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Oggetto : THE BOARD OF DIRECTORS
APPROVES THE 2016 CONSOLIDATED
RESULTS

Testo del comunicato

Vedi allegato.



INTERPUMP GROUP

PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE 2016 CONSOLIDATED RESULTS

Net sales: €922.8 million (€894.9 million in 2015): + 3.1%

**EBITDA: €198.5 million or 21.5% of sales
(€180.3 million in 2015 or 20.1% of sales): +10.1%**

**EBIT: €153.5 million or 16.6% of sales
(€136.9 million in 2015 or 15.3% of sales): +12.2%**

Consolidated net profit: €94.5 million (€118.3 million in 2015 including one-off financial income of €32.0 million): +9.5% compared to the normalized figure

Free cash flow: €89.9 million (€85.2 million in 2015): +5.5%

**Net debt: €257.3 million (€255.0 million at 31 December 2015)
after acquisitions and the purchase of treasury shares for €82.9 million**

PROPOSED DIVIDEND OF 0.20 EUROS (0.19 Euros in 2015)

SHAREHOLDERS' MEETING CALLED FOR 28 APRIL

- **AUTHORIZATION TO PURCHASE TREASURY SHARES**
- **APPOINTMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS**

Sant'Ilario d'Enza (RE), 15 March 2017 – The Board of Directors of Interpump Group S.p.A. has approved the **2016 consolidated results**.

Endeavour (acquired 22 January 2016), Tubiflex (acquired 5 May 2016 and consolidated for only eight months), Tekno Tubi (acquired 8 July 2016 and consolidated for only six months) and Mega Pacific (acquired 29 July 2016 and also consolidated for only six months), all in the Hydraulic Sector, were consolidated for the first time in 2016.



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Net sales

Net sales for 2016 totaled €922.8 million, representing an increase of 3.1% over sales of €894.9 million for 2015 (+0.3% with an unchanged consolidation scope and unchanged exchange rates).

Profitability

EBITDA amounted to €198.5 million (21.5% of sales) compared to €180.3 million in 2015, which represented 20.1% of sales, an increase of 10.1%. With an unchanged consolidation scope EBITDA rose by 6.7%.

EBIT amounted to €153.5 million (16.6% of sales) compared to €136.9 million in 2015 (15.3% of sales), up by 12.2%, with the margin increasing by 1.3 percentage points. With an unchanged consolidation scope EBIT rose by 8.6%.

Net profit totaled €94.5 million, up 9.5% compared to a normalized €86.3 million for 2015¹. Basic earnings per share amounted to €0.884 in 2016 (€0.801 normalized in 2015).

Capital employed rose from €900.8 million at 31 December 2015 to €977.6 million at 31 December 2016. This increase is mainly due to the acquisitions made in 2016. ROCE amounted to 15.7% (15.2% in 2015). ROE reached 13.9% (19.0% in 2015, also affected by the matter referred to in the comment on net profit).

Financial situation

Net cash of €138.0 million was generated by operations (€120.2 million in 2015), up by 14.8%. Free cash flow reached €89.9 million, representing an increase of 5.5% over 2015 (€85.2 million) despite a rise of €7.7 million in net capital expenditure.

Net debt at 31 December 2016 stood at €257.3 million (€255.0 million at 31 December 2015), following outlays of €39.6 million for acquisitions and €43.3 million for the purchase of treasury shares. In addition, the Group has binding commitments of €42.8 million to acquire minority interests in subsidiaries (€23.2 million at 31 December 2015).

At 31 December 2016 Interpump Group S.p.A. held 2,281,752 treasury shares, representing 2.10% of share capital, purchased at an average price of €12.4967.

¹Net profit for 2015 amounting to €118.3 million included financial income of €32 million arising from the decision by the sellers of subsidiaries to exercise their put options early, with the resulting adjustment to the estimated liability for the purchase commitment for the remaining interests.



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GENERAL SHAREHOLDERS' MEETING

APPROVAL OF THE 2016 STATUTORY ACCOUNTS

The Board of Directors has resolved to convene an Ordinary General Shareholders' Meeting to approve the 2016 statutory accounts in single call on **28 April 2017** at the offices of Interpump Group in Sant'Ilario d'Enza.

DIVIDEND

The Board of Directors has resolved to submit a proposal to shareholders to approve the distribution of a dividend of 20 euro cents (2015: 19 euro cents). If approved, the dividend will be put into payment on 17 May and the share will go ex-dividend on 15 May (record date 16 May).

AUTHORIZATION TO PURCHASE TREASURY SHARES

The Shareholders' Meeting convened in ordinary session will also be called to adopt a resolution renewing authorization for the purchase and disposal of treasury shares until October 2018.

APPOINTMENT OF MEMBERS OF THE BOARD OF DIRECTORS AND THE BOARD OF STATUTORY AUDITORS

The terms of office of the Board of Directors and the Board of Statutory Auditors come to an end on the approval of the financial statements at 31 December 2016. Shareholders are therefore called to an Ordinary General Meeting to elect new members of these bodies.

Lists of candidates must be lodged by 3 April 2017 by shareholders who, at the date on which the lists are lodged, are the holders, on their own or together with others, of shares with voting rights representing in total at least 1% of the subscribed and paid-in share capital entitled to vote for members of corporate bodies at Ordinary General Shareholders' Meetings. Requisites for the lists will be stated in the notice calling the Ordinary General Shareholders' Meeting in accordance with the requirements of the Company's Bylaws. In the case of the election of members of the Board of Statutory Auditors, and in that case alone, if by 3 April 2017 only one list has been lodged the Company will give immediate notice of this and shareholders will be able to lodge lists of candidates standing for the position as statutory auditor until 6 April 2017. In this case the minimum shareholding required to lodge lists will be 0.5% of the subscribed and paid-in share capital entitled to vote for members of corporate bodies at Ordinary General Shareholders' Meetings.

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

Pursuant to article 123-bis of the Consolidated Finance Act (TUF), the Board approved the Report on Corporate Governance and Ownership Structures.

In addition, pursuant to article 123-ter of the Consolidated Finance Act (TUF) the Board also approved the Interpump Group S.p.A. Report on Remuneration. The Shareholders' Meeting convened in ordinary session will be called to adopt a resolution on the first section of that report (remuneration policy and procedures for its adoption).

Both documents will be published in the way and within the terms set forth by law.



INTERPUMP GROUP

Sant'Ilario d'Enza (RE), 15 March 2017

On behalf of the Board of Directors
The Chairman
Fulvio Montipò

The manager responsible for drafting company accounting documents, Carlo Banci, declares pursuant to the terms of section 2, article 154-bis of the Consolidated Finance Act that the accounting disclosures in the present release correspond to the contents of the underlying documents, the accounting books and the accounting entries.

Sant'Ilario d'Enza (RE), 15 March 2017

Manager responsible for drafting
company accounting documents
Carlo Banci

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INTERPUMP GROUP

Consolidated statement of financial position

(€/000)	<u>31/12/2016</u>	<u>31/12/2015</u>
ASSETS		
Current assets		
Cash and cash equivalents	197,891	135,130
Trade receivables	200,018	178,129
Inventories	257,545	238,637
Tax receivables	11,140	14,361
Derivative financial instruments	-	2
Other current assets	<u>7,686</u>	<u>7,809</u>
Total current assets	<u>674,280</u>	<u>574,068</u>
Non-current assets		
Property, plant and equipment	300,921	286,066
Goodwill	390,708	347,388
Other intangible assets	30,039	33,193
Other financial assets	790	1,025
Tax receivables	1,740	1,934
Deferred tax assets	24,108	25,190
Other non-current assets	<u>1,654</u>	<u>1,209</u>
Total non-current assets	<u>749,960</u>	<u>696,005</u>
Total assets	<u>1,424,240</u>	<u>1,270,073</u>



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(€/000)	<u>31/12/2016</u>	<u>31/12/2015</u>
LIABILITIES		
Current liabilities		
Trade payables	109,004	94,022
Payables to banks	2,396	5,735
Interest-bearing financial payables (current portion)	124,784	83,833
Derivative financial instruments	36	77
Taxes payable	18,126	19,904
Other current liabilities	49,772	48,840
Provisions for risks and charges	3,620	4,423
Total current liabilities	<u>307,738</u>	<u>256,834</u>
Non-current liabilities		
Interest-bearing financial payables	327,974	300,549
Liabilities for employee benefits	19,311	17,264
Deferred tax liabilities	47,755	48,098
Other non-current liabilities	41,058	22,017
Provisions for risks and charges	2,866	2,683
Total non-current liabilities	<u>438,964</u>	<u>390,611</u>
Total liabilities	<u>746,702</u>	<u>647,445</u>
 SHAREHOLDERS' EQUITY		
Share capital	55,431	56,032
Legal reserve	11,323	11,323
Share premium reserve	112,386	138,955
Reserve for measurement of hedging derivatives at fair value	(24)	(13)
Reserve for remeasurement of defined benefit plans	(5,022)	(3,501)
Translation reserve	33,497	22,657
Other reserves	466,153	391,704
Group shareholders' equity	<u>673,744</u>	<u>617,157</u>
Minority interests	3,794	5,471
Total shareholders' equity	<u>677,538</u>	<u>622,628</u>
Total shareholders' equity and liabilities	<u>1,424,240</u>	<u>1,270,073</u>



Consolidated income statement for the year

(€/000)	<u>2016</u>	<u>2015</u>
Net sales	922,818	894,928
Cost of sales	(584,816)	(577,310)
Gross industrial margin	338,002	317,618
<i>% of net sales</i>	<i>36.6%</i>	<i>35.5%</i>
Other operating income	14,372	13,133
Distribution costs	(86,425)	(84,321)
General and administrative expenses	(108,973)	(105,670)
Other operating costs	(3,443)	(3,864)
EBIT	153,533	136,896
<i>% of net sales</i>	<i>16.6%</i>	<i>15.3%</i>
Financial income	7,862	42,416
Financial expenses	(12,862)	(15,688)
Adjustment of the value of investments carried at equity	(40)	(262)
Profit for the year before taxes	148,493	163,362
Income taxes	(54,020)	(45,056)
Consolidated profit for the year	94,473	118,306
<i>% of net sales</i>	<i>10.2%</i>	<i>13.2%</i>
Attributable to:		
Shareholders of the parent company	93,850	117,639
Minority shareholders of subsidiaries	623	667
Consolidated profit for the year	94,473	118,306*
EBITDA	198,502	180,258
<i>% of net sales</i>	<i>21.5%</i>	<i>20.1%</i>
Shareholders' equity	677,538	622,628
Net debt	257,263	254,987
Liabilities for the purchase of equity investments	42,761	23,209
Capital employed	977,562	900,824
ROCE	15.7%	15.2%
ROE	13.9%	19.0%
Basic earnings per share	0.884	1.101

*= As stated on page 2 normalized net profit for 2015 was €86.3 million.

EBITDA = EBIT + depreciation + amortization + allocations

ROCE = EBIT / capital employed

ROE = Consolidated profit for the year / consolidated equity

* = Since EBITDA is not an accounting measure either as part of Italian accounting principles or as part of international accounting standards (IAS/IFRS), the calculation of this item may vary. EBITDA is a measure used by the company's management to monitor and assess its operating performance. Management believes that EBITDA is an important parameter for measuring the company's operating performance as it is not affected by the various criteria that may be used to determine taxable income, the amount and characteristics of capital employed and the relative depreciation and amortization policies. The criteria used by the company to determine EBITDA may not be consistent with that used by other companies/groups and the amount obtained may not be comparable with that calculated by them.



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Statement of consolidated comprehensive income for the year

(€/000)	<u>2016</u>	<u>2015</u>
Consolidated profit for the year (A)	94,473	118,306
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Cash flow hedge accounting for derivatives hedging interest rate risk:</i>		
- Gains (losses) on derivatives for the year	-	-
- Less: Adjustment for gains (losses) reclassified to profit or loss	-	-
- Less: Adjustment for the recognition of fair value in equity in the previous year	=	=
<i>Total</i>	-	-
<i>Cash flow hedge accounting for derivatives hedging currency risk:</i>		
- Gains (losses) on derivatives for the year	(33)	(19)
- Less: Adjustment for gains (losses) reclassified to profit or loss	19	27
- Less: Adjustment for the recognition of fair value in equity in the previous year	=	=
<i>Total</i>	(14)	8
<i>Gains (losses) on translating the financial statements of foreign companies</i>	10,664	18,985
<i>Gains (losses) from companies accounted for using the equity method</i>	(5)	(16)
<i>Relative taxation</i>	<u>3</u>	<u>(2)</u>
Total other comprehensive income which will subsequently be reclassified to consolidated profit or loss, net of the tax effect (B)	<u>10,648</u>	<u>18,975</u>
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect		
<i>Gains (losses) from the remeasurement of defined benefit plans</i>	(1,803)	2,479
<i>Relative taxation</i>	262	(683)
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss, net of the tax effect (C)	<u>(1,541)</u>	<u>1,796</u>
Consolidated comprehensive income for the year (A) + (B) + (C)	<u>103,580</u>	<u>139,077</u>
Attributable to:		
Owners of the parent	103,115	138,256
Minority interests of subsidiaries	465	821
Consolidated comprehensive income for the year	<u>103,580</u>	<u>139,077</u>



Consolidated cash flow statement for the year

(€/000)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before taxes	148,493	163,362
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(2,099)	(3,076)
Losses (gains) on the sale of business units and equity investments	(61)	-
Amortization, depreciation, impairment losses and reversals of impairment losses	44,044	41,886
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	1,733	1,370
Losses (profits) from equity investments	40	262
Net change in risk provisions and allocations to employee benefit provisions	(1,298)	(973)
Expenditures for tangible assets to be leased	(10,784)	(11,201)
Proceeds from the disposal of leased tangible assets	6,494	7,643
Net financial (income) expenses	5,000	(26,728)
	<u>191,562</u>	<u>172,545</u>
(Increase) decrease in trade receivables and other current assets	(4,614)	1,546
(Increase) decrease in inventories	(5,753)	3,412
Increase (decrease) in trade payables and other current liabilities	(1,815)	(11,512)
Interest paid	(4,450)	(5,838)
Realized exchange differences	(653)	2,110
Taxes paid	(48,464)	(48,659)
Net cash from operating activities	<u>125,813</u>	<u>113,604</u>
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and gross of treasury shares transferred	(41,302)	(176,227)
Sale of equity investments and business units including cash transferred	861	746
Capital expenditure on property, plant and equipment	(31,954)	(27,502)
Proceeds from the sale of tangible fixed assets	566	1,594
Increase in intangible assets	(3,022)	(2,804)
Financial income received	496	714
Other	149	290
Net cash (used in) investing activities	<u>(74,206)</u>	<u>(203,189)</u>
Cash flows from financing activities		
Disbursement (repayment) of loans	66,464	145,847
Dividends paid	(21,138)	(20,390)
Payment for the purchase of treasury shares	(43,308)	(32,709)
Disposal of treasury shares to acquire equity investments	5,516	60,891
Proceeds from the sale of treasury shares to stock option beneficiaries	9,490	8,166
Change in other financial fixed assets	(53)	(1)
Disbursement (repayment) of shareholder loans	(7)	(409)
Payment of finance lease installments (principal)	(3,992)	(3,368)
Net cash from financing activities	<u>12,972</u>	<u>158,027</u>
Net increase in cash and cash equivalents	<u>64,579</u>	<u>68,442</u>



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(€/000)	<u>2016</u>	<u>2015</u>
Net increase in cash and cash equivalents	64,579	68,442
Opening cash and cash equivalents for companies consolidated on a line-by-line basis for the first time	1,361	1,129
Exchange differences from translating the cash of non-EU companies	160	435
Cash and cash equivalents at the beginning of the year	129,395	59,389
Cash and cash equivalents at the end of the year	195,495	129,395

Cash and cash equivalents may be analyzed as follows:

	31/12/2016	31/12/2015
	<u>(€/000)</u>	<u>(€/000)</u>
Cash and cash equivalents as per the consolidated statement of financial position	197,891	135,130
Bank payables (overdrafts and subject to collection advances)	<u>(2,396)</u>	<u>(5,735)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>195,495</u>	<u>129,395</u>

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 remeasurement of defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Minority interests	Total
<i>At 1 January 2015</i>	53,871	11,323	101,237	(19)	(5,273)	3,809	295,747	460,695	5,855	466,550
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,370	-	-	-	-	1,370	-	1,370
Purchase of treasury shares	(1,322)	-	(32,709)	-	-	-	1,322	(32,709)	-	(32,709)
Sale of treasury shares to stock option beneficiaries	921	-	8,166	-	-	-	(921)	8,166	-	8,166
Transfer of treasury shares as payment for equity investments	2,562	-	60,891	-	-	-	(2,562)	60,891	-	60,891
Dividends distributed	-	-	-	-	-	-	(19,321)	(19,321)	(925)	(20,246)
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	(191)	(191)	(280)	(471)
Comprehensive income for 2015	-	-	-	6	1,772	18,848	117,630	138,256	821	139,077
<i>At 31 December 2015</i>	56,032	11,323	138,955	(13)	(3,501)	22,657	391,704	617,157	5,471	622,628
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,733	-	-	-	-	1,733	-	1,733
Purchase of treasury shares	(1,772)	-	(43,308)	-	-	-	1,772	(43,308)	-	(43,308)
Sale of treasury shares to stock option beneficiaries	937	-	9,490	-	-	-	(937)	9,490	-	9,490
Transfer of treasury shares as payment for equity investments	234	-	5,516	-	-	-	(234)	5,516	-	5,516
Dividends distributed	-	-	-	-	-	-	(20,054)	(20,054)	(1,102)	(21,156)
Purchase of residual interests in subsidiaries	-	-	-	-	-	43	52	95	(1,040)	(945)
Comprehensive income for 2016	-	-	-	(11)	(1,521)	10,797	93,850	103,115	465	103,580
<i>At 31 December 2016</i>	55,431	11,323	112,386	(24)	(5,022)	33,497	466,153	673,744	3,794	677,538

Fine Comunicato n.0159-12

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