries for a total of 55.8 million euro (50.3 million euro at 31/12/2017).

Capital employed rose from 1,088.5 million euro at 31 December 2017 to 1,120.2 million euro at 31 March 2018, mainly due to the GS-Hydro acquisition and the physiological increase in working capital in the first part of the year. Non-annualized **ROCE** was 5.1% (4.8% in Q1 2017). Non-annualized **ROE** was 6.4% (4.6% in Q1 2017).

At 31 March 2018 Interpump Group S.p.A. had 1,409,683 **treasury shares** in its portfolio, representing 1.29% of total share capital, purchased at an average cost of € 12.4967.

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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 31 March 2018** is **available to the public** at the Group's registered office



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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), 10 May 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), 10 May 2018

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

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Consolidated Statement of financial position

(€/000)	<u>31/03/2018</u>	<u>31/12/2017</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	176,368	144,938
Trade receivables	271,465	236,761
Inventories	316,795	291,701
Tax receivables	17,253	15,410
Other current assets	11,849	8,302
Total current assets	<u>793,730</u>	<u>697,112</u>
Non-current assets		
Property, plant and equipment	324,064	321,833
Goodwill	427,367	429,442
Other intangible assets	37,147	38,096
Other financial assets	939	1,145
Tax receivables	1,763	1,770
Deferred tax assets	25,203	24,909
Other non-current assets	2,256	2,582
Total non-current assets	<u>818,739</u>	<u>819,777</u>
Assets available for sale	-	785
Total assets	<u>1,612,469</u>	<u>1,517,674</u>



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(€/000)	<u>31/03/2018</u>	<u>31/12/2017</u>
LIABILITIES		
Current liabilities		
Trade payables	155,982	142,975
Payables to banks	14,431	8,955
Interest bearing financial payables (current portion)	181,695	166,465
Taxes payable	30,965	18,541
Other current liabilities	67,242	54,038
Provisions for risks and charges	3,492	3,610
Total current liabilities	<u>453,807</u>	<u>394,584</u>
Non-current liabilities		
Interest bearing financial payables	236,581	243,060
Liabilities for employee benefits	20,224	20,044
Deferred tax liabilities	40,908	41,504
Other non-current liabilities	49,731	50,397
Provisions for risks and charges	3,087	3,156
Total non-current liabilities	<u>350,531</u>	<u>358,161</u>
Liabilities available for sale	-	200
Total liabilities	<u>804,338</u>	<u>752,945</u>
 SHAREHOLDERS' EQUITY		
Share capital	55,884	55,805
Legal reserve	11,323	11,323
Share premium reserve	123,915	121,228
Remeasurement reserve for defined benefit plans	(5,722)	(5,722)
Translation reserve	(11,126)	(2,475)
Other reserves	629,523	579,006
Group shareholders' equity	<u>803,797</u>	<u>759,165</u>
Minority interests	4,334	5,564
Total shareholders' equity	<u>808,131</u>	<u>764,729</u>
Total shareholders' equity and liabilities	<u>1,612,469</u>	<u>1,517,674</u>



Consolidated income statement for the first quarter

(€/000)	<u>2018</u>	<u>2017</u>
Net sales	312,296	272,741
Cost of sales	(196,661)	(168,301)
Gross industrial margin	115,635	104,440
<i>% of net sales</i>	37.0%	38.3%
Other operating income	4,589	3,853
Distribution expenses	(28,578)	(25,664)
General and administrative expenses	(33,878)	(31,255)
Other operating costs	(503)	(561)
EBIT	57,265	50,813
<i>% of net sales</i>	18.3%	18.6%
Financial income	2,575	3,275
Financial charges	(4,623)	(4,495)
Negative goodwill	12,730	-
Equity method contribution	(73)	35
Profit for the period before taxes	67,874	49,628
Income taxes	(16,302)	(17,092)
Consolidated profit for the period	51,572	32,536
<i>% of net sales</i>	16.5%	11.9%
Attributable to:		
Shareholders of Parent	51,386	32,132
Minority shareholders of subsidiaries	186	404
Consolidated profit for the period	51,572	32,536
EBITDA	69,585	62,836
<i>% of net sales</i>	22.3%	23.0%
Shareholders' equity	808,131	712,512
Net debt	256,339	305,906
Payables for purchase of shareholdings	55,756	50,609
Capital employed	1,120,226	1,069,027
Non-annualized ROCE	5.1%	4.8%
Non-annualized ROE	6.4%	4.6%
Basic earnings per share	0.478	0.301



Consolidated statement of comprehensive income for the first quarter

(€/000)	<u>2018</u>	<u>2017</u>
Consolidated profit for the first quarter (A)	51,572	32,536
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	-	-
- Less: Adjustment for gains (losses) reclassified to the income statement	-	3
- Less: Adjustment for the recognition of fair value in equity in the previous period	=	<u>22</u>
<i>Total</i>	-	<u>25</u>
<i>Gains (losses) on translating the financial statements of foreign companies</i>	(8,653)	(282)
<i>Gains (losses) from companies accounted for using the equity method</i>	(2)	(1)
<i>Applicable taxes</i>	=	<u>(7)</u>
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	<u>(8,655)</u>	<u>(265)</u>
Consolidated comprehensive income for the quarter (A)+(B)	<u>42,917</u>	<u>32,271</u>
Attributable to:		
Shareholders of Parent	42,735	31,863
Minority shareholders of subsidiaries	182	408
Consolidated comprehensive income for the first quarter	<u>42,917</u>	<u>32,271</u>



Consolidated cash flow statement for the first quarter

(€/000)	2018	2017
Cash flows from operating activities		
Profit before taxes	67,874	49,628
<i>Adjustments for non-cash items:</i>		
Losses (gains) on the sale of fixed assets	(1,880)	(893)
Amortization and depreciation	12,186	11,742
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	464	448
Expenditures for tangible assets to be leased	(1,635)	(1,826)
Proceeds from the disposal of leased tangible assets	3,747	2,226
Losses (profits) from investments	73	(35)
Net change in risk provisions and allocations to employee benefit provisions	(390)	144
Net financial charges (revenues)	(10,682)	1,220
	69,757	62,654
(Increase) decrease in trade receivables and other current assets	(29,957)	(25,299)
(Increase) decrease in inventories	(17,803)	(12,041)
Increase (decrease) in trade payables and other current liabilities	12,787	12,638
Interest paid	(698)	(880)
Realized exchange differences	(934)	313
Taxes paid	(3,367)	(3,382)
Net cash from operating activities	29,785	34,003
Cash flows from investing activities		
Payments for the purchase of investments net of cash received	(775)	(62,440)
Capital expenditure on property, plant and equipment	(12,096)	(9,415)
Proceeds from the sale of tangible fixed assets	298	154
Proceeds from the sale of available-for-sale assets	785	865
Increase in intangible assets	(905)	(651)
Financial income received	117	106
Other	340	(223)
Net cash (used in) investing activities	(12,236)	(71,604)
Cash flows from financing activities		
Disbursements (repayments) of loans	8,868	1,827
Proceeds from the sale of treasury shares to stock option beneficiaries	539	293
Disbursements (repayments) of shareholder loans	-	(51)
Change in other financial assets	1	79
Payment of finance lease installments (principal)	(480)	(543)
Net cash generated by (used in) financing activities	8,928	1,605
Net increase (decrease) in cash and cash equivalents	26,477	(35,996)



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(€/000)	<u>2018</u>	<u>2017</u>
Net increase (decrease) in cash and cash equivalents	26,477	(35,996)
Translation differences for cash held by non-EU companies	(516)	115
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	(7)	-
Cash and cash equivalents at the beginning of the period	135,983	195,495
Cash and cash equivalents at the end of the period	161,937	159,614

Cash and cash equivalents consist of the following:

	31/03/2018	31/12/2017
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	176,368	144,938
Bank payables (overdrafts and subject to collection advances)	<u>(14,431)</u>	<u>(8,955)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>161,937</u>	<u>135,983</u>



Consolidated statement of changes in 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 2017</i>	55,431	11,323	112,386	(24)	(5,022)	33,497	466,153	673,744	3,794	677,538
Recognition in income statement of fair value of stock options granted and exercisable	-	-	448	-	-	-	-	448	-	448
Transfer of treasury shares to stock option beneficiaries	28	-	265	-	-	-	-	293	-	293
Acquisition of Inoxpa minorities	-	-	-	-	-	-	-	-	2,462	2,462
Dividends distributed to third parties	-	-	-	-	-	-	-	-	(500)	(500)
Comprehensive income (loss) for first quarter of 2017	-	-	-	18	-	(287)	32,132	31,863	408	32,271
<i>At 31 March 2017</i>	55,459	11,323	113,099	(6)	(5,022)	33,210	498,285	706,348	6,164	712,512
Recognition in income statement of fair value of stock options granted and exercisable	-	-	1,333	-	-	-	-	1,333	-	1,333
Transfer of treasury shares to stock option beneficiaries	268	-	3,111	-	-	-	(296)	3,083	-	3,083
Transfer of treasury shares as payment for investments	78	-	3,685	-	-	-	(78)	3,685	-	3,685
Acquisition of Inoxpa minorities	-	-	-	-	-	-	-	-	(171)	(171)
Dividends distributed	-	-	-	-	-	-	(21,356)	(21,356)	(426)	(21,782)
Purchase of residual shares of subsidiaries	-	-	-	-	-	-	141	141	(527)	(386)
Comprehensive income (loss) for April-December 2017	-	-	-	6	(700)	(35,685)	102,310	65,931	524	66,455
<i>At 31 December 2017</i>	55,805	11,323	121,228	-	(5,722)	(2,475)	579,006	759,165	5,564	764,729
Recognition in income statement of fair value of stock options granted and exercisable	-	-	464	-	-	-	-	464	-	464
Transfer of treasury shares to stock option beneficiaries	47	-	492	-	-	-	-	539	-	539
Transfer of treasury shares as payment for investments	32	-	1,731	-	-	-	-	1,763	-	1,763
Dividends resolved to third parties	-	-	-	-	-	-	-	-	(518)	(518)
Acquisition of Inoxpa minorities	-	-	-	-	-	-	(869)	(869)	(894)	(1,763)
Comprehensive income (loss) for first quarter of 2018	-	-	-	-	-	(8,651)	51,386	42,735	182	42,917
<i>At 31 March 2018</i>	55,884	11,323	123,915	-	(5,722)	(11,126)	629,523	803,797	4,334	808,131