Half-year report as at 30 June 2017
and
Interim Board of Directors' Report for Q2 2017

Interpump Group S.p.A. and subsidiaries

Contents

This document can be accessed on the Internet at:
www.interpumpgroup.it

Interpump Group S.p.A.
Registered office in S. Ilario d'Enza (Reggio Emilia), Via Enrico Fermi, 25
Paid-up Share Capital: EUR 56,617,232.88
Reggio Emilia Companies Register - Tax Code 11666900151

Board of Directors

Fulvio Montipò
Chairman and Chief Executive Officer

Paolo Marinsek
Deputy Chairman

Angelo Busani (a)
Independent Director

Antonia Di Bella
Independent Director

Franco Garilli (a), (b), (c)
Independent Director
Lead Independent Director

Marcello Margotto (b)
Independent Director

Stefania Petruccioli (a), (c)
Independent Director

Paola Tagliavini (a), (c)
Independent Director

Giovanni Tamburi (b)
Non-executive Director

Board of Statutory Auditors

Fabrizio Fagnola
Chairman

Federica Menichetti
Statutory auditor

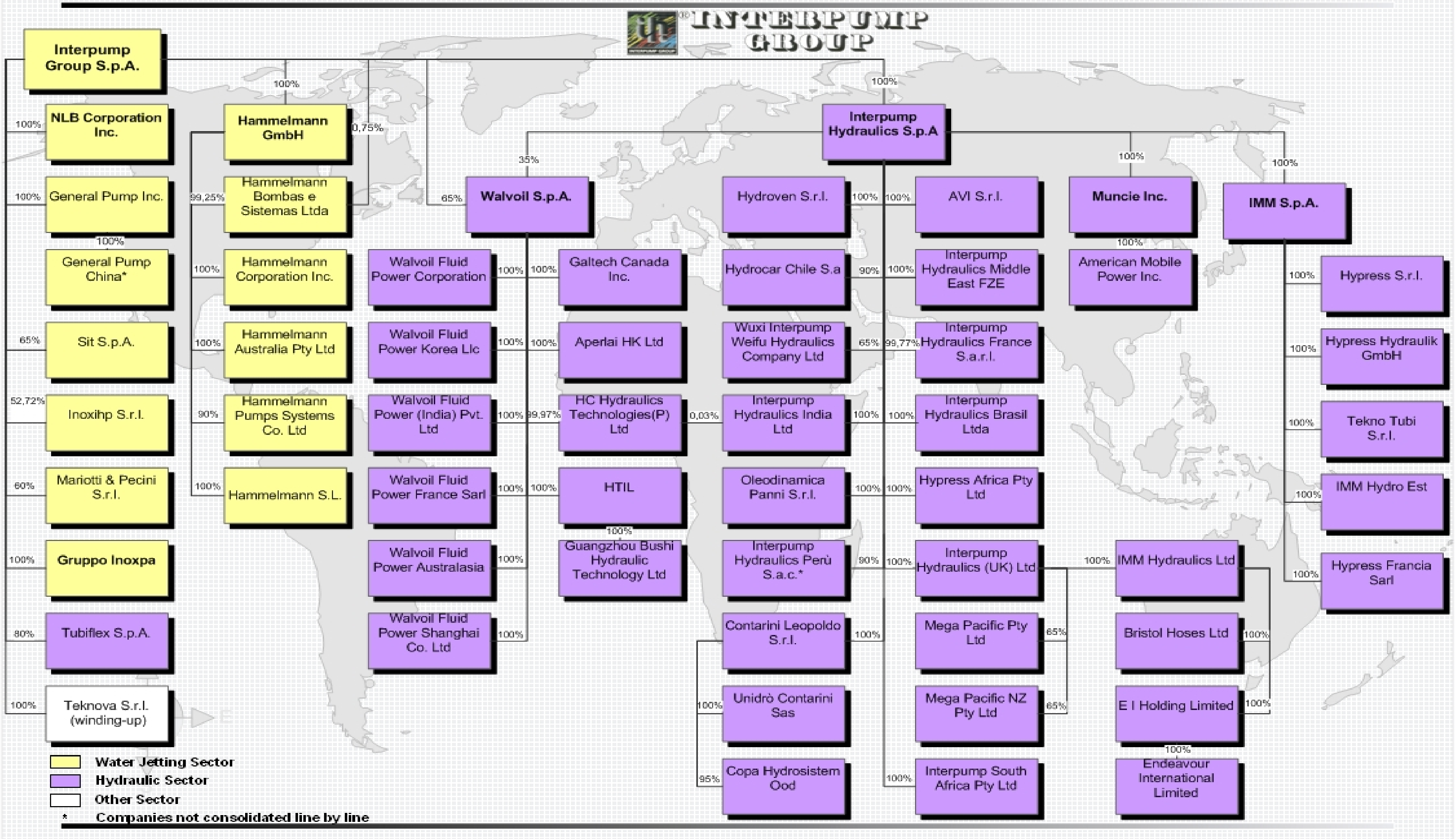
Alessandra Tronconi
Statutory auditor

Independent Auditors

EY S.p.A.

(a) Member of the Audit and Risks Committee
(b) Member of the Remuneration Committee and Appointments Committee
(c) Member of the Related Party Transactions Committee

Organizational chart as at 30/06/2017



Interim Board of Directors' Report

Directors' remarks on performance in H1 2017

PERFORMANCE INDICATORS

The Group monitors operations using various performance indicators that may not be comparable with similar parameters adopted by other groups. Group management believes that these indicators measure performance on a comparable basis with reference to normalized operational factors, thus facilitating the identification of operating trends and the making of decisions about future spending, the allocation of resources and other operational matters.

The performance indicators used by the Group are defined as follows:

- **Earnings/(Losses) before interest and tax (EBIT)**: Net sales plus Other operating income less Operating costs (Cost of sales, Distribution costs, General and administrative expenses, and Other operating costs);
- **Earnings/(Losses) before interest, tax, depreciation and amortization (EBITDA)**: EBIT plus depreciation, amortization and provisions;
- **Net indebtedness**: Loans obtained plus Bank borrowing less Liquid funds and cash equivalents;
- **Capital expenditure (CAPEX)**: the sum of investment in property, plant and equipment and intangible assets, net of divestments;
- **Return on capital employed (ROCE)**: EBIT / Capital employed;
- **Return on equity (ROE)**: Net profit / Shareholders' equity.

The Group's income statement is prepared by functional areas (also called the "cost of sales" method). This form is deemed more representative than its counterpart by type of expense, which is nevertheless included in the notes to the annual financial report. The chosen form, in fact, complies with internal reporting and business management methods.

The cash flow statement was prepared using the indirect method.

H1 consolidated income statement

(€/000)	*2017*	*2016*
Net sales	**558,751**	**472,468**
Cost of sales	(343,842)	(300,172)
Gross industrial margin	**214,909**	**172,296**
% on net sales	*38.5%*	*36.5%*
Other operating revenues	8,113	7,234
Distribution costs	(52,558)	(42,985)
General and administrative expenses	(63,099)	(54,371)
Other operating costs	(1,372)	(1,198)
EBIT	**105,993**	**80,976**
% on net sales	*19.0%*	*17.1%*
Financial income	6,286	3,967
Financial expenses	(11,651)	(7,490)
Equity method contribution	35	(39)
Profit for the period before taxes	**100,663**	**77,414**
Income taxes	(34,403)	(28,279)
Consolidated net profit for the period	**66,260**	**49,135**
% on net sales	*11.9%*	*10.4%*
Pertaining to:		
Parent company's shareholders	65,624	48,868
Subsidiaries' minority shareholders	636	267
Consolidated net profit for the period	**66,260**	**49,135**
EBITDA	**130,763**	**102,336**
% on net sales	*23.4%*	*21.7%*
Shareholders' equity	708,634	610,014
Net debt	319,109	309,775
Payables for the acquisition of investments	57,862	30,918
Capital employed	1,085,605	950,707
Unannualized ROCE	**9.8%**	**8.5%**
Unannualized ROE	**9.4%**	**8.1%**
Basic earnings per share	**0.614**	**0.461**

SIGNIFICANT EVENTS IN THE HALF-YEAR

Sales reached 558.8 million euro, up by 18.3% compared to H1 2017 (+8.1% like for like). A breakdown by business sector shows a 17.8% sales increase in the Hydraulic Sector (+11.2% like for like) compared to the figure for H1 2016; Water Jetting Sector sales were up in the same period by 19.1% (+2.6% like for like).

In geographical terms, growth in Europe including Italy was 21.5%, with 8.5% in North America, 32.3% in the Far East and Oceania, and 18.8% in the Rest of the World. The geographical breakdown shows like for like growth of 7.1% in Europe (including Italy), 7.7% in North America, 15.1% in the Far East and Oceania, and 8.1% in the Rest of the World.

EBITDA reached 130.8 million euro, equivalent to 23.4% of sales. In H1 2016 EBITDA was 102.3 million euro (21.7% of sales). EBITDA was therefore 27.8% higher, corresponding to a 1.7 percentage point improvement in terms of incidence on sales. On a like for like basis, EBITDA grew by 16.7%.

Net profit for H1 2017 was 66.3 million euro (€49.1m in H1 2016) reflecting an increase of 34.9%.

The Inoxpa Group (Water Jetting Sector), a world-famous brand in the manufacture and sale of process equipment and systems for fluid treatment in the food, cosmetics and pharmaceutical industry, was acquired on 3 February 2017 and hence consolidated for the first time for five months in H1 2017. This acquisition significantly expands and supplements the products of the Water Jetting division, which will now be able to supply a vast range of pumps, valves, mixers, process plant and accessories alongside Bertoli homogenizers. All products are made from stainless steel, meeting the rigorous requirements demanded by the food industry. Inoxpa is based near Girona (north of Barcelona) in Spain. More than 75% of sales are generated by 21 branches in 16 countries, which will further strengthen the already solid international presence of the Interpump Group. In 2016 the Inoxpa Group recorded sales of around €60m. The agreed price was €90m, corresponding to an enterprise value of €76.2m and net cash of around €13.8m.

The range of products in the food, cosmetics and pharmaceutical industry was further expanded and supplemented by the acquisition of Mariotti & Pecini S.r.l. on 12 June 2017. This company, based in the province of Florence, is a leader in the design and production of mixers and agitators used in the chemical, pharmaceutical, cosmetics and food processing industries, and for environmental technologies. The synergies with the Inoxpa group, in particular, will expand opportunities for the sale of Mariotti & Pecini products in numerous foreign markets. The components developed by Mariotti & Pecini are also suitable for special applications with constraints imposed by pressure, temperature or hazardous liquids; in addition, employment of the Magna-Safe® magnetic drive technology means that these products can be used in production processes that require the fluids processed to be completely isolated from the external environment. Mariotti & Pecini reported net sales for 2016 of 8.1 million euro, with an EBITDA of 2.7 million euro (33% of sales). The price paid for 60% of the company was 5.3 million euro plus 150,000 treasury shares in Interpump Group S.p.A. On the closing date for the transaction, the net financial position of the company was 2.8 million euro. The entrepreneur-founders retain their roles in the company; mutual put & call options have been agreed with them for acquisition of the residual 40% interest from 2020.

Also, in January 2017, acting through the UK branch of the IMM Group, Interpump acquired 100% of Bristol Hose Ltd, specialised in sales and services in the hydraulic lines and fittings sector and based in Bristol. Bristol Hose operates with 2 sales warehouses and 9 mobile workshops for on-site assistance and repairs. The mobile units operate around the clock and can typically reach customers' premises within sixty minutes from the call-out time. In 2016, Bristol Hose generated sales of around GBP 2.25m (approximately €2.6m). The price paid for the business was GBP 650k, with net financial debt of GBP 418k.

Compared with the first half of 2016, the consolidation now includes Teknotubi S.r.l. and Mega Pacific which were acquired in July 2016. In addition, Tubiflex has been consolidated for the entire first half of 2017, while it was only consolidated for 2 months last year, having been purchased in May 2016.

NET SALES

Net sales for H1 2017 reached €558.8m, up by 18.3% compared to H1 2016, when the figure stood at €472.5m (+8.1% like for like).

The following table gives a breakdown of sales by business sector and geographical area:

(€/000)	Italy	Rest of Europe	North America	Far East and Oceania	Rest of the World	Total
H1 2017						
Hydraulic Sector	79,090	123,629	85,714	32,043	35,368	355,844
Water Jetting Sector	17,348	70,745	71,488	25,449	17,877	202,907
Total	96,438	194,374	157,202	57,492	53,245	558,751
H1 2016						
Hydraulic Sector	61,444	113,439	73,280	18,711	35,281	302,155
Water Jetting Sector	16,721	47,650	71,668	24,739	9,535	170,313
Total	78,165	161,089	144,948	43,450	44,816	472,468
2017/2016 percentage changes						
Hydraulic Sector	+28.7%	+9.0%	+17.0%	+71.3%	+0.2%	+17.8%
Water Jetting Sector	+3.7%	+48.5%	-0.3%	+2.9%	+87.5%	+19.1%
Total	+23.4%	+20.7%	+8.5%	+32.3%	+18.8%	+18.3%
2017/2016 like for like changes (%)						
Hydraulic Sector	+11.6%	+5.4%	+16.8%	+43.1%	+0.2%	+11.2%
Water Jetting Sector	-1.1%	+7.9%	-1.6%	-6.1%	+37.2%	+2.6%
Total	+8.9%	+6.2%	+7.7%	+15.1%	+8.1%	+8.1%

PROFITABILITY

The cost of sales accounted for 61.5% of turnover (63.5% in the first half of 2016), representing an improvement of 2 percentage points. Production costs, which totalled €143.8m (€124.3m in H1 2016, which however did not include the costs of the Inoxpa Group, Bristol Hose, Teknotubi, Mega Pacific, Mariotti & Pecini for one month and Tubiflex for 4 months), accounted for 25.7% of sales (26.3% in the equivalent period of 2016). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €200.0m (€175.9m in the equivalent period of 2016, which however did not include the costs of the Inoxpa Group, Bristol Hose, Teknotubi, Mega Pacific, Mariotti & Pecini for one month and Tubiflex for 4 months). The incidence of purchase costs, including changes in inventories, was 35.8% with respect to the 37.2% in H1 2016, reflecting an improvement of 1.4 percentage points.

At unchanged perimeter, distribution costs rose by 5.5% with respect to H1 2016, but fell by 0.2 percentage points in terms of sales.

General and administrative expenses rose by 3.1% at unchanged perimeter with respect to H1 2016, while their incidence on sales was 0.5 percentage points lower.

Total payroll costs were €133.5m (€117.0m in H1 2016, which however did not include the payroll costs of the Inoxpa Group, Bristol Hose, Teknotubi, Mega Pacific, Mariotti & Pecini for one month and Tubiflex for 4 months). At unchanged perimeter, payroll costs rose by 3.9% due to a 1.9% per capita cost increase and an increase of 95 in the average headcount. The average total number of Group employees in H1 2017 was 5,636 (5,006 like for like) compared to 4,911 in H1 2016. The like-for-like increase in average headcount during the first half of 2017 mainly occurred in Europe.

EBITDA amounted to 130.8 million euro (23.4% of sales), compared with 102.3 million euro in H1 2016 (21.7% of sales). This represents growth of 27.8% and an improvement in profitability of 1.7 percentage points. At unchanged perimeter, EBITDA rose by 16.7%, with an improvement in profitability of 1.7 percentage points. The following table shows EBITDA by business sector:

	H1 2017 €/000	*% on total sales**	*H1 2016 €/000*	*% on total sales**	*Increase/ Decrease*
Hydraulic Sector	76,353	21.4%	59,464	19.7%	+28.4%
Water Jetting Sector	54,413	26.7%	42,882	25.1%	+26.9%
Other Revenues Sector	(3)	n.s.	(10)	n.s.	n.s.
Total	***130,763***	***23.4%***	***102,336***	***21.7%***	***+27.8%***

* = Total sales include sales to other Group companies, while the sales analysed previously are exclusively those external to the Group (see Note 2 in the explanatory notes). For comparability, the percentage is calculated on total sales, rather than the net sales shown earlier.

The marked increase in profitability reflects the rationalisation work carried out in the current and prior years.

EBIT was €106.0m (19.0% of sales) compared with €81.0m in H1 2016 (17.1% of sales), reflecting an increase of 30.9%.

The tax rate for the period was 34.2% (36.5% in H1 2016). The decrease versus H1 2016 is mainly due to the reduction of the corporate income tax (IRES) rate in Italy from 27.5% to 24%.

Net profit for H1 2017 was 66.3 million euro (€49.1m in H1 2016) reflecting an increase of 34.9%. Basic earnings per share rose from EUR 0.461 in H1 2016 to EUR 0.614 in H1 2017, reflecting growth of 33.2%.

Capital employed increased from €977.6m at 31 December 2016 to €1,085.6m at 30 June 2017, essentially due to the new acquisitions. Unannualized ROCE was 9.8% (8.5% in H1 2016). Unannualized ROE was 9.4% (8.1% in H1 2016).

CASH FLOW

The change in net financial indebtedness breaks down as follows:

	H1 2017	*H1 2016*
	€/000	*€/000*
Opening net financial position	**(257,263)**	**(254,987)**
Adjustment: opening net cash position of companies not consolidated line by line at the end of the prior period [(a)]	-	161
Adjusted opening net financial position	**(257,263)**	**(254,826)**
Cash flow from operations	95,437	73,773
Cash flow generated (absorbed) by the management of commercial working capital	(37,104)	(26,102)
Cash flow generated (absorbed) by other current assets and liabilities	(1,882)	(259)
Expenditure on tangible fixed assets	(18,993)	(17,268)
Proceeds from the sale of tangible fixed assets	425	540
Investment in other intangible fixed assets	(1,716)	(1,517)
Received financial income	240	216
Other	(270)	90
Free cash flow	***36,137***	***29,473***
Acquisition of investments, including received debt and net of treasury shares assigned	(77,401)	(21,343)
Receipt for sale of the Hydrometal line of business	-	746
Dividends paid	(21,276)	(21,031)
Outlays for the purchase of treasury shares	-	(42,728)
Receipts from the disposal of assets held for sale	865	-
Proceeds from the sale of treasury shares to beneficiaries of stock options	2,115	560
Change in other financial assets	88	(26)
Net cash generated (used)	***(59,472)***	***(54,349)***
Exchange differences	(2,374)	(600)
Net financial position at period end	**(319,109)**	**(309,775)**

[(a)] = 2016: Interpump Hydraulics (UK).

Net liquidity generated by operations totalled 95.4 million euro (73.8 million euro in H1 2016), reflecting an increase of 29.4%. Free cash flow was €36.1m (€29.5m in H1 2016), up 22.6%.

The net financial position, excluding the debts and commitments illustrated below, can be broken down as follows:

	30/06/2017	31/12/2016	30/06/2016	01/01/2016
	€/000	€/000	€/000	€/000
Cash and cash equivalents	136,696	197,891	117,355	135,130
Bank payables (advances and STC amounts)	(13,140)	(2,396)	(1,938)	(5,735)
Interest-bearing financial payables (current portion)	(134,316)	(124,784)	(106,262)	(83,833)
Interest-bearing financial payables (non-current portion)	(308,349)	(327,974)	(318,930)	(300,549)
Total	**(319,109)**	**(257,263)**	**(309,775)**	**(254,987)**

At 30 June 2017 all loan covenants are complied with in full.

The Group also has contractual commitments for the acquisition of residual interests in subsidiaries totalling €57.9m (€42.8m at 31 December 2016 and €30.9m at 30 June 2016). Of this amount, 14.9 million euro relates to the acquisition of equity investments (6.5 million euro at 31 December 2016), while 43.0 million euro relates to contractual agreements for the acquisition of residual interests in subsidiaries (36.3 million euro at 31 December 2016).

CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totalled 42.6 million euro, of which 19.5 million via the acquisition of equity investments (25.6 million in H1 2016, of which 4.5 million euro via the acquisition of equity investments). Certain companies in the Water Jetting Sector classify machinery manufactured and rented to customers as part of property, plant and equipment (€3.5m at 30 June 2017 and €4.7m at 30 June 2016). Net of these latter amounts, capital expenditure in the strictest sense stood at €19.6m in H1 2017 (€16.4m in H1 2016) and mainly refers to the normal renewal and modernisation of plant, machinery and equipment, with the exception of €2.2m in 2017 (€1.3m in 2016) related to the construction of new production facilities or their expansion. The difference with respect to the expenditure recorded in the cash flow statement is due to the timing of payments.

The increases in intangible assets totaled €14.5m, of which €12.7m from the acquisition of equity investments (€1.6m in H1 2016, of which €0.1m from the acquisition of equity investments) and refer mainly to allocation of the excess cost of purchasing Inoxpa to the trademark (€11.9m) and to investment for the development of new products.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

With regard to transactions entered into with related parties, including intercompany transactions, these cannot be defined as either atypical or unusual, as they are part of the normal course of activities of the Group companies. These transactions are regulated at arm's length conditions, taking into account the characteristics of the assets transferred and services rendered. Information on transactions carried out with related parties is given in Note 9 of the half-year consolidated financial statements as at 30 June 2017.

CHANGES IN GROUP STRUCTURE IN H1 2017

In addition to the acquisition of the Inoxpa Group, Mariotti & Pecini and Bristol Hose, as described at the start of this report, the other operations that altered the Group's corporate structure were the absorption of Hydrocontrol Inc. by Walvoil Fluid Power Corp. in the US and the absorption of Dyna Flux S.r.l. by IMM Hydraulics S.p.A.

Rationalisation of the Group structure following the recent acquisitions is proceeding in China, India, the UK, Spain, France, Portugal and Russia.

RISK FACTORS

The business of the Group is exposed to various financial risks: market risk (including the exchange rate risk and interest rate risk), credit risk, liquidity risk, price risk and cash flow risk. The risk management programme is based on the unpredictability of financial markets and it aims to minimize any negative impact on the group's financial performance. Based on the policy approved by the Board of Directors, Interpump Group may use derivative financial instruments to cover the exposure to exchange-rate and interest-rate risks, but cannot arrange derivative financial instruments for speculative purposes. Based on this procedure, financial risk hedging is managed by a central department in the parent company in cooperation with individual operating units. Group exposure to financial risks remained substantially unchanged with respect to 31 December 2016.

Exchange risk
The Group has subsidiaries in 24 countries and has to translate financial statements denominated in 21 currencies other than the euro. Accordingly, the Group is primarily exposed to the risk deriving from the translation of those financial statements.

The Group operates internationally and mostly manufactures in the countries of the destination markets. As such, the majority of local currency revenues are naturally absorbed by costs incurred in the same currency. The Group is however exposed to a residual exchange-rate risk deriving from exposure to the US dollar, the Brazilian real, the Indian rupee, the Chinese renminbi and, to a much lesser extent, from exposure to the UK pound, the Canadian dollar, the Australian dollar, the Russian ruble, the South African rand, the UAE dirham, the Chilean and Colombian pesos, the Danish krone and the Romanian leu, in relation to transactions with costs and revenues in different currencies.

In view of the significant natural hedge described above, management has decided not to arrange other hedges except in the case of specific and sporadic transactions.

In relation to financial exposures, intercompany loans totalling €0.1m were repaid in currencies other than those utilised by the debtor companies during H1 2017. At 30 June 2017, loans granted in currencies other than those utilised by the debtor companies total €6.9m, up by €2.3m since 31 December 2016 due to the consolidation of the Inoxpa Group in 2017.

Interest rate risk
At 30 June 2017, liquidity is held at floating rates, except for an amount of €5.7m, while bank loans and financial payables bear interest at floating rates, except for amounts totalling €9.0m.

Currently Group policy involves careful assessment of market opportunities related to the possibility of taking out hedges (IRS) at economically advantageous conditions; however, considering that the average duration of the Group's medium-/long-term loans is currently somewhat short (around 3/4 years), any potential hedges are unlikely to be particularly attractive.

Credit risk
Historically the Group has not suffered any significant losses on receivables. At present, the Group considers that the situation of its receivables is sound, as evidenced, among other considerations, by losses on receivables at 30 June 2017 totalling €520k (0.1% of sales). During H1 2016, losses on receivables totalled €719k (0.2% of sales). The potential risk has already been offset in the financial statements. The Group is not exposed to any significant concentrations of sales.

Liquidity risk
Management considers that the currently available funds and lines of credit, in addition to resources generated by operating and financing activities, will allow the Group to meet requirements deriving from investing activities, management of working capital and repayment of debts at their natural due dates, in addition to ensuring the pursuit of a strategy of growth, also by means of targeted acquisitions capable of creating value for shareholders. Cash on hand at 30 June 2017 totalled € 136.7 million. As in the past, the amount of cash on hand and the further cash to be generated from the operating activities of the Group during H1 2017 are definitely factors that will make it possible to reduce Group's exposure to the liquidity risk.

Price risk
The Group is exposed to risks deriving from fluctuations in the prices of the metals utilised, namely brass, aluminium, steel, stainless steel, cast iron and, to a lesser extent, copper, sheet

steel and mild steel. Even though the various Group Sectors have a similar exposure to fluctuations of metals prices, they adopt different risk reduction strategies depending on the specific metals involved. We invite you to refer to the notes to the financial statements as at 31 December 2016 for more comprehensive information.
With respect to 31 December 2016, the prices recorded on the market for the raw materials used by the Group have not changed significantly. Wherever possible the Group reviews selling prices periodically in order to pass on the entirety or part of the increased price of raw materials to its customers. The Group constantly monitors the price trend of these raw materials in the attempt to adopt the most effective policies to minimise the potential exposure to this risk.

EVENTS OCCURRING AFTER THE END OF H1 2017

Work continued during H1 2017 on the rationalization of Group companies. Some of the effects of these activities are described above, in the section on changes in the Group structure, others took place after the end of the period and are described below. Further rationalization work is in progress.

The absorption in the United Kingdom of IMM Hydraulics UK, E.I. Holdings Ltd, Endeavour Ltd and Bristol Hose Ltd by Interpump Hydraulics UK Ltd took operational effect from 1 July 2017.

The absorption in Spain of Inoxpa Grup S.L.U. and Suali S.L.U. by Inoxpa S.A. took operational effect from 26 July 2017.

After the close of H1 2017 no atypical or unusual transactions were carried out such that would call for changes to the consolidated financial statements as at 30 June 2017.

Directors' remarks on performance in Q2 2017

Q2 consolidated income statements

(€/000)	*2017*	*2016*
Net sales	**286,010**	**245,760**
Cost of sales	(175,541)	(155,382)
Gross industrial margin	**110,469**	**90,378**
% on net sales	*38.6%*	*36.8%*
Other operating revenues	4,260	3,923
Distribution costs	(26,894)	(22,602)
General and administrative expenses	(31,844)	(27,462)
Other operating costs	(811)	(559)
EBIT	**55,180**	**43,678**
% on net sales	*19.3%*	*17.8%*
Financial income	3,011	1,580
Financial expenses	(7,156)	(2,530)
Equity method contribution	-	17
Profit for the period before taxes	**51,035**	**42,745**
Income taxes	(17,311)	(15,477)
Consolidated net profit for the period	**33,724**	**27,268**
% on net sales	*11.8%*	*11.1%*
Pertaining to:		
Parent company's shareholders	33,492	27,203
Subsidiaries' minority shareholders	232	65
Consolidated net profit for the period	**33,724**	**27,268**
EBITDA	**67,927**	**54,699**
% on net sales	*23.7%*	*22.3%*
Shareholders' equity	708,634	610,014
Net debt	319,109	309,775
Payables for the acquisition of investments	57,862	30,918
Capital employed	1,085,605	950,707
Unannualized ROCE	**5.1%**	**4.6%**
Unannualized ROE	**4.8%**	**4.5%**
Basic earnings per share	**0.313**	**0.258**

The scope of consolidation in Q2 2017 includes the Inoxpa Group, Bristol Hose, Teknotubi, Mega Pacific and 1 month of Mariotti & Pecini. In addition, Tubiflex has been consolidated for the entire quarter, while it was only consolidated for 2 months in Q2 2016.

NET SALES

Net sales for Q2 2017 totalled €286.0m, up by 16.4% with respect to Q2 2016, when the figure stood at €245.8m (+6.3% at unchanged perimeter).

Net sales in Q2 are distributed as shown below by business sector and geographical area:

(€/000)	Italy	Rest of Europe	North America	Far East and Oceania	Rest of the World	Total
Q2 2017						
Hydraulic Sector	41,058	62,343	42,875	17,310	17,270	180,856
Water Jetting Sector	9,118	39,519	36,086	11,940	8,491	105,154
Total	50,176	101,862	78,961	29,250	25,761	286,010
Q2 2016						
Hydraulic Sector	32,425	58,591	36,813	9,824	18,887	156,540
Water Jetting Sector	9,983	25,174	34,966	13,453	5,644	89,220
Total	42,408	83,765	71,779	24,531	24,290	245,760
2017/2016 percentage changes						
Hydraulic Sector	+26.6%	+6.4%	+16.5%	+76.2%	-8.6%	+15.5%
Water Jetting Sector	-8.7%	+57.0%	+3.2%	-11.2%	+50.4%	+17.9%
Total	+18.3%	+21.6%	+10.0%	+25.7%	+5.0%	+16.4%
2017/2016 like for like changes (%)						
Hydraulic Sector	+12.8%	+4.0%	+16.4%	+51.7%	-8.6%	+10.2%
Water Jetting Sector	-14.1%	+8.7%	+1.7%	-15.0%	+4.8%	-0.4%
Total	+6.4%	+5.4%	+9.2%	+13.2%	-5.5%	+6.3%

PROFITABILITY

The cost of sales accounted for 61.4% of turnover (63.2% in Q2 2016), representing an improvement of 1.8 percentage points. Production costs, which totalled €73.0m (€63.5m in Q2 2016, which however did not include the purchasing costs of the Inoxpa Group, Bristol Hose, Teknotubi, Mega Pacific and 1 month of Mariotti & Pecini and Tubiflex), accounted for 25.5% of sales (25.8% in the equivalent period of 2016). The purchase cost of raw materials and components sourced on the market, including changes in inventories, was €102.5m (€91.9m in the equivalent period of 2016, which however did not include the purchasing costs of the Inoxpa Group, Bristol Hose, Teknotubi, Mega Pacific and 1 month of Mariotti & Pecini and Tubiflex). The incidence of purchase costs, including changes in inventories, was 35.8% with respect to the 37.4% in Q2 2016, thus improving by 1.6 percentage points.

Distribution costs, at unchanged perimeter, rose by 1.2% with respect to Q2 2016, while their incidence on sales fell by 0.4 percentage points.

Net of consolidation differences, general and administrative expenses rose by 3.0% with respect to the second quarter of 2016, although their incidence on sales fell by 0.4 percentage points.

EBITDA amounted to 67.9 million euro (23.7% of sales), compared with 54.7 million euro in Q2 2016 (22.3% of sales). This represents growth of 24.2% and an improvement in profitability of 1.4 percentage points. At unchanged consolidation perimeter, EBITDA grew by 14.1%.

The following table shows EBITDA by business sector:

	Q2 2017 €/000	*% on total sales**	*Q2 2016 €/000*	*% on total sales**	*Increase/ Decrease*
Hydraulic Sector	39,198	21.7%	31,788	20.3%	+23.3%
Water Jetting Sector	28,731	27.2%	22,912	25.6%	+25.4%
Other Revenues Sector	(2)	n.s.	(1)	n.s.	n.s.
Total	***67,927***	***23.7%***	***54,699***	***22.3%***	***+24.2%***

* = Total sales include those to other Group companies, while the sales analysed previously are exclusively those external to the Group (see Note 2 in the explanatory notes). For comparability, the percentage is calculated on total sales, rather than the net sales shown earlier.

EBIT was €55.2m (19.3% of sales) compared with €43.7m in Q2 2016 (17.8% of sales), up by 26.3%.

Q2 closed with consolidated net profit of €33.7m (€27.3m in Q2 2016), reflecting a rise of 23.7%.

Basic earnings per share were €0.313 (€0.258 in Q2 2016), reflecting a 21.3% increase.

BUSINESS OUTLOOK

Considering the short span of time covered by the Group's order portfolio and difficulties and uncertainties concerning the current world economic situation, it is impractical to formulate reliable forecasts in relation to trends in H2 2017, although positive results are predicted in terms of both sales and profitability. The Group will continue to devote special attention to controlling costs and to finance management in order to maximise the generation of free cash flow to be allocated to internal and external growth and to the remuneration of shareholders.

Sant'Ilario d'Enza (RE), 4 August 2017

For the Board of Directors
Fulvio Montipò
Chairman and Chief Executive Officer

Financial statements and notes

Consolidated statement of financial position

(€/000)	*Notes*	*30/06/2017*	*31/12/2016*
ASSETS			
Current assets			
Cash and cash equivalents		136,696	197,891
Trade receivables		250,902	200,018
Inventories	4	286,956	257,545
Tax receivables		17,554	11,140
Other current assets		11,596	7,686
Total current assets		**703,704**	**674,280**
Non-current assets			
Property, plant and equipment	5	314,861	300,921
Start-up	1	428,216	390,708
Other intangible assets		40,393	30,039
Other financial assets		1,775	790
Tax receivables		1,735	1,740
Deferred tax assets		24,655	24,108
Other non-current assets		2,115	1,654
Total non-current assets		**813,750**	**749,960**
Assets held for sale		2,634	-
Total assets		***1,520,088***	***1,424,240***

(€/000)	*Notes*	*30/06/2017*	*31/12/2016*
LIABILITIES			
Current liabilities			
Trade payables		141,807	109,004
Payables to banks		13,140	2,396
Interest-bearing financial payables (current portion)		134,316	124,784
Derivative financial instruments		-	36
Tax payables		22,887	18,126
Other current liabilities		65,836	49,772
Provisions for risks and charges		3,692	3,620
Total current liabilities		**381,678**	**307,738**
Non-current liabilities			
Interest-bearing financial payables		308,349	327,974
Liabilities for employee benefits		19,682	19,311
Deferred tax liabilities		50,934	47,755
Other non-current liabilities		47,588	41,058
Provisions for risks and charges		3,023	2,866
Total non-current liabilities		**429,576**	**438,964**
Liabilities held for sale		200	-
Total liabilities		**811,454**	**746,702**
SHAREHOLDERS' EQUITY	6		
Share capital		55,696	55,431
Legal reserve		11,323	11,323
Share premium reserve		118,790	112,386
Reserve for the measurement of hedging derivatives at fair value		-	(24)
Reserve for restatement of defined benefit plans		(5,022)	(5,022)
Translation provision		11,431	33,497
Other reserves		510,421	466,153
Group shareholders' equity		**702,639**	**673,744**
Minority interests		5,995	3,794
Total shareholders' equity		**708,634**	**677,538**
Total shareholders' equity and liabilities		***1,520,088***	***1,424,240***

H1 consolidated income statements

(€/000)	*Notes*	*2017*	*2016*
Net sales		**558,751**	**472,468**
Cost of sales		(343,842)	(300,172)
Gross industrial margin		**214,909**	**172,296**
Other net revenues		8,113	7,234
Distribution costs		(52,558)	(42,985)
General and administrative expenses		(63,099)	(54,371)
Other operating costs		(1,372)	(1,198)
Ordinary profit before financial expenses		**105,993**	**80,976**
Financial income	7	6,286	3,967
Financial expenses	7	(11,651)	(7,490)
Equity method contribution		35	(39)
Profit for the period before taxes		**100,663**	**77,414**
Income taxes		(34,403)	(28,279)
Consolidated net profit for the period		**66,260**	**49,135**
Pertaining to:			
Parent company's shareholders		65,624	48,868
Subsidiaries' minority shareholders		636	267
Consolidated net profit for the period		**66,260**	**49,135**
Basic earnings per share	8	0.614	0.461
Diluted earnings per share	8	0.608	0.455

H1 comprehensive consolidated income statements

(€/000)	*2017*	*2016*
H1 consolidated profit (A)	**66,260**	**49,135**
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the period		
Accounting for exchange risk hedging derivatives recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the period	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
- Minus: Adjustment for fair value recognition of reserves in the prior period	33	19
Total	*33*	*19*
Profits (Losses) arising from the translation to euro of the financial statements of foreign companies	*(22,349)*	*(3,797)*
Profits (Losses) of companies carried at equity	*(27)*	*(14)*
Related taxes	*(9)*	*(6)*
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	**(22,352)**	**(3,798)**
Other comprehensive profit (loss) that will not be subsequently reclassified in consolidated profit for the period		
Profit (Loss) deriving from the restatement of defined benefit plans	-	*(72)*
Related taxes	-	*20*
Total other comprehensive profit (loss) that will not be subsequently reclassified in consolidated profit for the period (C)	**-**	**(52)**
H1 comprehensive consolidated profit (A) + (B) + (C)	**43,908**	**45,285**
Pertaining to:		
Parent company's shareholders	43,582	45,202
Subsidiaries' minority shareholders	326	83
Comprehensive consolidated profit for the period	**43,908**	**45,285**

Q2 consolidated income statements

(€/000)		*2017*	*2016*
Net sales		**286,010**	**245,760**
Cost of sales		(175,541)	(155,382)
Gross industrial margin		**110,469**	**90,378**
Other net revenues		4,260	3,923
Distribution costs		(26,894)	(22,602)
General and administrative expenses		(31,844)	(27,462)
Other operating costs		(811)	(559)
Ordinary profit before financial expenses		**55,180**	**43,678**
Financial income	7	3,011	1,580
Financial expenses	7	(7,156)	(2,530)
Equity method contribution		-	17
Profit for the period before taxes		**51,035**	**42,745**
Income taxes		(17,311)	(15,477)
Consolidated net profit for the period		**33,724**	**27,268**
Pertaining to:			
Parent company's shareholders		33,492	27,203
Subsidiaries' minority shareholders		232	65
Consolidated net profit for the period		**33,724**	**27,268**
Basic earnings per share	8	0.313	0.258
Diluted earnings per share	8	0.310	0.255

Q2 comprehensive consolidated income statements

(€/000)	*2017*	*2016*
Q2 consolidated profit (A)	**33,724**	**27,268**
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the period		
Accounting for exchange risk hedging derivatives recorded in accordance with the cash flow hedging method:		
- Profit (Loss) on derivative financial instruments for the period	-	-
- Minus: Adjustment for reclassification of profits (losses) to the income statement	(3)	(7)
- Minus: Adjustment for fair value recognition of reserves in the prior period	11	(5)
Total	*8*	*(12)*
Profits (Losses) arising from the translation to euro of the financial statements of foreign companies	*(22,067)*	*7,105*
Profits (Losses) of companies carried at equity	*(26)*	*3*
Related taxes	*(2)*	*4*
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the period, net of the tax effect (B)	**(22,087)**	**7,100**
Other comprehensive profit (loss) that will not be subsequently reclassified in consolidated profit for the period		
Profit (Loss) deriving from the restatement of defined benefit plans	-	*(72)*
Related taxes	-	*20*
Total other comprehensive profit (loss) that will not be subsequently reclassified in consolidated profit for the period (C)	**-**	**(52)**
Q2 comprehensive consolidated profit (A) + (B) + (C)	**11,637**	**34,316**
Pertaining to:		
Parent company's shareholders	11,719	34,234
Subsidiaries' minority shareholders	(82)	82
Comprehensive consolidated profit for the period	**11,637**	**34,316**

H1 consolidated cash flow statements

(€/000)	*2017*	*2016*
Cash flow from operating activities		
Pretax profit	100,663	77,414
Adjustments for non-cash items:		
Capital losses (Capital gains) from the sale of fixed assets	(1,906)	(926)
Depreciation and amortization	23,869	20,879
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	869	854
Loss (Profit) from investments	(35)	39
Net change in risk funds and allocations for employee benefits	368	(301)
Outlays for tangible fixed assets destined for hire	(3,508)	(4,676)
Proceeds from the sale of fixed assets granted for hire	4,509	3,623
Financial expenses (Income), net	5,365	3,523
	130,194	100,429
(Increase) decrease in trade receivables and other current assets	(50,231)	(26,692)
(Increase) decrease in inventories	(22,455)	(15,003)
Increase (decrease) in trade payables and other current liabilities	33,700	15,334
Interest paid	(1,782)	(2,612)
Currency exchange gains realised	(992)	(1,122)
Taxes paid	(31,983)	(22,922)
Net cash from operating activities	**56,451**	**47,412**
Cash flows from investing activities		
Outlay for the acquisition of investments, net of received cash and including treasury shares assigned	(70,381)	(26,092)
Disposal of investments and lines of business including transferred cash	-	746
Capital expenditure on property, plant and equipment	(18,519)	(17,237)
Proceeds from the sale of tangible fixed assets	425	540
Receipts from the disposal of assets held for sale	865	-
Capital expenditure on intangible fixed assets	(1,716)	(1,517)
Received financial income	240	216
Other	(165)	(53)
Net liquidity used in investing activities	**(89,251)**	**(43,397)**
Cash flows of financing activity		
Disbursals (repayments) of loans	(19,918)	41,516
Dividends paid	(21,276)	(21,031)
Outlays for purchase of treasury shares	-	(42,728)
Sale of treasury shares for the acquisition of equity investments	3,685	5,516
Proceeds from the sale of treasury shares to beneficiaries of stock options	2,115	560
Disbursals (repayments) of loans from (to) shareholders	(51)	(7)
Change in other financial assets	88	(26)
Payment of financial leasing installments (principal portion)	(1,095)	(1,302)
Net liquidity generated (used by) financing activities	**(36,452)**	**(17,502)**
Net increase (decrease) of cash and cash equivalents	**(69,252)**	**(13,487)**

(€/000)	*2017*	*2016*
Net increase (decrease) of cash and cash equivalents	**(69,252)**	**(13,487)**
Exchange differences from conversion of cash of companies in areas outside the EU	(2,687)	(652)
Opening cash and equivalents of companies consolidated for the first time using the line-by-line method	-	161
Cash and cash equivalents at beginning of period	195,495	129,395
Cash and cash equivalents at end of period	**123,556**	**115,417**

Cash and cash equivalents can be broken down as follows:

	30/06/2017 €/000	31/12/2016 €/000
Cash and cash equivalents as per statement of financial position	136,696	197,891
Payables to banks (current account overdrafts and advances subject to collection)	(13,140)	(2,396)
Cash and cash equivalents as per cash flow statement	123,556	195,495

Statement of changes in consolidated shareholders' equity

	Share capital	*Legal reserve*	*Share premium reserve*	*Reserve for measurement of hedging derivatives at fair value*	*Reserve for restatement of defined benefit plans*	*Translation provision*	*Other reserves*	*Group shareholders' equity*	*Minority interests*	*Total*
Balances at 1 January 2016	*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 assigned and exercisable	-	-	854	-	-	-	-	854	-	854
Purchase of treasury shares	(1,750)	-	(40,978)	-	-	-	-	(42,728)	-	(42,728)
Sale of treasury shares to the beneficiaries of stock options	62	-	498	-	-	-	-	560	-	560
Sale of treasury shares for payment of equity investments	234	-	5,282	-	-	-	-	5,516	-	5,516
Purchase of residual interests in subsidiaries	-	-	-	-	-	43	52	95	(1,040)	(945)
Dividends paid	-	-	-	-	-	-	(20,054)	(20,054)	(967)	(21,021)
Dividends approved	-	-	-	-	-	-	-	-	(135)	(135)
Comprehensive profit (loss) for H1 2016	-	-	-	13	(52)	(3,627)	48,868	45,202	83	45,285
Balances as at 30 June 2016	*54,578*	*11,323*	*104,611*	-	*(3,553)*	*19,073*	*420,570*	*606,602*	*3,412*	*610,014*
Recognition in the income statement of the fair value of stock options assigned and exercisable	-	-	879	-	-	-	-	879	-	879
Purchase of treasury shares	(22)	-	(2,330)	-	-	-	1,772	(580)	-	(580)
Sale of treasury shares to the beneficiaries of stock options	875	-	8,992	-	-	-	(937)	8,930	-	8,930
Sale of treasury stock to pay for equity investments	-	-	234	-	-	-	(234)	-	-	-
Comprehensive profit (loss) for H2 2016	-	-	-	(24)	(1,469)	14,424	44,982	57,913	382	58,295
Balances at 31 December 2016	*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 assigned and exercisable	-	-	869	-	-	-	-	869	-	869
Sale of treasury shares to the beneficiaries of stock options	78	-	2,037	-	-	-	-	2,115	-	2,115
Sale of treasury shares for payment of equity investments	187	-	3,498	-	-	-	-	3,685	-	3,685
Purchase of equity investments with minority interests	-	-	-	-	-	-	-	-	2,463	2,463
Dividends paid	-	-	-	-	-	-	(21,276)	(21,276)	-	(21,276)
Dividends approved	-	-	-	-	-	-	(80)	(80)	(588)	(668)
Comprehensive profit (loss) for H1 2017	-	-	-	24	-	(22,066)	65,624	43,582	326	43,908
Balances as at 30 June 2017	*55,696*	*11,323*	*118,790*	-	*(5,022)*	*11,431*	*510,421*	*702,639*	*5,995*	*708,634*

Notes to the consolidated financial statements

General information

Interpump Group S.p.A. is a company domiciled in Sant'Ilario d'Enza (Reggio Emilia, Italy) and incorporated under Italian law. The company is listed on the Milan stock exchange in the STAR segment.

The Group manufactures and markets high and very high-pressure plunger pumps, very high-pressure systems, power take-offs, hydraulic cylinders, valves and directional controls, hydraulic hoses and fittings and other hydraulic products. The Group has production facilities in Italy, the US, Germany, China, India, France, Portugal, Brazil, Bulgaria, Romania and South Korea.

Sales are not affected by any significant degree of seasonality.

The consolidated financial statements include Interpump Group S.p.A. and its directly or indirectly controlled subsidiaries (hereinafter "the Group").

The consolidated financial statements as at 30 June 2017 were approved by the Board of Directors today (4 August 2017).

Basis of preparation

The consolidated financial statements as at 30 June 2017 were drawn up in compliance with international accounting standards (IAS/IFRS) endorsed by the European Union for interim financial statements. The tables were prepared in compliance with IAS 1, while the notes were prepared in condensed form in application of the faculty provided by IAS 34 and therefore they do not include all the information required for annual financial statements drafted in compliance with IFRS standards. Therefore the consolidated financial statements as at 30 June 2016 should be consulted together with the annual financial statements for the year ending 31 December 2016.

The accounting principles and criteria adopted in the interim financial statements as at 30 June 2017 may conflict with IFRS provisions in force on 31 December 2017 due to the effect of future orientations of the European Commission with regard to the approval of international accounting standards or the issue of new standards, interpretations or implementing guidelines by the International Accounting Standards Board (IASB) or the International Financial Reporting Interpretation Committee (IFRIC).

Preparation of an interim report in compliance with IAS 34 *Interim Financial Reporting* calls for judgments, estimates, and assumptions that have an effect on assets, liabilities, costs and revenues and on information regarding potential assets and liabilities at the report reference date. We draw your attention to the fact that estimates may differ from the effective results, the magnitude of which will only be known in the future. We further draw your attention to the fact that some evaluation processes, notably those that are more complex, such as the determination of any impairments of non-current assets, are generally performed in a comprehensive manner only at the time of drafting of the annual financial statements when all the necessary information is available, except in cases in which indicators of impairment exist, calling for immediate evaluation of any losses in value. Likewise, the actuarial evaluations required for determination of liabilities for benefits due to employees are normally processed at the time of drafting of the annual financial statements.

The consolidated financial statements are drafted in thousands of euro. The financial statements are prepared using the cost method, with the exception of financial instruments, which are carried at fair value.

Accounting standards

The accounting standards adopted are those described in the consolidated financial statements at 31 December 2016, with the exception of those adopted as from 1 January 2017 as described hereunder, and they were uniformly applied to all Group companies and all periods presented.

a) New accounting standards and amendments taking effect on 1 January 2017 and adopted by the Group

As from 2017 the Group has applied the following new accounting standards, amendments and interpretations, reviewed by IASB:

- *IFRS Annual improvements cycle 2012–2014 –* On 25 September 2014 IASB issued a raft of amendments to IAS/IFRS standards. The aim of the annual improvements is to address necessary matters related to inconsistencies found in IFRSs or for clarifications of terminology, which are not of an urgent nature but which reflect issues discussed by IASB during the project cycle. Among the amended standards, IFRS 5, in relation to which a clarification has been introduced concerning cases in which the method of disposal of an asset is changed from held for sale to held for distribution; IFRS 7, with a clarification to establish if and when a residual involvement in a transferred financial asset exists in the presence of an associated service contract, thus determining the required level of disclosure; IAS 19, which clarifies that the currency of securities used as a benchmark to estimate the discount rate, must be the same as the currency in which the benefits will be paid; and IAS 34 in which the meaning of "elsewhere" is clarified for the inclusion of information by cross-reference.
- *Amendments to IAS 12 – Income taxes.* The IASB has published certain amendments to the standard. The document entitled *Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12)* seeks to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.
- *Amendments to IAS 7 - Statement of cash flows.* On 29 January 2016, the IASB published an amendment to the standard entitled *"Disclosure initiative"* in order to improve the information provided about changes in financial liabilities.

b) New accounting standards and amendments effective from 1 January 2017 but not relevant for the Group:

- *IFRS Annual improvements cycle 2014–2016* - On 8 December 2016 IASB issued several minor changes to IFRS 12 *(Disclosure of interests in other entities)*. The aim of the annual improvements is to address necessary matters related to inconsistencies found in IFRSs or for clarifications of terminology, which are not of an urgent nature but which reflect issues discussed by IASB during the project cycle.
- On 30 January 2014, the IASB published IFRS 14 *Regulatory Deferral Accounts*, which is an interim standard related to the *Rate-regulated activities* project. IFRS 14 allows exclusively first-time adopters of IFRS to continue recognizing amounts associated with rate regulation in compliance with the accounting policies previously adopted. In order to improve comparability with entities that are already applying the IFRS standards and that do not therefore disclose these amounts, the standard requires the rate regulation effect to be presented separately from other captions.

c) New accounting standards and amendments not yet applicable and not adopted early by the Group

- *IFRS 2 – Share-based payments.* On 21 June 2016 IASB published amendments to the standard with a view to clarifying the accounting for certain operations involving share-based payments. The amendments will be applicable from 1 January 2018, although early adoption is allowed.
- *IFRS 9 – Financial instruments*. On 12 November 2009 IASB published the following standard, which was subsequently amended on 28 October 2010 in a further amendment in mid-December 2011. The new standard, which is applicable from 1 January 2018, constitutes the first part of a process in stages aimed at replacing IAS 39 and introduces new criteria for the classification and measurement of financial assets and liabilities, and for derecognition of financial assets from the financial statements. Specifically, the new standard uses a single approach to financial assets based on the methods of management of financial instruments and on the characteristics of the contractual cash flows of financial assets in order to establish the measurement criterion, replacing the various rules contained in IAS 39. In contrast, for financial liabilities the main change concerns the accounting treatment for changes in the fair value of a financial liability designated as a financial liability measured at fair value in profit and loss, in the event wherein such changes are due to changes in the credit rating of the liabilities in question. In accordance with the new standard, such changes must be recorded in the comprehensive income statement and cannot thereafter be derecognised in profit and loss.
- *IFRS 15 – Recognition of revenue from contracts with customers.* On 28 May 2014 IASB and FASB jointly issued IFRS 15 designed to improve the disclosure of revenues and the global comparability of financial statements in order to harmonize the recognition of economically similar transactions. The standard is effective for IFRS users from reporting periods starting after 1 January 2017 (early adoption is permitted). On 12 April 2016, the IASB published*"Clarification to IFRS 15"*, in order to clarify certain requirements and provide further simplifications that reduce costs and complexity for first-time adopters of the new standard.
- *IFRS Annual improvements cycle 2014–2016* - On 8 December 2016 IASB issued several minor changes to IFRS 1 *(First-Time Adoption of IFRS)* and IAS 28 *(Investments in Associates and Joint Ventures),* as well as an IFRIC interpretation *(Interpretation 22 Foreign Currency Transactions and Advance Consideration)*. The aim of the annual improvements is to address necessary matters related to inconsistencies found in IFRSs or for clarifications of terminology, which are not of an urgent nature but which reflect issues discussed by IASB during the project cycle. Among the principal amendments, IFRIC 22 provides guidance on the use of exchange rates in transactions in which the foreign currency consideration is paid or received in advance. These amendments will be effective for reporting periods starting after 1 January 2018.
- *IFRS 16 – Leasing*. On 13 January 2016, IASB published the new standard that replaces IAS 17. The new standard will make the financial statements of companies even more comparable, by abolishing the distinction between "finance leases" and "operating leases" and by requiring companies to recognise the assets and liabilities associated with all types of leasing contracts in their financial statements. IFRS 16 is applicable from 1 January 2019. Early application is allowed for entities that also apply IFRS 15 "Revenue from contracts with customers".
- *Amendments to IAS 40 – Transfer of Investment Property.* On 8 December 2016, IASB published an amendment to IAS 40 to clarify when it is possible to recognise the change of use of investment property.

- *IFRS 17 – Insurance Contracts.* On 18 May 2017, IASB published a new standard to replace IFRS 4, which was issued in 2004. The new standard seeks to improve the understanding of investors and others about the risk exposure, profitability and financial position of insurers. IFRS 17 is applicable from 1 January 2021, although early adoption is permitted.
- *IFRIC 23 – Uncertainty over Income Tax Treatment.* On 8 June 2017 IASB published IFRIC 23 to clarify how to account for uncertainties in the treatment of certain phenomena for income tax purposes. The interpretation will take effect as from 1 January 2019.

At today's date the competent bodies of the European Union have yet to complete the approval process related to the new standards and amendments applicable to financial statements starting as from 1 January 2017.

The analysis of the effects of application of IFRS 15 (*Revenue recognition*) is proceeding, although at this point in time no significant effects have emerged further to application of the new standard. With regard to the application of IFRS 16 (Leasing), the effects on payables before discounting are reported in note 34 to the consolidated financial statements at 31 December 2016. On the basis of analyses currently in progress, no significant effects on the economic and financial position are expected from the 2018 adoption of other applicable new standards and amendments.

Notes to the consolidated financial statements as at 30 June 2017

1. Perimeter of consolidation and goodwill

Company	*Head office*	*Share capital €/000*	*Sector*	*% stake at 30/06/17*
General Pump Inc.	Minneapolis (USA)	1,854	Water Jetting	100.00%
Hammelmann GmbH	Oelde (Germany)	25	Water Jetting	100.00%
Hammelmann Australia Pty Ltd (1)	Melbourne (Australia)	472	Water Jetting	100.00%
Hammelmann Corporation Inc (1)	Miamisburg (USA)	39	Water Jetting	100.00%
Hammelmann S. L. (1)	Zaragoza (Spain)	500	Water Jetting	100.00%
Hammelmann Pumps Systems Co Ltd (1)	Tianjin (China)	871	Water Jetting	90.00%
Hammelmann Bombas e Sistemas Ltda (1)	San Paolo (Brazil)	765	Water Jetting	100.00%
Inoxihp S.r.l.	Nova Milanese (MI)	119	Water Jetting	52.72%
NLB Corporation Inc.	Detroit (USA)	12	Water Jetting	100.00%
Inoxpa Grup S.l.U	Banyoles (Spain)	3,095	Water Jetting	100.00%
Inoxpa S.A.(11)	Banyoles (Spain)	23,000	Water Jetting	100.00%
Suministros Tecnicos Y Alimentarios S.L. (12)	Bilbao (Spain)	96	Water Jetting	66.25%
Inoxpa India Private Ltd (12)	Pune (India)	6,779	Water Jetting	100.00%
Candigra Vision Process Equipment PVT Ltd (13)	Maharashtra (India)	403	Water Jetting	99.98%
Inoxpa Solutions France (12)	Gleize (France)	1,451	Water Jetting	100.00%
Inoxpa Solution Portugal Lda (12)	Vale de Cambra (Portugal)	600	Water Jetting	100.00%
STA Portoguesa Maquinas Para Industria Alim. Lda (12)	Vale de Cambra (Portugal)	160	Water Jetting	100.00%
Inoxpa (UK) Ltd (12)	Eastbourne (UK)	1,942	Water Jetting	100.00%
Inoxpa Solutions Moldova SRL (12)	Chisinau (Moldova)	317	Water Jetting	66.67%
Inoxpa Australia Pty. Ltd (12)	Capalaba (Australia)	584	Water Jetting	100.00%
Inoxpa Colombia SAS (12)	Bogotá (Colombia)	133	Water Jetting	83.29%
Inoxpa Italia S.r.l. (12)	Mirano (VE)	100	Water Jetting	100.00%
Inoxpa Middle East FZCO (12)	Dubai (UAE)	253	Water Jetting	60.00%
Inoxpa Skandinavien A/S (12)	Horsens (Denmark)	134	Water Jetting	100.00%
Inoxpa South Africa Proprietary Ltd (12)	Gauteng (South Africa)	104	Water Jetting	100.00%
Inoxpa Special Processing Equipment Co. Ltd (12)	Jianxing (China)	1,647	Water Jetting	100.00%
Inoxpa Ukraine (12)	Kiev (Ukraine)	113	Water Jetting	100.00%
Inoxpa USA Inc (12)	Santa Rosa (USA)	1,426	Water Jetting	100.00%
Inoxrus (12)	Saint Petersburg (Russia)	814	Water Jetting	100.00%
STARINOX (14)	Moscow (Russia)	1,242	Water Jetting	55.00%
SUALI S.LU. (12)	Banyoles (Spain)	4,494	Water Jetting	100.00%
SCI Suali (15)	Gleize (France)	503	Water Jetting	100.00%
Mariotti & Pecini S.r.l.	Sesto Fiorentino (FI)	100	Water Jetting	60.00%
SIT S.p.A.	S.Ilario d'Enza (RE)	105	Water Jetting	65.00%
Interpump Hydraulics S.p.A.	Calderara di Reno (BO)	2,632	Hydraulic	100.00%
AVI S.r.l. (2)	Varedo (MB)	10	Hydraulic	100.00%
Contarini Leopoldo S.r.l. (2)	Lugo (RA)	47	Hydraulic	100.00%
Unidro S.a.r.l. (3)	Barby (France)	8	Hydraulic	100.00%
Copa Hydrosystem Ood (3)	Troyan (Bulgaria)	3	Hydraulic	95.00%
Hydrocar Chile S.A. (2)	Santiago (Chile)	129	Hydraulic	90.00%
Hydroven S.r.l. (2)	Tezze sul Brenta (VI)	200	Hydraulic	100.00%
Hypress Africa Pty Ltd (2)	Boksburg (South Africa)	-	Hydraulic	100.00%
Interpump Hydraulics Brasil Ltda (2)	Caxia do Sul (Brazil)	13,996	Hydraulic	100.00%
Interpump Hydraulics France S.a.r.l. (2)	Ennery (France)	76	Hydraulic	99.77%

Company	*Head office*	*Share capital €/000*	*Sector*	*% stake at 30/06/17*
Interpump Hydraulics India Private Ltd (2)	Hosur (India)	682	Hydraulic	100.00%
Interpump Hydraulics Middle East FZCO (2)	Dubai (UAE)	326	Hydraulic	100.00%
Interpump South Africa Pty Ltd (2)	Johannesburg (South Africa)	-	Hydraulic	100.00%
Interpump Hydraulics (UK) Ltd. (2)	Kingswinford (United Kingdom)	13	Hydraulic	100.00%
IMM Hydraulics Ltd (4)	Halesowen (UK)	1	Hydraulic	100.00%
Bristol Hose Ltd (7)	Bristol (United Kingdom)	18	Hydraulic	100.00%
E.I. Holdings Ltd (7)	Bath (United Kingdom)	127	Hydraulic	100.00%
Endeavour International Ltd (8)	Bath (United Kingdom)	69	Hydraulic	100.00%
Mega Pacific Pty Ltd (4)	Newcastle (Australia)	335	Hydraulic	65.00%
Mega Pacific NZ Pty Ltd (4)	Mount Maunganui (New Zealand)	557	Hydraulic	65.00%
Muncie Power Prod. Inc. (2)	Muncie (USA)	784	Hydraulic	100.00%
American Mobile Power Inc. (5)	Fairmount (USA)	3,410	Hydraulic	100.00%
Oleodinamica Panni S.r.l. (2)	Tezze sul Brenta (VI)	2,000	Hydraulic	100.00%
Wuxi Interpump Weifu Hydraulics Company Ltd (2)	Wuxi (China)	2,095	Hydraulic	65.00%
IMM Hydraulics S.p.A. (2)	Atessa (Switzerland)	520	Hydraulic	100.00%
Hypress France S.a.r.l. (6)	Strasbourg (France)	162	Hydraulic	100.00%
Hypress Hydraulik GmbH (6)	Meinerzhagen (Germany)	52	Hydraulic	100.00%
Hypress S.r.l. (6)	Atessa (Switzerland)	50	Hydraulic	100.00%
IMM Hydro Est (6)	Catcau Cluj Napoca (Romania)	3,155	Hydraulic	100.00%
Tekno Tubi S.r.l. (6)	Sant’Agostino (FE)	100	Hydraulic	100.00%
Tubiflex S.p.A.	Orbassano (TO)	515	Hydraulic	80.00%
Walvoil S.p.A.	Reggio Emilia	7,692	Hydraulic	100.00%
Walvoil Fluid Power Corp. (9)	Tulsa (USA)	137	Hydraulic	100.00%
Walvoil Fluid Power Shanghai Co. Ltd (9)	Shanghai (China)	1,872	Hydraulic	100.00%
Walvoil Fluid Power Pvt Ltd (9)	Bangalore (India)	683	Hydraulic	100.00%
Walvoil Fluid Power Korea (9)	Pyeongtaek (South Korea)	453	Hydraulic	100.00%
Walvoil Fluid Power France S.a.r.l. (9)	Vritz (France)	10	Hydraulic	100.00%
Walvoil Fluid Power Australasia (9)	Melbourne (Australia)	7	Hydraulic	100.00%
Galtech Canada Inc. (9)	Terrebonne, Quebec (Canada)	76	Hydraulic	100.00%
HC Hydraulics Technologies (P) Ltd (9)	Bangalore (India)	4,120	Hydraulic	100.00%
Aperlai HK Ltd (9)	Hong Kong	77	Hydraulic	100.00%
HTIL (9)	Hong Kong	98	Hydraulic	100.00%
Guangzhou Bushi Hydraulic Technology Ltd (10)	Guangzhou (China)	3,720	Hydraulic	100.00%
Teknova S.r.l. (in liquidation)	Reggio Emilia	28	Other	100.00%

(1) = controlled by Hammelmann GmbH
(2) = controlled by Interpump Hydraulics S.p.A.
(3) = controlled by Contarini Leopoldo S.r.l.
(4) = controlled by Interpump Hydraulics (UK) Ltd.
(5) = controlled by Muncie Power Inc.
(6) = controlled by IMM Hydraulis S.p.A
(7) = controlled by IMM Hydraulics Ltd
(8) = controlled by E.I. Holdings Ltd
(9) = controlled by Walvoil S.p.A.
(10) = controlled by HTIL
(11) = controlled by Inoxpa Grup S.l
(12) = controlled by Inoxpa Group S.A.
(13) = controlled by Inoxpa India Private Ltd
(14) = controlled by Inoxrus
(15) = controlled by SUALI S.LU
The other companies are controlled directly by Interpump Group S.p.A.

The companies of the Inoxpa Group (Water Jetting Sector) were consolidated for the first time for five months, having been acquired on 3 February; Mariotti & Pecini S.r.l. was consolidated for 1 month, having been acquired on 12 June, while Bristol Hose (Hydraulic Sector) was consolidated for the entire six-month period.

The minority shareholder of Inoxihp S.r.l. is entitled to dispose of its holdings starting from the approval of the 2025 financial statements up to the 2035 financial statements, on the basis of the average results of the company in the last two financial statements for the years ended before the exercise of the option. Likewise, the minority shareholder of Tubiflex S.p.A. is entitled and required to dispose of its holdings upon approval of the 2018 financial statements, on the basis of the results of the company reported in the 2018 financial statements. The minority shareholder of Mega Pacific Pty Ltd and of Mega Pacific NZ Pty Ltd is entitled and required to sell its shares within 90 days of 29 July 2021, based on the results of the financial statements prepared immediately prior to exercise of the option. The minority shareholder of Mariotti & Pecini S.r.l. is entitled and required to dispose of its holdings, starting from approval of the financial statements as at 31 December 2020 up to approval of the financial statements as at 31 December 2022, on the basis of the results reported in the latest financial statements prior to exercise of the option.

In compliance with the requirements of IFRS 10 and IFRS 3, Inoxihp, Tubiflex, Mega Pacific Australia, Mega Pacific New Zealand and Mariotti & Pecini have been consolidated in full, recording a payable representing an estimate of the present value of the exercise price of the options determined with reference to the business plans of the companies. Any changes in the payable representing the estimate of the present value of the exercise price that occur within 12 months of the date of acquisition, as a result of additional or better information, will be recorded as an adjustment of goodwill, while any changes after 12 months from the date of acquisition will be recognised in the income statement.

Changes in goodwill in H1 2017 are as follows:

Company:	Balance at 31/12/2016	Increases (Decreases) in the period	Changes due to foreign exchange differences	Balance at 30/06/2017
Water Jetting Sector	160,621	42,197	(3,273)	199,545
Hydraulic Sector	230,087	1,053	(2,469)	228,671
Total goodwill	*390,708*	*43,250*	*(5,742)*	*428,216*

The increases in the Water Jetting Sector in H1 2017 refer to the acquisition of the Inoxpa Group and Mariotti & Pecini, while increases in the Hydraulic Sector refer to the acquisition of Bristol Hose and the adjustment of the price paid for Teknotubi.

The impairment test carried out successfully in December 2016 was not repeated at the end of June 2017. A check was however performed to establish whether the performance of the C.G.U.s (Cash Generating Units) was in line with the information resulting from the business plans utilized as at 31 December 2016, and that the assumptions underpinning the measurement as at 31 December 2016 of the weighted average cost of capital (WACC) were still valid at the end of June 2017. No trigger events emerged such as to call for reformulation of the impairment test as at 30 June 2017.

2. Business sector information

Business sector information is supplied with reference to the operating sectors. We also present the information required by IFRS by geographical area. The information provided about business sectors reflects the Group's internal reporting structure.

The values of components or products transferred between sectors are the effective sales price between Group companies, which correspond to the selling prices applied to the best customers.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. The holding costs, i.e. remuneration of directors and statutory auditors of the parent company and functions of the Group's financial management, control and internal auditing department, and also consultancy costs and other related costs were booked to the sectors on the basis of sales.

Business sectors
The Group is composed of the following business sectors:

Water Jetting Sector. This sector is mainly composed of high- and very-high-pressure pumps and pumping systems used in a wide range of industrial sectors for the conveyance of fluids. High pressure plunger pumps are the main component of professional high pressure cleaners. These pumps are also utilised for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for water desalination plants. Very high-pressure pumps and systems are used for cleaning surfaces, ships, various types of pipes, and also for removing machining burr, cutting and removing cement, asphalt, and paint coatings from stone, cement and metal surfaces, and for cutting solid materials. **.** The Sector also includes high pressure homogenizers, mixers, agitators, piston pumps, valves and other machines produced mainly for the food processing industry and also used in the chemicals and cosmetics sectors.

Hydraulic Sector. This sector includes the production and sale of power take-offs, hydraulic cylinders, pumps, valves and directional controls, hydraulic hoses and fittings and other hydraulic components. Power take-offs are mechanical devices designed to transmit drive from an industrial vehicle engine or transmission to power a range of ancillary services through hydraulic components. These products, combined with other hydraulic components (spool valves, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes, operating truck mixer truck drums, and so forth. Hydraulic cylinders are components of the hydraulic system of various vehicle types employed in a wide range of applications depending on the type. Front-end and underbody cylinders (single acting) are fitted mainly on industrial vehicles in the building construction sector, while double acting cylinders, valves and directional controls are employed in several applications: earth-moving machinery, agricultural machinery, cranes and truck cranes, waste compactors, etc. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems.

Interpump Group business sector information
(Amounts shown in €/000)
Cumulative to 30 June (six months)

	Hydraulic		Water Jetting		Other		Elimination entries		**Interpump Group**	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales external to the Group	355,844	302,155	202,907	170,313	-	-	-	-	558,751	472,468
Sales between sectors	196	136	901	542	-	-	(1,097)	(678)	-	-
Total net sales	**356,040**	**302,291**	**203,808**	**170,855**	**-**	**-**	**(1,097)**	**(678)**	**558,751**	**472,468**
Cost of sales	(233,576)	(201,935)	(111,366)	(98,918)	-	-	1,100	681	(343,842)	(300,172)
Gross industrial margin	**122,464**	**100,356**	**92,442**	**71,937**	**-**	**-**	**3**	**3**	**214,909**	**172,296**
% on net sales	*34.4%*	*33.2%*	*45.4%*	*42.1%*					*38.5%*	*36.5%*
Other net revenues	5,362	4,448	2,846	2,789	-	-	(95)	(3)	8,113	7,234
Distribution costs	(28,795)	(24,344)	(23,852)	(18,641)	-	-	89		(52,558)	(42,985)
General and administrative expenses	(37,269)	(34,328)	(25,830)	(20,033)	(3)	(10)	3	-	(63,099)	(54,371)
Other operating costs	(877)	(919)	(495)	(279)	-	-	-	-	(1,372)	(1,198)
Ordinary profit before financial expenses	**60,885**	**45,213**	**45,111**	**35,773**	**(3)**	**(10)**	**-**	**-**	**105,993**	**80,976**
% on net sales	*17.1%*	*15.0%*	*22.1%*	*20.9%*					*19.0%*	*17.1%*
Financial income	2,959	3,319	4,149	1,539	-	1	(822)	(892)	6,286	3,967
Financial expenses	(5,999)	(4,968)	(6,474)	(3,414)	-	-	822	892	(11,651)	(7,490)
Dividends	-	-	35,500	29,200	-	-	(35,500)	(29,200)	-	-
Equity method contribution	(32)	(31)	67	(8)	-	-	-	-	35	(39)
Profit for the period before taxes	**57,813**	**43,533**	**78,353**	**63,090**	**(3)**	**(9)**	**(35,500)**	**(29,200)**	**100,663**	**77,414**
Income taxes	(19,259)	(16,072)	(15,144)	(12,233)	-	26	-	-	(34,403)	(28,279)
Consolidated profit for the period	**38,554**	**27,461**	**63,209**	**50,857**	**(3)**	**17**	**(35,500)**	**(29,200)**	**66,260**	**49,135**
Pertaining to:										
Parent company's shareholders	38,213	27,283	62,914	50,768	(3)	17	(35,500)	(29,200)	65,624	48,868
Subsidiaries' minority shareholders	341	178	295	89	-	-	-	-	636	267
Consolidated net profit for the period	**38,554**	**27,461**	**63,209**	**50,857**	**(3)**	**17**	**(35,500)**	**(29,200)**	**66,260**	**49,135**
Further information required by IFRS 8										
Amortization, depreciation and write-downs	15,276	14,161	8,593	6,718	-	-	-	-	23,869	20,879
Other non-monetary costs	857	1,028	1,078	1,339	-	-	-	-	1,935	2,367

Interpump Group business sector information
(Amounts shown in €/000)
<u>Q2 (three months)</u>

	Hydraulic		Water Jetting		Other		Elimination entries		**Interpump Group**	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales external to the Group	180,856	156,540	105,154	89,220	-	-	-	-	286,010	245,760
Sales between sectors	90	79	485	229	-	-	(575)	(308)	-	-
Total net sales	**180,946**	**156,619**	**105,639**	**89,449**	**-**	**-**	**(575)**	**(308)**	**286,010**	**245,760**
Cost of sales	(118,606)	(103,724)	(57,510)	(51,968)	-	-	575	310	(175,541)	(155,382)
Gross industrial margin	**62,340**	**52,895**	**48,129**	**37,481**	**-**	**-**	**-**	**2**	**110,469**	**90,378**
% on net sales	*34.5%*	*33.8%*	*45.6%*	*41.9%*					*38.6%*	*36.8%*
Other net revenues	2,677	2,134	1,670	1,791	-	-	(87)	(2)	4,260	3,923
Distribution costs	(14,768)	(12,686)	(12,210)	(9,916)	-	-	84	-	(26,894)	(22,602)
General and administrative expenses	(18,472)	(17,376)	(13,373)	(10,085)	(2)	(1)	3	-	(31,844)	(27,462)
Other operating costs	(427)	(480)	(384)	(79)	-	-	-	-	(811)	(559)
Ordinary profit before financial expenses	**31,350**	**24,487**	**23,832**	**19,192**	**(2)**	**(1)**	**-**	**-**	**55,180**	**43,678**
% on net sales	*17.3%*	*15.6%*	*22.6%*	*21.5%*					*19.3%*	*17.8%*
Financial income	1,193	1,187	2,228	836	-	1	(410)	(444)	3,011	1,580
Financial expenses	(3,183)	(1,266)	(4,383)	(1,708)	-	-	410	444	(7,156)	(2,530)
Dividends	-	-	35,500	29,200	-	-	(35,500)	(29,200)	-	-
Equity method contribution	(13)	36	13	(19)	-	-	-	-	-	17
Profit for the period before taxes	**29,347**	**24,444**	**57,190**	**47,501**	**(2)**	**-**	**(35,500)**	**(29,200)**	**51,035**	**42,745**
Income taxes	(9,449)	(8,924)	(7,862)	(6,579)	-	26	-	-	(17,311)	(15,477)
Consolidated profit for the period	**19,898**	**15,520**	**49,328**	**40,922**	**(2)**	**26**	**(35,500)**	**(29,200)**	**33,724**	**27,268**
Pertaining to:										
Parent company's shareholders	19,707	15,508	49,287	40,869	(2)	26	(35,500)	(29,200)	33,492	27,203
Subsidiaries' minority shareholders	191	12	41	53	-	-	-	-	232	65
Consolidated net profit for the period	**19,898**	**15,520**	**49,328**	**40,922**	**(2)**	**26**	**(35,500)**	**(29,200)**	**33,724**	**27,268**
<u>Further information required by IFRS 8</u>										
Amortization, depreciation and write-downs	7,714	7,245	4,413	3,347	-	-	-	-	12,127	10,592
Other non-monetary costs	502	531	711	1,134	-	-	-	-	1,213	1,665

Financial position
(Amounts shown in €/000)

	Hydraulic		Water Jetting		Other		Elimination entries		**Interpump Group**	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Assets by sector	**852,663**	**812,397**	**711,816**	**587,459**	**549**	**549**	**(184,270)**	**(174,056)**	**1,380,758**	**1,226,349**
Assets held for sale	-	-	2,634	-	-	-	-	-	2,634	-
Total assets of the sector (A)	**852,663**	**812,397**	**714,450**	**587,459**	**549**	**549**	**(184,270)**	**(174,056)**	**1,383,392**	**1,226,349**
Cash and cash equivalents									136,696	197,891
Total assets									**1,520,088**	**1,424,240**
Liabilities of the sector	**375,280**	**341,131**	**106,018**	**81,148**	**559**	**564**	**(184,270)**	**(174,056)**	**297,587**	**248,787**
Liabilities held for sale	-	-	200	-	-	-	-	-	200	-
Total liabilities of the sector (B)	**375,280**	**341,131**	**106,218**	**81,148**	**559**	**564**	**(184,270)**	**(174,056)**	**297,787**	**248,787**
Debts for the payment of investments									57,862	42,761
Payables to banks									13,140	2,396
Interest-bearing financial payables									442,665	452,758
Total liabilities									**811,454**	**746,702**
Total assets, net (A-B)	**477,383**	**471,266**	**608,232**	**506,311**	**(10)**	**(15)**	**-**	**-**	**1,085,605**	**977,562**
Further information required by IFRS 8										
Investments carried at equity	38	72	299	272	-	-	-	-	337	344
Non-current assets other than financial assets and deferred tax assets	464,359	466,820	322,961	258,242	-	-	-	-	787,320	725,062

The H1 comparison of the Sector on a like for like basis is as follows:

	Hydraulic		Water Jetting	
	2017	2016	2017	2016
Net sales external to the Group	335,898	302,155	174,746	170,313
Sales between sectors	196	136	896	542
Total net sales	**336,094**	**302,291**	**175,642**	**170,855**
Cost of sales	(222,294)	(201,935)	(96,447)	(98,918)
Gross industrial margin	**113,800**	**100,356**	**79,195**	**71,937**
% on net sales	*33.9%*	*33.2%*	*45.1%*	*42.1%*
Other net revenues	5,043	4,448	1,695	2,789
Distribution costs	(25,931)	(24,344)	(19,504)	(18,641)
General and administrative expenses	(34,717)	(34,328)	(21,355)	(20,033)
Other operating costs	(866)	(919)	(465)	(279)
Ordinary profit before financial expenses	**57,329**	**45,213**	**39,566**	**35,773**
% on net sales	*17.1%*	*15.0%*	*22.5%*	*20.9%*
Financial income	3,636	3,319	1,050	1,539
Financial expenses	(5,611)	(4,968)	(2,942)	(3,414)
Dividends	-	-	35,500	29,200
Equity method contribution	(32)	(31)	52	(8)
Profit for the period before taxes	**55,322**	**43,533**	**73,226**	**63,090**
Income taxes	(18,189)	(16,072)	(12,977)	(12,233)
Consolidated profit for the period	**37,133**	**27,461**	**60,249**	**50,857**
Pertaining to:				
Parent company's shareholders	36,792	27,283	60,184	50,768
Subsidiaries' minority shareholders	341	178	65	89
Consolidated net profit for the period	**37,133**	**27,461**	**60,249**	**50,857**

The H1 comparison of the Sector on a like for like basis is as follows:

	Hydraulic		Water Jetting	
	2017	2016	2017	2016
Net sales external to the Group	172,520	156,540	88,830	89,220
Sales between sectors	90	79	483	229
Total net sales	**172,610**	**156,619**	**89,313**	**89,449**
Cost of sales	(114,030)	(103,724)	(48,486)	(51,968)
Gross industrial margin	**58,580**	**52,895**	**40,827**	**37,481**
% on net sales	*33.9%*	*33.8%*	*45.7%*	*41.9%*
Other net revenues	2,535	2,134	887	1,791
Distribution costs	(13,299)	(12,686)	(9,658)	(9,916)
General and administrative expenses	(17,626)	(17,376)	(10,656)	(10,085)
Other operating costs	(417)	(480)	(354)	(79)
Ordinary profit before financial expenses	**29,773**	**24,487**	**21,046**	**19,192**
% on net sales	*17.2%*	*15.6%*	*23.6%*	*21.5%*
Financial income	1,924	1,187	495	836
Financial expenses	(3,276)	(1,266)	(1,845)	(1,708)
Dividends	-	-	35,500	29,200
Equity method contribution	(13)	36	14	(19)
Profit for the period before taxes	**28,408**	**24,444**	**55,210**	**47,501**
Income taxes	(8,976)	(8,924)	(6,754)	(6,579)
Consolidated profit for the period	**19,432**	**15,520**	**48,456**	**40,922**
Pertaining to:				
Parent company's shareholders	19,241	15,508	48,432	40,869
Subsidiaries' minority shareholders	191	12	24	53
Consolidated net profit for the period	**19,432**	**15,520**	**48,456**	**40,922**

Cash flows by business sector for H1 are as follows:

€/000	Sector Hydraulic		Sector Water Jetting		Sector Other		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash flows from:								
Operating activities	30,786	36,580	25,673	10,826	(8)	6	56,451	47,412
Investing activities	(18,048)	(10,029)	(71,203)	(33,369)	-	1	(89,251)	(43,397)
Financing activities	(30,847)	(21,587)	(5,605)	4,085	-	-	(36,452)	(17,502)
Total	(18,109)	4,964	(51,135)	(18,458)	(8)	7	(69,252)	(13,487)

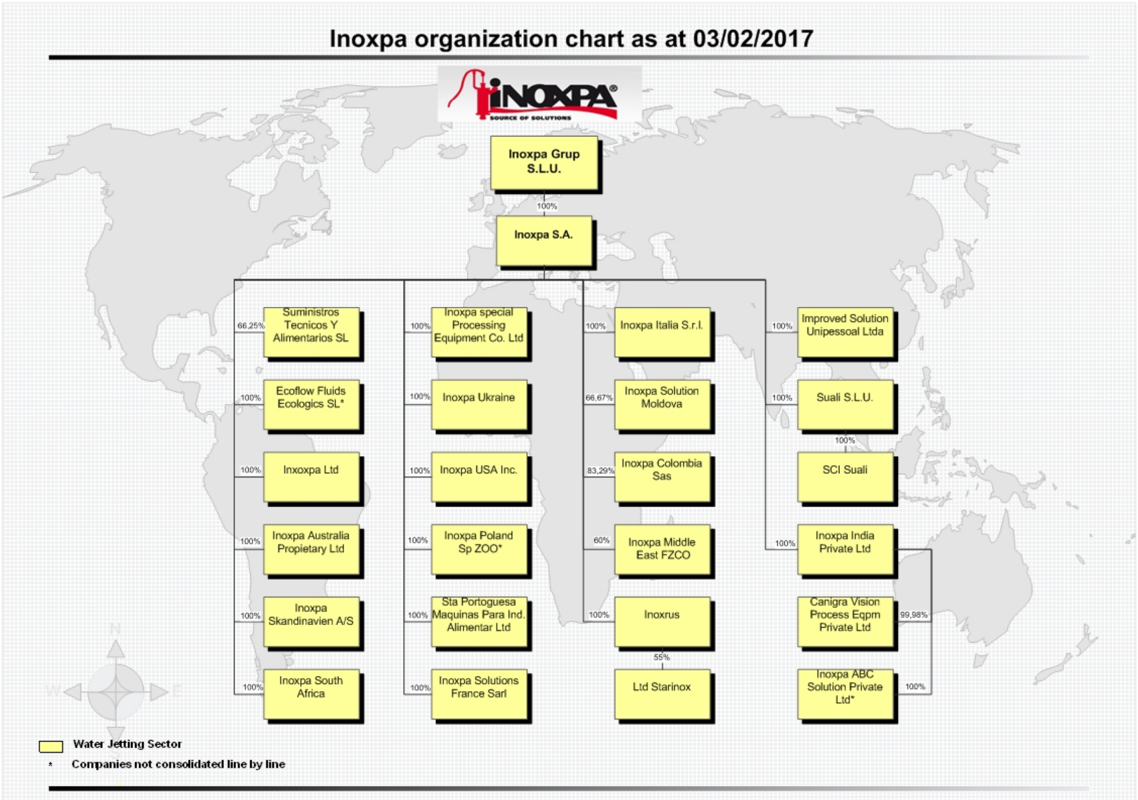
The investing activities of the Water Jetting Sector in H1 2017 included €67,991k for the purchase of equity investments (€27,502k in H1 2016).

Financing activities in H1 2017 included repayments of intercompany loans from the Hydraulic Sector to the Water Jetting Sector totalling 4,000 thousand euro (by contrast, intercompany loans from the Water Jetting Sector to the Hydraulic Sector in H1 2016 amounted to 1,380 thousand euro). The cash flows deriving from the financing activities of the Hydraulic Sector included the payment of dividends totalling €18,500k (zero in H1 2016). Moreover, cash flows from the financing activities of the Water Jetting Sector in H1 2016 included the purchase of treasury shares for 42,728 thousand euro (none in H1 2017) and proceeds from the sale of treasury shares to the beneficiaries of stock options totalling 560 thousand euro (2,115 thousand euro in H1 2017). The financing activities of the Water Jetting Sector during the first half of 2017 included the value of the treasury shares assigned on the acquisition of equity investments totalling 3,685 thousand euro (5,516 thousand euro in H1 2016). The cash flows deriving from the financing activities of the Water Jetting Sector included the payment of dividends totalling €21,276k (€20,055k in H1 2016).

3. Acquisition of investments

Inoxpa Group

On 3 February 2017 Interpump Group S.p.A. completed the acquisition of Inoxpa Grup S.L.U., a holding of the Inoxpa Group. The Inoxpa Group organisation chart at the time of the acquisition was as shown below:



The list of consolidated companies held directly or indirectly by Inoxpa Grup S.L.U at the time of the acquisition is as follows:

Company	*Head office*	*% stake at 03/02/17*	*Sector*
Inoxpa S.A.	Banyoles (Spain)	100.00%	Water Jetting
Suministros Tecnicos Y Alimentarios S.L.	Bilbao (Spain)	66.25%	Water Jetting
Inoxpa India Private Ltd	Pune (India)	100.00%	Water Jetting
Candigra Vision Process Equipment PVT Ltd	Maharashtra (India)	99.98%	Water Jetting
Inoxpa Solutions France	Gleize (France)	100.00%	Water Jetting
Inoxpa Solution Portugal Lda	Vale de Cambra (Portugal)	100.00%	Water Jetting
STA Portoguesa Maquinas Para Industria Alim. Lda	Vale de Cambra (Portugal)	100.00%	Water Jetting
Inoxpa Solutions SRL	Chisinau (Moldova)	66.67%	Water Jetting
Inoxpa (UK) Ltd	Eastbourne (UK)	100.00%	Water Jetting
Inoxpa Australia Pty. Ltd	Capalaba (Australia)	100.00%	Water Jetting

Company	*Head office*	*% stake at 03/02/17*	*Sector*
Inoxpa Colombia SAS	Bogotá (Colombia)	83.29%	Water Jetting
Inoxpa Italia S.r.l.	Mirano (VE)	100.00%	Water Jetting
Inoxpa Middle East FZCO	Dubai (UAE)	60.00%	Water Jetting
Inoxpa Skandinavien A/S	Horsens (Denmark)	100.00%	Water Jetting
Inoxpa South Africa Proprietary Ltd	Gauteng (South Africa)	100.00%	Water Jetting
Inoxpa Special Processing Equipment Co. Ltd	Jianxing (China)	100.00%	Water Jetting
Inoxpa Ukraine	Kiev (Ukraine)	100.00%	Water Jetting
Inoxpa USA Inc	Santa Rosa (USA)	100.00%	Water Jetting
Inoxrus	Saint Petersburg (Russia)	100.00%	Water Jetting
STARINOX	Moscow (Russia)	55.00%	Water Jetting
SUALI S.LU.	Banyoles (Spain)	100.00%	Water Jetting
SCI Suali	Gleize (France)	100.00%	Water Jetting

In H1 2017 the Inoxpa Group contributed to the results of the Interpump Group for five months. The assets and liabilities of the Inoxpa Group were as follows at the time of the first consolidation:

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	24,602	-	24,602
Trade receivables	9,624	-	9,624
Inventories	15,154	-	15,154
Derivative financial instruments	61	-	61
Tax receivables	3,346	-	3,346
Other current assets	1,360	-	1,360
Property, plant and equipment	14,353	4,809	19,162
Other intangible assets	807	11,887	12,694
Other financial assets	1,093	-	1,093
Deferred tax assets	1,487	-	1,487
Other non-current assets	468	-	468
Other assets held for sale	2,164	1,334	3,498
Trade payables	(2,891)	-	(2,891)
Payables to banks	(355)	-	(355)
Interest-bearing financial payables (current portion)	(2,668)	-	(2,668)
Tax payables	(3,175)	-	(3,175)
Other current liabilities	(3,203)	-	(3,203)
Provisions for risks and charges (current portion)	(26)	-	(26)
Interest-bearing financial payables (medium-/long-term portion)	(7,803)	-	(7,803)
Deferred tax liabilities	(220)	(4,611)	(4,831)
Other non-current liabilities	(85)	-	(85)
Liabilities held for sale	-	(200)	(200)
Minority interests	(2,463)	-	(2,463)
Net assets acquired	51,630	13,219	64,849
Goodwill related to the acquisition			27,830
Total net assets acquired (A)			**92,679**

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Amount paid			85,545
Estimate of price adjustment payable in the short term			7,134
Total acquisition cost			**92,679**
Net liquidity acquired (B)			(13,776)
Amount paid			85,545
Estimate of price adjustment payable in the short term			7,134
Total change in the net financial position including changes in debt for the acquisition of investments			**78,903**
Capital employed (A) + (B)			**78,903**

The exchange rates used to translate the financial statements of the Inoxpa Group's subsidiaries outside the Eurozone are those in force on 31 January 2017.

Fair value measurement of the properties was carried out by an independent valuer. The trademark recognised among the intangible fixed assets was measured internally.

Assets held for sale refer to several investment property complexes of the Inoxpa Group in relation to which an agreement has been drawn with the ex-shareholders for sale at a predetermined price. Liabilities held for sale refer to the liabilities associated with the costs of sale arising from the disposal of assets held for sale.

Bristol Hose

The amounts are shown in thousands of euro. The euro/Sterling exchange rate used to translate the financial statements is GBP 0.8532.

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	97	-	97
Trade receivables	515	-	515
Inventories	300	-	300
Other current assets	18	-	18
Property, plant and equipment	226	-	226
Start-up	23	-	23
Trade payables	(243)	-	(243)
Payables to banks	(353)	-	(353)
Interest-bearing financial payables (current portion)	(145)	-	(145)
Tax payables	(105)	-	(105)
Other current liabilities	(26)	-	(26)
Interest-bearing financial payables (medium-/long-term portion)	(89)	-	(89)
Net assets acquired	218	-	218
Goodwill related to the acquisition			544
Total net assets acquired (A)			**762**
Acquired net financial indebtedness (B)			490
Amount paid			762
Total change in net financial position			**1,252**
Capital employed (A) + (B)			**1,252**

The acquisition of 100% of Bristol Hose took place on 25 January 2017. The company has been consolidated for the entire first half of 2017.

Mariotti & Pecini

€/000	Amounts acquired	Adjustments to fair value	Carrying values in the acquiring company
Cash and cash equivalents	2,847	-	2,847
Trade receivables	2,000	-	2,000
Inventories	386	-	386
Other current assets	15	-	15
Property, plant and equipment	87	-	87
Intangible fixed assets	3	-	3
Deferred tax assets	40	-	40
Trade payables	(1,186)	-	(1,186)
Tax payables	(75)	-	(75)
Other current liabilities	(263)	-	(263)
Employee benefits (severance indemnity provision)	(347)	-	(347)
Net assets acquired	3,507	-	3,507
Goodwill related to the acquisition			14,367
Total net assets acquired (A)			**17,874**
Total amount paid			5,262
Total amount paid in treasury stock			3,685
Medium-long-term payable for the acquisition of minority interests			8,927
Total acquisition cost			**17,874**
Total amount paid in cash			5,262
Liquidity acquired (B)			(2,847)
Medium-long-term payable for the acquisition of minority interests			8,927
Total change in the net financial position including changes in debt for the acquisition of investments			**11,342**
Capital employed (A) + (B)			**15,027**

The acquisition of 60% of Mariotti & Pecini took place on 12 June 2017. The company has been consolidated for one month in H1 2017.

The acquisition cost differs from the contract price due to the different valuation of the treasury shares assigned, in compliance with the requirements of international accounting standards.

4. Inventories and breakdown of changes in the Allowance for inventories

	30/06/2017 €/000	*31/12/2016* €/000
Inventories gross value	319,998	286,141
Allowance for inventories	(33,042)	(28,596)
Inventories	286,956	257,545

Changes in the allowance for inventories were as follows:

	H1 2017	*Year 2016* €/000
Opening balances	28,596	27,154
Exchange rate difference	(580)	171
Change to consolidation basis	5,017	1,256
Provisions for the period	487	2,329
Drawdowns in the period to cover losses	(478)	(2,314)
Drawdowns in the period due to surpluses	-	-
Closing balance	33,042	28,596

5. Property, plant and equipment

Purchases and disposals

In H1 2017 Interpump Group acquired assets for 42,625 thousand euro, of which 19,475 thousand euro via the acquisition of equity investments (25,648 thousand euro in H1 2016, of which 4,463 thousand via the acquisition of equity investments). Assets with a net book value of 3,028 thousand euro (3,179 thousand euro in H1 2016) were divested during the first half of 2017. The divested assets generated a net capital gain of 1,906 thousand euro (926 thousand euro in H1 2016).

Contractual commitments

At 30 June 2017 the Group had contractual commitments for the purchase of tangible fixed assets of €4,292k (€4,715k at 30 June 2016).

6. Shareholders' equity

Share capital

The share capital is composed of 108,879,294 ordinary shares with a unit face value of EUR 0.52 for a total amount of EUR 56,617,232.88. Conversely, share capital recorded in the financial statements amounts to 55,696 thousand euro, because the nominal value of purchased treasury shares, net of those sold, has been deducted from share capital in compliance with the reference accounting standards. At 30 June 2017 Interpump S.p.A. holds 1,771,752 treasury shares in the portfolio corresponding to 1.6273% of the capital stock, acquired at an average unit cost of 12.4967 euro.

Treasury shares purchased

The amount of the treasury shares held by Interpump Group S.p.A. is recorded in an equity reserve. The Group did not acquire any treasury shares during H1 2017 (3,366,000 treasury shares were purchased in H1 2016 for €42,728k).

Treasury shares sold
In the framework of the exercise of stock option plans, a total of 360,000 options were exercised, resulting in the collection of €2,115k (in H1 2016 a total of 119,000 options were exercised for a receipt of €560k). Moreover, 150,000 treasury shares were divested in H1 2017 to pay for part of the equity investment in Mariotti & Pecini (449,160 treasury shares divested in H1 2016 for the acquisition of equity investments).

Dividends
An ordinary dividend (coupon clipping date of 15 May) of 0.20 euro per share was distributed on 17 May 2017 (0.19 euro in 2016).

7. Financial income and expenses

The breakdown for the first half is shown below:

	2017 €/000	2016 €/000
Financial income		
Interest income from liquid funds	164	182
Interest income from other assets	23	23
Foreign exchange gains	5,904	3,672
Earnings from valuation of derivative financial instruments	128	65
Other financial income	67	25
Total financial income	6,286	3,967
Financial expenses		
Interest expense on loans	1,833	2,216
Interest expense on put options	281	296
Financial expenses for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	178	784
Tobin Tax	-	107
Foreign exchange losses	9,296	3,968
Losses from valuation of derivative financial instruments	-	21
Other financial charges	63	98
Total financial expenses	11,651	7,490
Total financial expenses (income), net	5,365	3,523

The breakdown for Q2 is as follows:

	2017 €/000	2016 €/000
Financial income		
Interest income	75	88
Interest income from other assets	7	10
Foreign exchange gains	2,856	1,438
Earnings from valuation of derivative financial instruments	11	34
Other financial income	62	10
Total financial income	3,011	1,580

	2017 €/000	2016 €/000
Financial expenses		
Interest expense on loans	982	1,022
Interest expense on put options	128	110
Financial expenses for adjustment of estimated debt for commitment to purchase residual interests in subsidiaries	178	676
Tobin Tax	-	98
Foreign exchange losses	5,861	571
Losses from valuation of derivative financial instruments	-	6
Other financial charges	7	47
Total financial expenses	7,156	2,530
Total financial expenses (income), net	4,145	950

8. Earnings per share

Basic earnings per share
Earnings per share are calculated on the basis of consolidated profit for the period attributable to Parent Company shareholders, divided by the weighted average number of ordinary shares as follows:

H1	2017	2016
Consolidated net profit for the period attributable to Parent company shareholders (€/000)	65,624	48,868
Average number of shares in circulation	106,797,231	105,996,742
Basic earnings per share for the half year (€)	0.614	0.461

Q2 (three months)	2017	2016
Consolidated net profit for the period attributable to Parent company shareholders (€/000)	33,492	27,203
Average number of shares in circulation	106,863,655	105,364,152
Basic earnings per share for the quarter (€)	0.313	0.258

Diluted earnings per share
Diluted earnings per share are calculated on the basis of diluted consolidated profit for the period attributable to the parent company's shareholders, divided by the weighted average number of ordinary shares in circulation adjusted by the number of potentially dilutive ordinary shares. The calculation is as follows:

H1	2017	2016
Consolidated net profit for the period attributable to Parent company shareholders (€/000)	65,624	48,868
Average number of shares in circulation	106,797,231	105,966,742
Number of potential shares for stock option plans (*)	1,068,321	1,377,905
Average number of shares (diluted)	107,865,552	107,344,647
Earnings per diluted share for the half (€)	0.608	0.455

Q2 (three months)	2017	2016
Consolidated net profit for the period attributable to Parent company shareholders (€/000)	33,492	27,203
Average number of shares in circulation	106,863,655	105,364,152
Number of potential shares for stock option plans (*)	1,215,299	1,432,923
Average number of shares (diluted)	108,078,954	106,797,075
Earnings per diluted share for the quarter (€)	0.310	0.255

(*) calculated as the number of shares corresponding to in-the-money stock option outstanding multiplied by the ratio between the difference between the average value of the share in the period and the exercise price (as the numerator), and the average value of the share in the period (as the denominator).

9. Transactions with related parties

The Group has relations with unconsolidated subsidiaries and other related parties at arm's length conditions considered to be normal in the respective reference markets, taking account of the characteristics of the goods and services rendered. Transactions between Interpump Group S.p.A. and its consolidated subsidiaries, which are related parties of the company, were eliminated from the interim consolidated financial statements and are not detailed in these notes.

The effects in the Group's consolidated income statements for H1 2017 and H1 2016 are given below:

	H1 2017					
(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incid. on caption in financial statements
Net sales	558,751	504	-	433	937	0.2%
Cost of sales	343,842	430	-	5,284	5,714	1.7%
Other revenues	8,113	36	-	6	42	0.5%
Distribution costs	52,558	19	-	463	482	0.9%
G&A expenses	63,099	-	-	731	731	1.2%

	H1 2016					
(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incid. on caption in financial statements
Net sales	472,468	635	-	737	1,372	0.3%
Cost of sales	300,172	300	-	5,987	6,287	2.1%
Other revenues	7,234	30	-	16	46	0.6%
Distribution costs	42,985	27	-	269	296	0.7%
G&A expenses	54,371	-	-	344	344	0.6%

The effects on the consolidated statement of financial position as at 30 June 2017 and 2016 are described below:

(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incid. on caption in financial statements
	30 June 2017					
Trade receivables	250,902	1,259	-	412	1,671	0.7%
Other financial assets	1,775	2	-	-	2	0.1%
Trade payables	141,807	18	-	1,202	1,220	0.9%

(€/000)	Total Total	Non-consolidated subsidiaries	Associates	Other related parties	Total related parties	% incid. on caption in financial statements
	30 June 2016					
Trade receivables	212,182	1,141	-	506	1,647	0.8%
Trade payables	112,622	76	-	751	827	0.7%

Relations with non-consolidated subsidiaries

Relations with non-consolidated subsidiaries are as follows:

(€/000)	Receivables		Revenues	
	30/06/2017	30/06/2016	2017	2016
Interpump Hydraulics Perù	938	1,077	184	429
General Pump China Inc.	315	64	356	236
Ecoflow Fluids Ecologics SL	6	-	-	-
Total subsidiaries	*1,259*	*1,141*	*540*	*665*

(€/000)	Payables		Costs	
	30/06/2017	30/06/2016	2017	2016
Interpump Hydraulics Perù	-	-	86	-
General Pump China Inc.	18	76	363	327
Total subsidiaries	*18*	*76*	*449*	*327*

(€/000)	Loans		Financial income	
	30/06/2017	30/06/2016	2017	2016
Inoxpa Poland Sp ZOO	2	-	-	-
Total subsidiaries	*2*	*-*	*-*	*-*

Relations with associates
The Group does not hold investments in associated companies.

Transactions with other related parties
Transactions with other related parties regard the leasing of facilities owned by companies controlled by current shareholders and directors of Group companies for the amount of €2,355k (€1,869k in H1 2016), and consultancy services provided by entities connected

with directors and statutory auditors of the Parent company for a total of €202k (€54k in H1 2016). Costs for rentals were recorded under the cost of sales in the amount of €1,663k (€1,444k in H1 2016), under distribution costs in the amount of €338k (€142k in H1 2016) and under general and administrative expenses in the amount of €354k (€283k in H1 2016). Consultancy costs were allocated to distribution costs in the amount of €30k (€30k also allocated to distribution costs in H1 2016) and to general and administrative expenses in the amount of €172k (€24k in H1 2016). Revenues from sales at 30 June 2017 included revenues from sales to companies by Group shareholders or directors in the amount of €433k (€737k at 30 June 2016). In addition, the cost of sales includes purchases made from companies controlled by minority shareholders or directors of Group companies for 3,326 thousand euro (4,357 thousand euro in H1 2016).

Moreover, further to the signing of building rental contracts with other related parties, at 30 June 2017 the Group has commitments of €14,394k (€17,869k at 30 June 2016).

10. Disputes, Contingent liabilities and Contingent assets

The Parent company and some of its subsidiaries are directly involved in lawsuits for limited amounts. The settlement of said lawsuits is not expected to generate any significant liabilities for the Group that are not covered by the risk provisions already made. There have not been any substantial changes in relation to the disputes or contingent liabilities existing at 31 December 2016.

Attestation of the condensed half-year financial statements pursuant to art. 154 bis of Decree 58/98

1. The undersigned, Fulvio Montipò and Carlo Banci, respectively Chief Executive Officer and Chief Reporting Officer of Interpump Group S.p.A., taking account also of the provisions of art. 154-bis, subsections 3 and 4, of Decree no. 58 of 24 February 1998, hereby attest to:

- the adequacy in relation to the characteristics of the business, and
- the effective application

of the administrative and accounting procedures for the formation of the condensed half-year financial statements in H1 2017.

2. It is also confirmed that:

2.1 the condensed half-year consolidated financial statements of Interpump Group S.p.A. and its subsidiaries for the six-month period ending 30 June 2017, which show consolidated total assets of €1,520,088k, consolidated net profit of €66,260k and consolidated shareholders' equity of €708,634k:

- were prepared in compliance with the international accounting standards endorsed by the European Commission pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and, in particular, with *IAS 34 - Interim Financial Reporting*, and the enabling regulations for art. 9 of Decree no. 38/2005;
- correspond to the results of the company books and accounting entries;
- are capable of providing a truthful and fair representation of the equity, economic and financial situation of the issuer and the group of companies included in the scope of consolidation;

2.2 the interim board of directors' report on operations contains references to the key events that occurred in H1 and their influence on the condensed interim financial statements, together with a description of the main risks and uncertainties relating to the remaining months of the year and information on significant transactions conducted with related parties

Sant'Ilario d'Enza (RE), 4 August 2017

Chairman and Chief Executive Officer	Chief Reporting Officer
Fulvio Montipò	Carlo Banci

Building a better working world

EY S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

Review report on the interim condensed consolidated financial statements
(Translation from the original Italian text)

To the Shareholders of
Interpump Group S.p.A.

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the statement of financial position, the income statements, the comprehensive income statement, the statement of changes in shareholders' equity and the cash flows statement and the related explanatory notes of Interpump Group S.p.A. and its subsidiaries (the "Interpump Group") as of 30 June 2017. The Directors of Interpump Group S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of Interpump Group as of June 30, 2017 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, August 4, 2017

EY S.p.A.
Signed by: Marco Mignani, Partner

This report has been translated into the English language solely for the convenience of international readers

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 2.950.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584 - numero R.E.A. 250904
P.IVA 00891231003
Iscritta al Registro Revisori Legali al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

A member firm of Ernst & Young Global Limited