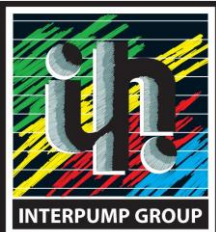


August 2018

**Interpump Group**

**2018 Second Quarter and Half-Year Results**





# Disclaimer

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€ mn

	Q2 2017	Q2 2018	y/y
Organic growth in sales			+13.3%
FX contribution			-3.7%
Increase in perimeter			+6.2%
<b>TOTAL REPORTED SALES</b>	<b>286.0</b>	<b>331.1</b>	<b>+15.8%</b>
EBITDA	67.9	77.2	+13.7%
<b>EBITDA / SALES</b>	<b>23.7%</b>	<b>23.3%</b>	
<b>NET INCOME (as reported)</b>	<b>33.7</b>	<b>42.7</b>	<b>+26.6%</b>
<i>Tax rate</i>	33.9%	31.3%	
<b>NET INCOME (adjusted*)</b>		<b>41.6</b>	<b>+23.3%</b>
<i>Tax rate</i>		31.9%	
* Q218 Statutory net income includes a €1.1 million adjustment in the negative goodwill of GS-Hydro acquisition			
<b>NET DEBT</b>	<b>319.1</b>	<b>296.0</b>	<b>- 23.1 mn</b>
COMMITMENTS FOR PURCHASE OF SUBSIDIARIES	58.1	44.1	- 13.9 mn
TREASURY SHARES (as at 30/06)	1,771,752	2,401,296	

€ mn

	H1 2017	H1 2018	y/y
Organic growth in sales			+12.9%
FX contribution			-4.9%
Increase in perimeter			+7.2%
<b>TOTAL REPORTED SALES</b>	<b>558.8</b>	<b>643.4</b>	<b>+15.2%</b>
EBITDA	130.8	146.8	+12.3%
<b>EBITDA / SALES</b>	<b>23.4%</b>	<b>22.8%</b>	
<b>NET INCOME (as reported)</b>	<b>66.3</b>	<b>94.3</b>	<b>+42.3%</b>
<i>Tax rate</i>	<i>34.2%</i>	<i>27.5%</i>	
<b>NET INCOME (adjusted*)</b>		<b>82.6</b>	<b>+24.7%</b>
<i>Tax rate</i>		<i>30.2%</i>	
<i>* H118 Statutory net income includes a €11.6mn one-off resulting from negative goodwill in the acquisition of GS-Hydro</i>			
<b>NET DEBT</b>	<b>319.1</b>	<b>296.0</b>	<b>- 23.1 mn</b>
COMMITMENTS FOR PURCHASE OF SUBSIDIARIES	58.1	44.1	- 13.9 mn
TREASURY SHARES (as at 30/06)	1,771,752	2,401,296	

€ mn

<b>WATER-JETTING</b>	<b>Q2 2018</b>	<b>y/y</b>	<b>H1 2018</b>	<b>y/y</b>
Organic growth in sales		+7.4%		+7.9%
FX contribution		-4.1%		-5.7%
Increase in perimeter		+1.2%		+4.0%
<b>TOTAL REPORTED SALES</b>	<b>109.9</b>	<b>+4.5%</b>	<b>215.5</b>	<b>+6.2%</b>
EBITDA	30.9	+7.5%	58.4	+7.3%
<b>EBITDA / SALES</b>	<b>28.0%</b>		<b>27.0%</b>	
<b>HYDRAULICS</b>	<b>Q2 2018</b>	<b>y/y</b>	<b>H1 2017</b>	<b>y/y</b>
Organic growth in sales		+16.7%		+15.7%
FX contribution		-3.4%		-4.4%
Increase in perimeter		+9.0%		+9.0%
<b>TOTAL REPORTED SALES</b>	<b>221.3</b>	<b>+22.3%</b>	<b>427.9</b>	<b>+20.3%</b>
EBITDA	46.3	+18.2%	88.4	+15.8%
<b>EBITDA / SALES</b>	<b>20.9%</b>		<b>20.6%</b>	



€ mn

	FY 2016	FY 2017	y/y
Organic growth in sales			+9.3%
FX contribution			-0.7%
Increase in perimeter			+9.1%
<b>TOTAL REPORTED SALES</b>	<b>922.8</b>	<b>1,086.5</b>	<b>+17.7%</b>
EBITDA	198.5	248.6	+25.3%
<b>EBITDA / SALES</b>	<b>21.5%</b>	<b>22.9%</b>	
<b>NET INCOME (as reported)</b>	<b>94.5</b>	<b>135.7</b>	<b>+43.7%</b>
<i>Tax rate</i>	<i>36.4%</i>	<i>29.4%</i>	
<b>NET INCOME (adjusted*)</b>		<b>129.8</b>	<b>+37.4%</b>
<i>Tax rate</i>		<i>32.4%</i>	
<i>* 2017 Statutory net income includes €5.7mn one-off positive effect of reassessment of U.S. deferred tax assets &amp; liabilities</i>			
<b>NET DEBT</b>	<b>257.3</b>	<b>273.5</b>	<b>+16.3 mn</b>
COMMITMENTS FOR PURCHASE OF SUBSIDIARIES	42.8	46.8	+4.0 mn
TREASURY SHARES (as at 31/12)	2,281,752	1,561,752	



# Sales & EBITDA Trend

€ mn - net of Cleaning (dismissed in 2005) and Electric Motors (2011)

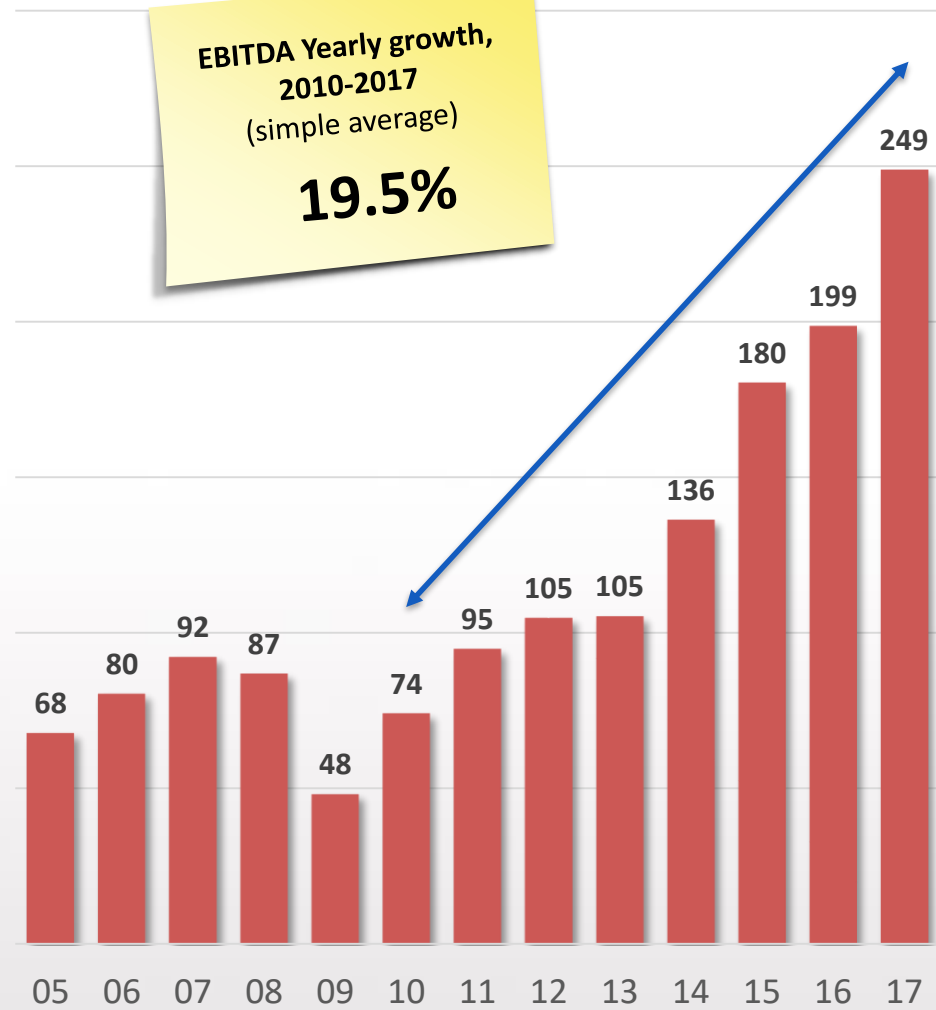
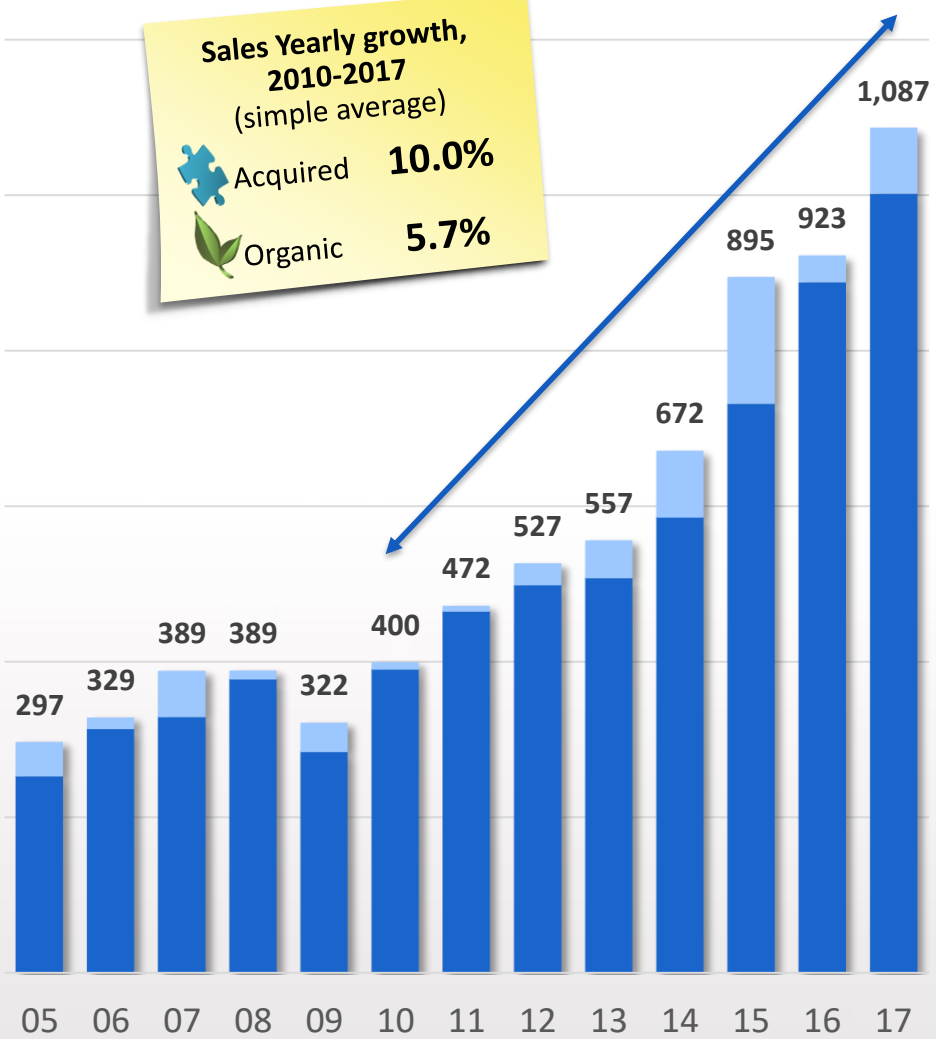
**Sales Yearly growth, 2010-2017**  
(simple average)

Acquired **10.0%**

Organic **5.7%**

**EBITDA Yearly growth, 2010-2017**  
(simple average)

**19.5%**



First 12 months' turnover of acquired companies
  Organic business

Sales & EBITDA net of Cleaning (dismissed in 2005) and Electric Motors (2011) for consistency with current business

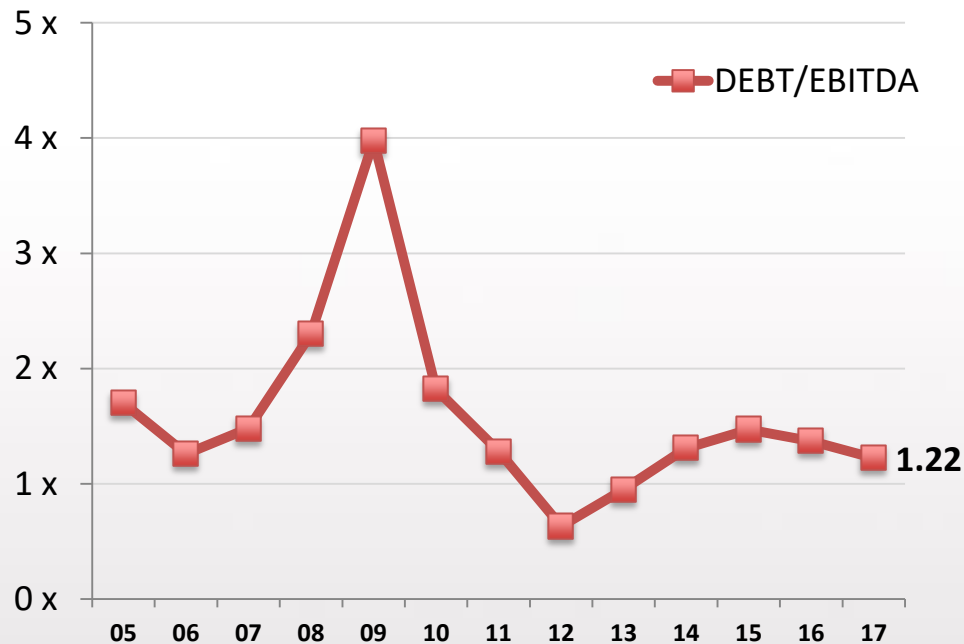




## Prudent debt policy and satisfactory return on capital employed

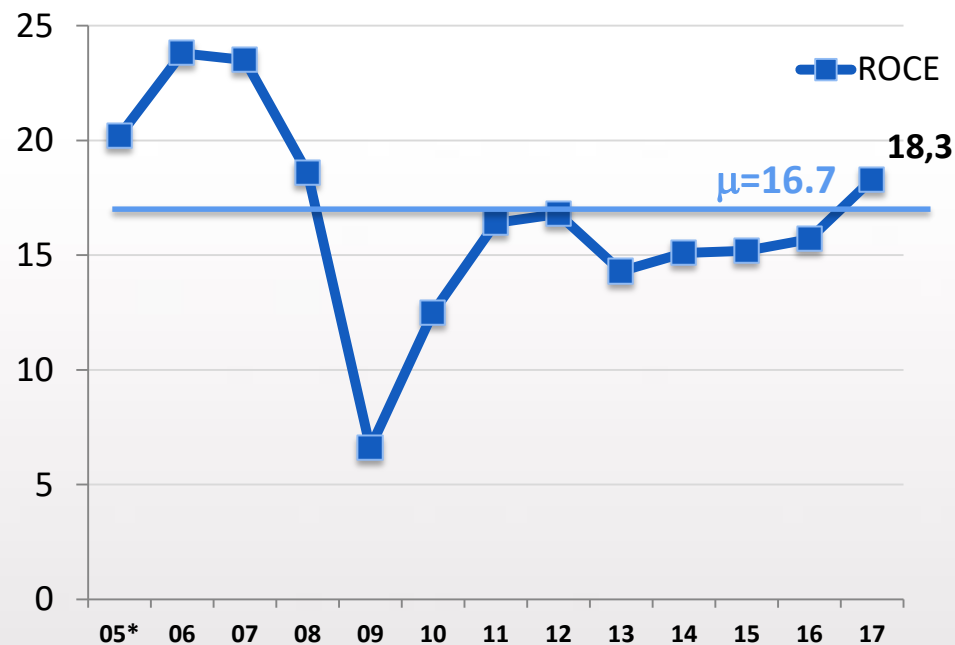
### Net Debt / EBITDA (12 M)

Net of treasury stock and including commitments for purchase of investments



### Return On Capital Employed (12M)

Operating profit / (consolidated shareholder's equity + net debt)



\*without the Cleaning Sector

## INTERPUMP GROUP

- ▶ Public company (~75% free float)
- ▶ Listed at the Milan Stock Exchange since 1996 (ticker: IP.MI)
- ▶ Among the largest market caps in the STAR segment
- ▶ Stock is eligible for PIRs (government-sponsored saving investment plans for Italian households with significant tax advantages)

## WATER-JETTING

- ▶ World leader in the niche market of high-pressure plunger piston pumps for water and other fluids. Premium-price, reputable brands
- ▶ Growing range of applications:
  - Industrial Cleaning
  - Chemical, Food, Pharma, Cosmetic processing
  - Automotive, Marine, Oil&Gas, Tunneling, Mining, Steel Industry
- ▶ Not only piston pumps: entered the wider universe of fluid handling with the acquisition of Inoxpa and Mariotti&Pecini (2017)

## HYDRAULICS

- ▶ Global supplier of hydraulic parts and complete systems
- ▶ Co-design and direct sales to all major OEMs, plus an extensive network of distributors
- ▶ Main applications are Trucks, Industrial Vehicles, Earth-moving, Agriculture, Construction, Lifting, Machine tools, Tunneling



# Diversified across every dimension

Diversification of our business is the key to our resilience and low overall cyclicity

Both divisions have moved from the initial 100% concentration in one sector to a **wide range of applications across different industries**

**Hydraulics:** ongoing enlargement of product range through acquisitions.  
**Water-Jetting:** expansion from the historical niche of high-pressure pumps into the wider world of fluid handling.

Our **20 largest customers** amount for about **10% of consolidated sales**.  
No single customer above 1%.



We sell our products **all over the world**, either through our increasing direct presence, or through distributors.

**Most goods sold** are produced locally or at least in the **same currency**. Our FX impact is mostly relative to the translation of financial statements. **No currency hedging** is necessary.

Stainless steel, aluminum, brass, cast iron, copper, and countless other alloys. **Smart, forward-looking buying policy** keeps us safe from price volatility.

**All classes of customers** are serviced directly, through a local subsidiary, or through a distributor according to their size and importance: **from the world's largest OEMs to small retail customers**.

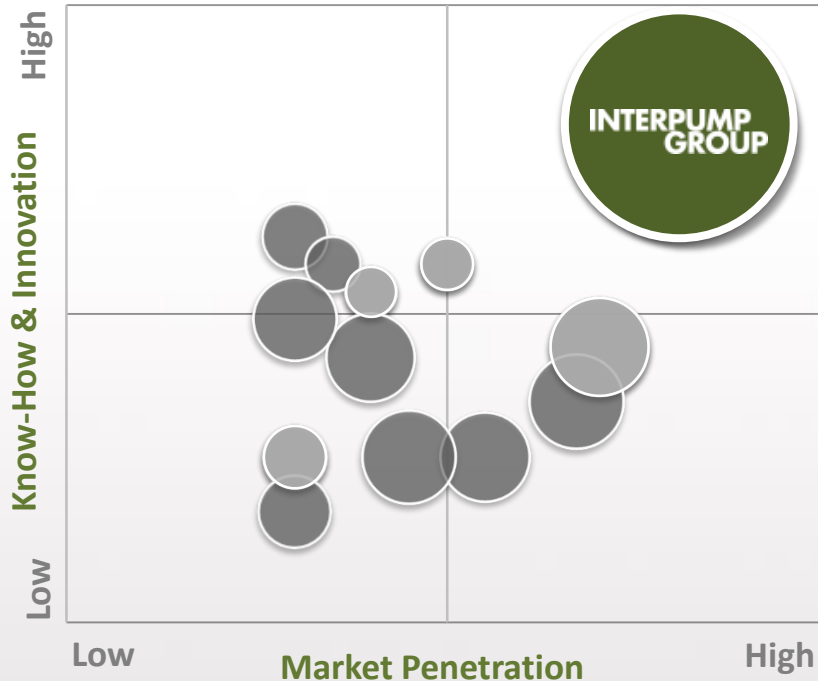


**HAMMELMANN**



**Niche of Very High Pressure Plunger Pumps**  
(estimated market size: <1bn/yr)

**Flow Handling**  
**Food, Cosmetics & Pharma**  
(estimated market size: € 8 bn/yr)



New applications for high-pressure technology appearing continuously in every sector

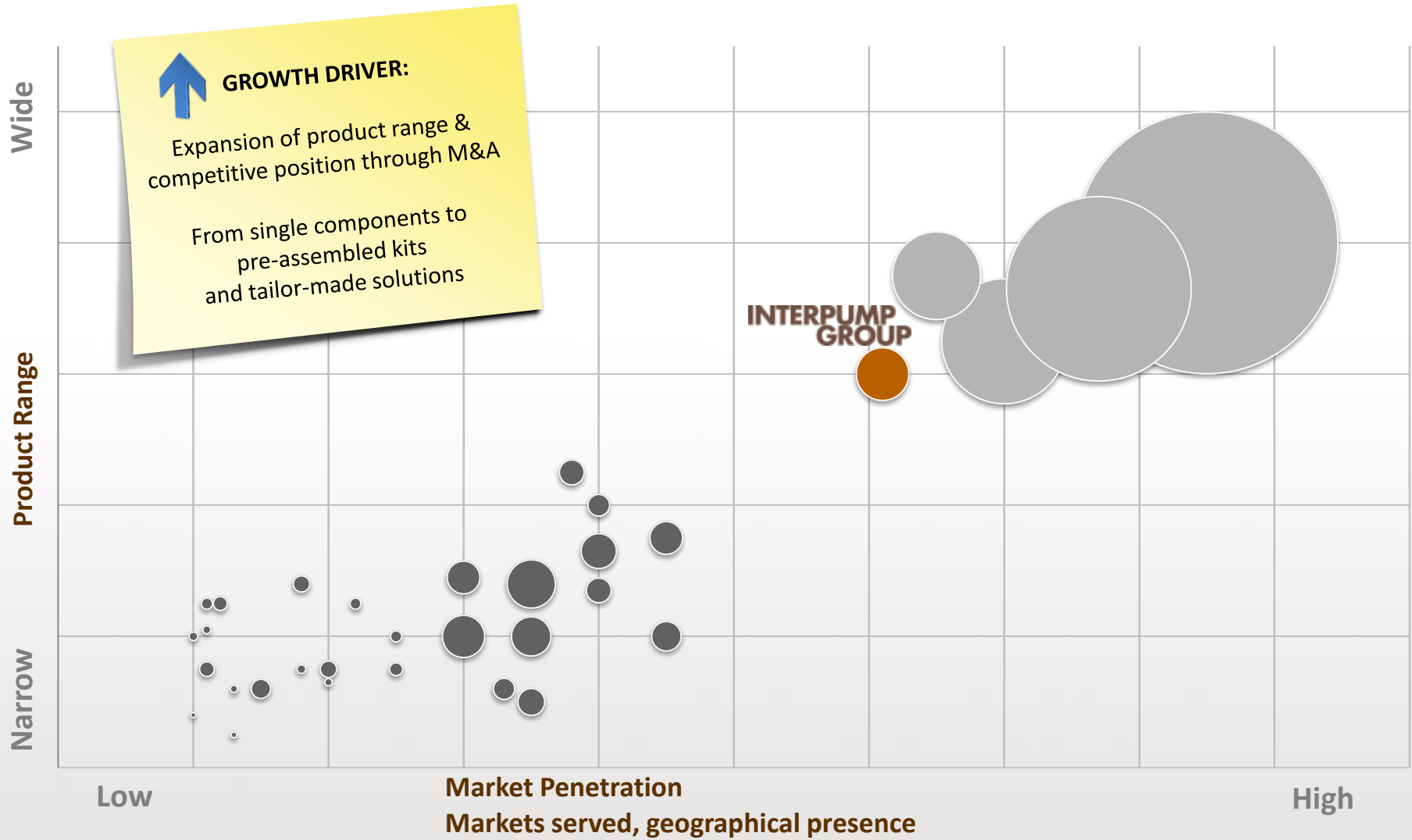


Expansion of product range & competitive position through M&A



# Competitive Scenario

A fast-growing global player in a huge market (est. € 40 bn/yr)  
with countless opportunities for acquisitions





June 2018 – Total employees: 1,757

## High-pressure Plunger Pumps

## Flow Handling Components



- ▶ Plunger pumps high flow/ high pressure (1~450 HP)

- ▶ Production and rental of high-pressure pumps and complete systems

- ▶ Specialized solutions for steel and mining industry

- ▶ High-pressure pumps (up to 1,500 HP - 4,500 bar/65K PSI)
- ▶ Design and supply of turnkey solutions

- ▶ Homogenizers for food, cosmetics, and pharmaceutical industry

- ▶ Pumps, mixers, components & systems for food, cosmetics and pharma

- ▶ Mixers and agitators (Magna-Safe® magnetic transmission)



**INTERPUMP  
Pratissoli**



▶ U.S. Distributor

**General Pump**

**NLB**



**Inoxihp (53%)**



**Hammelmann**



**Bertoli**



**Inoxpa**



**Mariotti & Pecini**



## International presence (plants and subsidiaries)

Italy, USA, China

USA, Poland

Italy

Germany, USA,  
Australia, China, Spain

Italy

Spain, India, Portugal,  
Italy, UK, USA, France,  
Denmark, Sweden,  
Russia, China, UAE,  
Ukraine, Moldova,  
South Africa, Australia,  
Colombia

Italy

March 2018 – Total employees: 4,661

▶ Power Take-Offs



**INTERPUMP HYDRAULICS,  
Muncie Power Products,  
PZB, Hydrocar, Takarada**

▶ Cylinders



**Panni Oleodinamica  
Contarini  
Penta, Modenflex**

▶ Oil Tanks



**American Mobile Power**

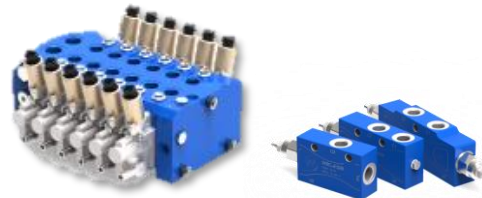
▶ Distributor for Oceania



**Mega Pacific (65%)**

▶ Valves

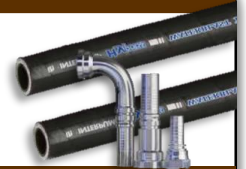
▶ Directional Control Valves



**WALVOIL  
Hydrocontrol  
Galtech  
M.T.C.**

▶ Rubber hoses

**I.M.M.  
Hypress  
Interpump Hose**



▶ Metallic flexible hoses

**Tubiflex (80%)**



▶ Rigid pipes & piping systems

**GS-Hydro  
Tekno Tubi**



▶ Hose assembly machines

▶ 24/7 service & repairs



**Endeavour**



**Bristol Hose**

## International presence (plants and subsidiaries)

Italy, USA, UK, France, Bulgaria,  
Brazil, Chile, Peru,  
China, India, Australia, New Zealand,  
South Africa, UAE

Italy, USA, Canada, France,  
India, China, Korea, Australia

Italy, France, Germany, Romania,  
UK, South Africa, Sweden, Denmark,  
Austria, Poland, Spain, Netherlands, USA,  
China, Korea, Singapore, Brazil



### **FOOD, COSMETICS, PHARMACEUTICAL**

Pumps, valves, processing and cleaning systems  
Agitators (including magnetic transmission)  
High-pressure homogenizers  
Water-jet food cutting, slicing, meat separation



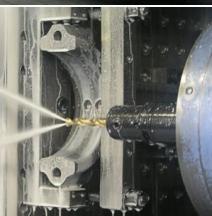
### **CONSTRUCTION**

Hydro-demolition  
Surface preparation  
Renewal of armored concrete infrastructures



### **TRUCKS**

Lightweight high pressure pumps for sewer trucks  
Other utility vehicles



### **INDUSTRY**

Machine drilling & cutting  
Pulp & paper  
Intertwining of fibers in non-woven textiles production  
Overspray removal from painting booth grids



### **STEEL / ALUMINUM**

Descaling of steel bars  
Cleaning of tanks & vessels used in aluminum processing



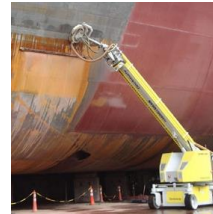
### **CLEANING**

Mid- to high-power professional & industrial cleaning  
Car washing systems  
Airport tarmacs  
Fish-farming nets



### **AUTOMOTIVE**

Deburring of common-rail engine heads  
Cutting of bodywork and other materials  
Cleanup of welded seals



### **MARINE / SHIPYARDS**

Water-blasting paint removal  
Hull cleaning  
Fuel pumps for methanol-converted marine engines



### **WATER PROCESSING**

Misting  
Reverse-osmosis desalination



### **CONTRACTORS**

Service companies who buy or rent general-purpose high-pressure systems and offer various industrial cleaning and maintenance services to third parties across different industries (typical of the U.S. market)



### **OIL & GAS**

Injection of anti-icing and pressure-restoring fluids in wells  
Underwater high-pressure pumping  
Emergency valve operation (seal-less pumps)  
Decommissioning of platforms at end of life

**~1/3 of revenues in Water-Jetting come from after-sales (maintenance, parts & service)**





### EARTH-MOVING

Excavators and mini-excavators  
Backhoe loaders  
Skid-steer loaders



### TRUCK OUTFITTERS

Tipping trucks  
Trash collection - Sewer cleaning  
Firefighting - Snow plowing  
Towing - Car Carriers  
Crane trucks



### TRUCK MANUFACTURERS

Factory-fitted PTOs



### AGRICULTURE

Farm tractors  
Front loaders  
Harvesting machines



### CONSTRUCTION

Concrete mixing  
Telescopic handlers  
Conditioning/refrigeration/ventilation



### INDUSTRIAL

Machine tools  
Hydraulic power packs



### LIFTING

Mobile and fixed cranes  
Elevators  
Forklifts  
Theme park attractions

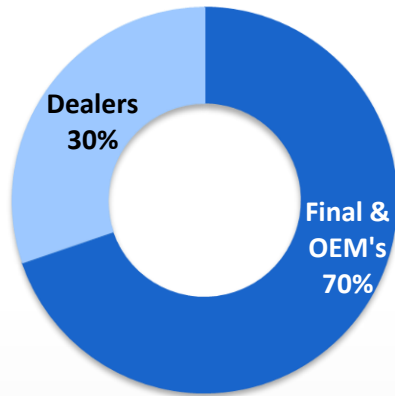


### DRILLING / TUNNELING

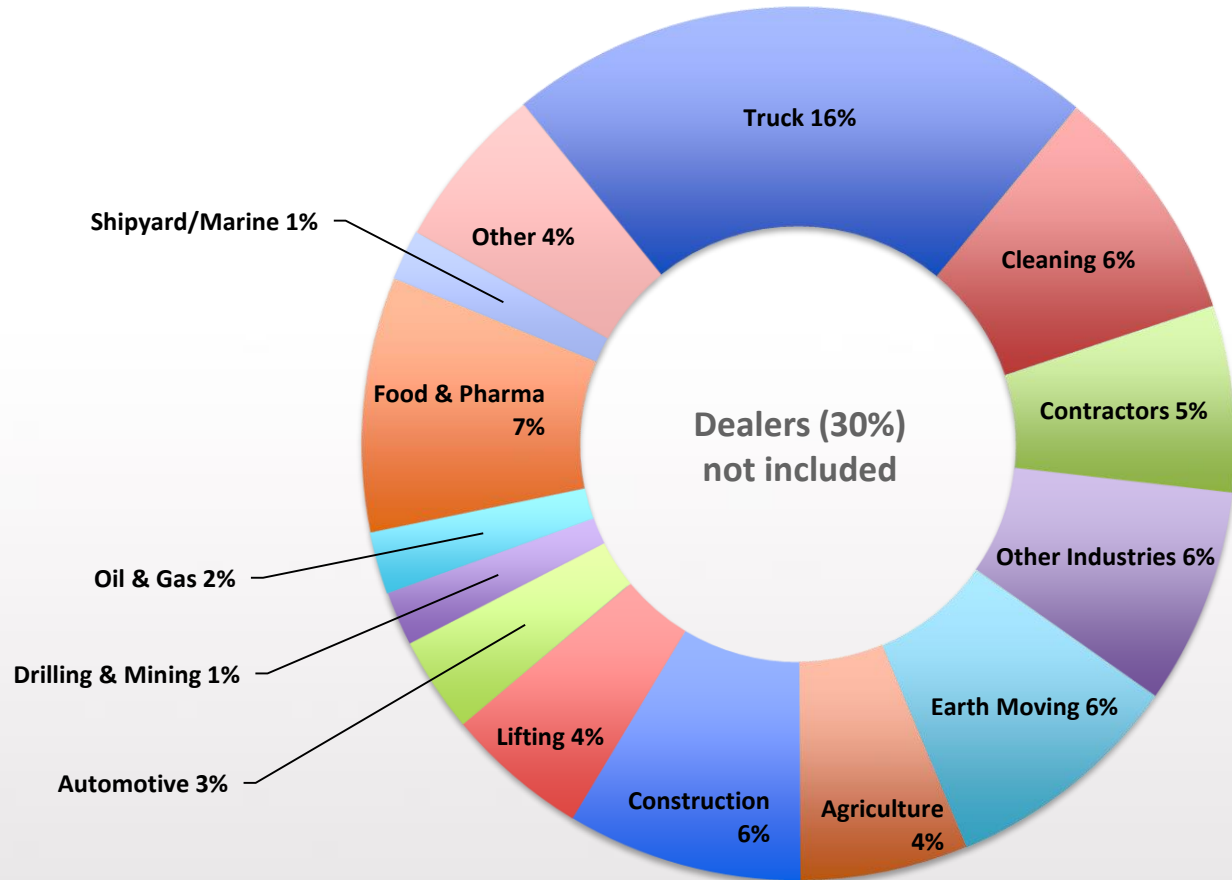
Tunnel-boring machines

## Total sales by channel

2017 Total Turnover: Euro 1,087 million



## Sales by Application Field



Diversification of our business is the key to our resilience and low overall cyclicity.

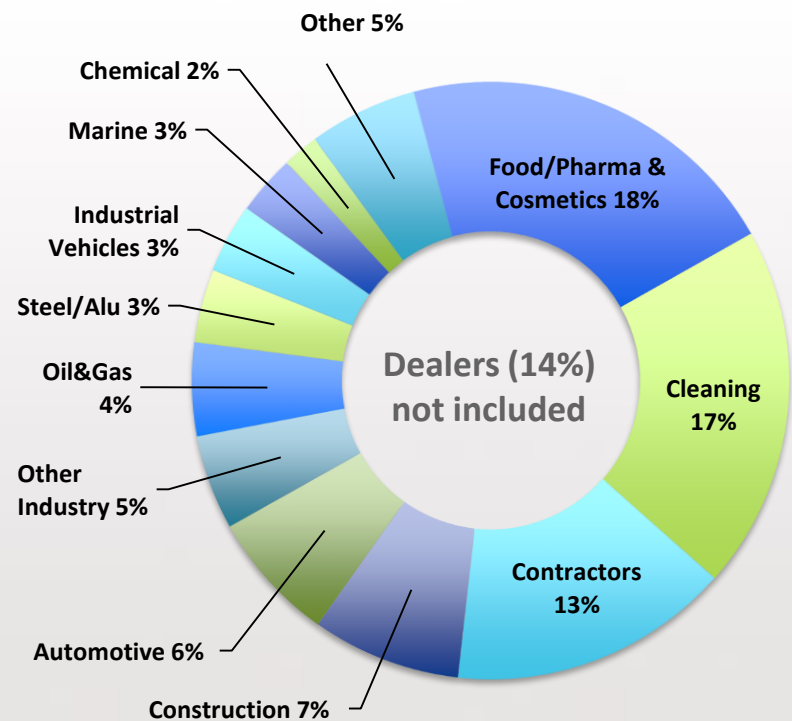
# Diversification is a never-ending journey

Significant reduction of cyclicity and correlation achieved over the past decade

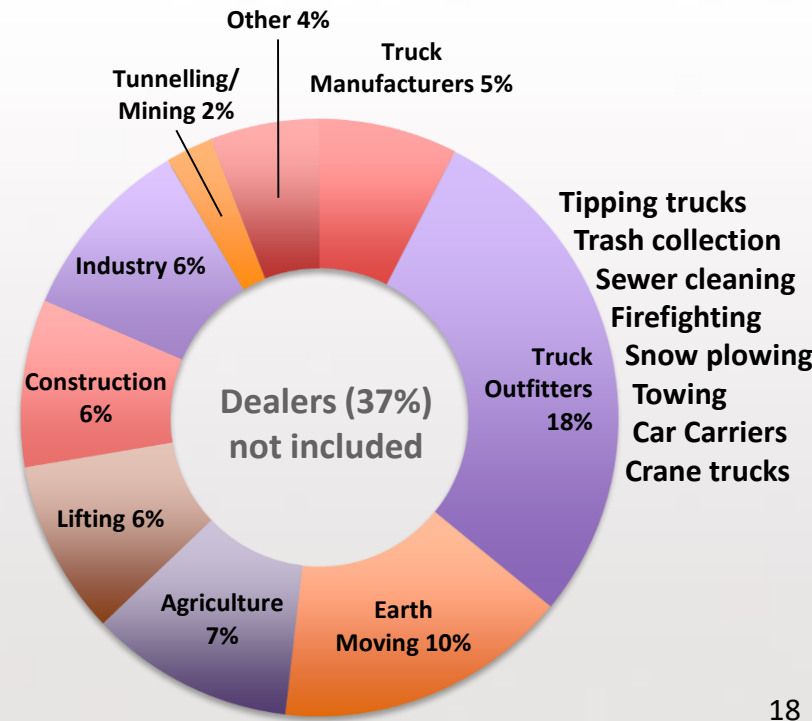
## WATER JETTING

## HYDRAULICS

- ✓ Diversification into many application sectors with different cycles
- ✓ Ongoing expansion into sectors with little or no cyclicity
- ✓ No single sector is critical for Interpump
- ✓ In most sectors, Interpump is not structurally correlated to industry trends



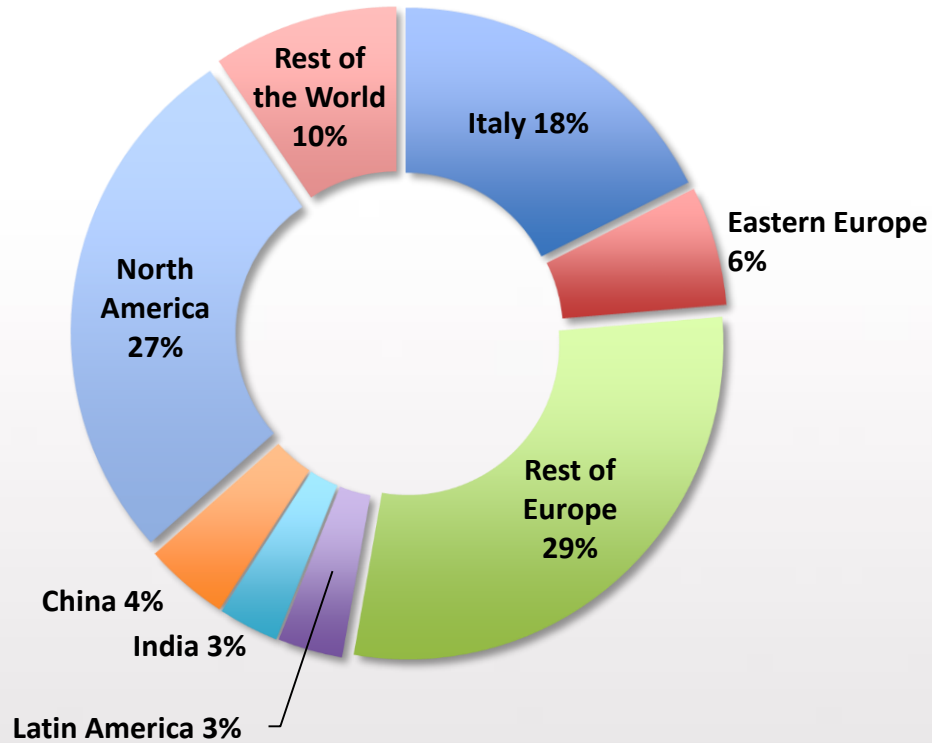
**2017**



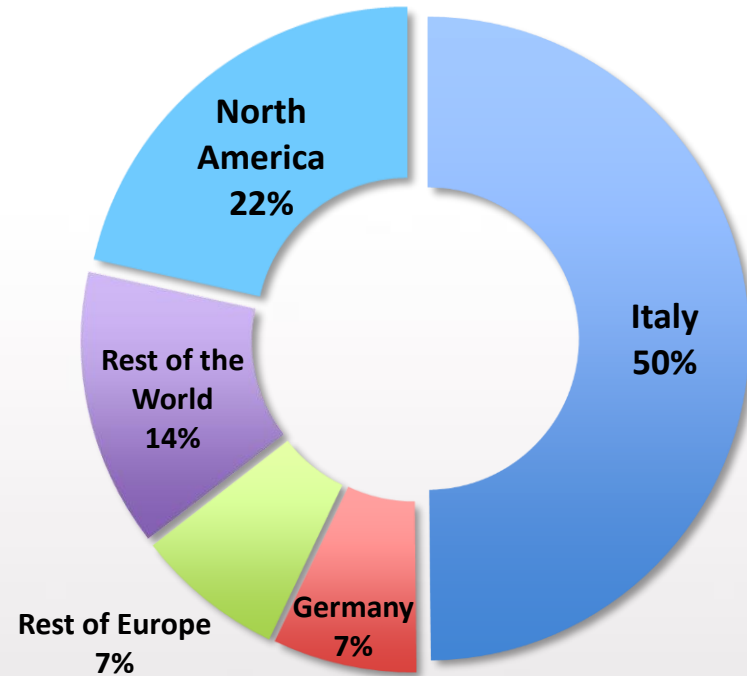


## Geographical breakdown of sales and costs (2017)

### Sales



### Total Costs



## Focus on emerging markets: a well-balanced presence

### CHINA (大陆)



Presence through Walvoil, Interpump Hydraulics, GS-Hydro, Inoxpa, Hammelmann

A very lively market for Water-Jetting

Hydraulics: Ready to support the next-generation motorization

### INDIA



Presence through Interpump Hydraulics, Walvoil, Inoxpa

Leader in hydraulics: 3 Production Units to serve important OEM customers (JCB, Tata, Ashok Leyland).

Production of Inoxpa food processing components in Pune

### SOUTH KOREA



Presence through Walvoil and GS-Hydro

Fast-growing market for hydraulics with many large local OEMs

GS-Hydro branch serving shipyards in the Busan region

### BRAZIL



Presence through Interpump Hydraulics, Hammelmann, GS-Hydro

2016-2017 sales pattern suggests signs of recovery

In both countries: merger & capacity enlargement of former Walvoil and Hydrocontrol branches completed in Q4 2017



40+ companies acquired since the IPO in 1996 representing roughly 2/3 of each year's growth



3 kinds of acquisitions: Completing the product range, reinforcing competitive positioning, enhancing distribution



Bolt-on acquisitions: no disruption in activity, immediate synergies



Soft integration policy: existing management, brands, IT systems are preserved



Reasonable multiples paid, based on EV/EBITDA ratio



Remarkable increase in EBITDA margins of acquired companies

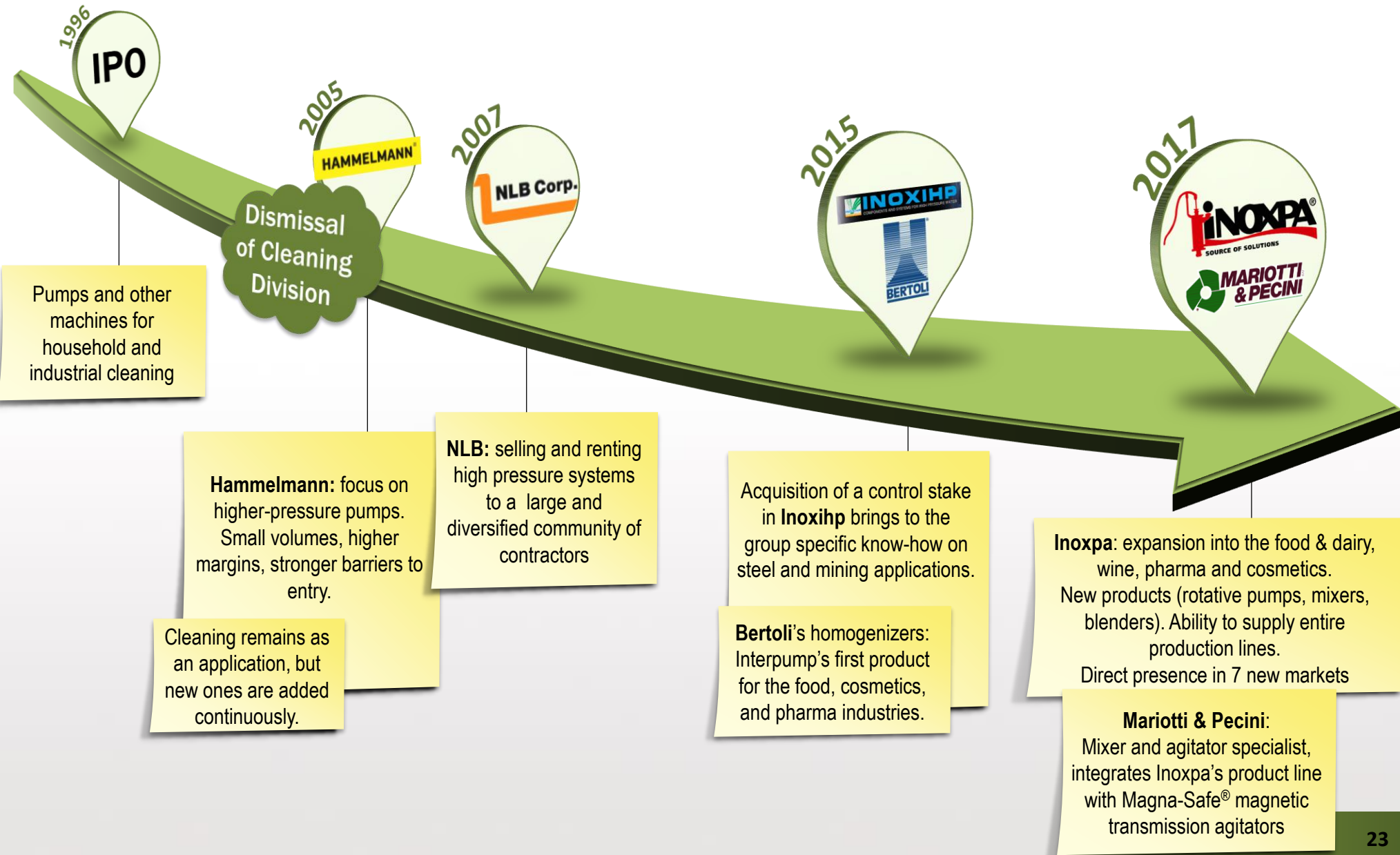


Frequent acquisition of a control stake with agreements for acquiring the minority interest in a few years



Use of Interpump treasury shares as full or partial payment for some acquisitions

Applications: from cleaning to countless

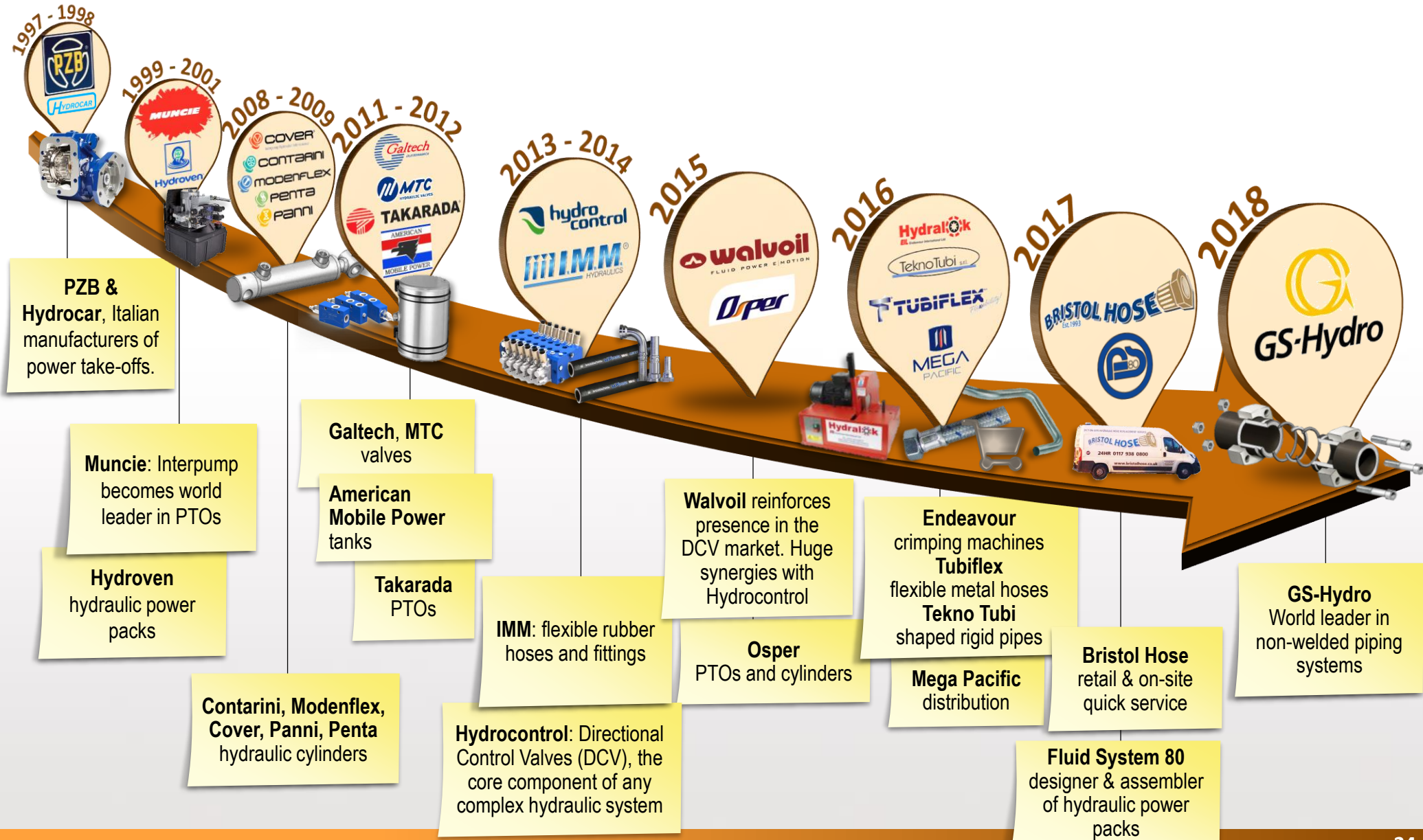






# Acquisition & Diversification Timeline

Products: from PTOs only to integrated hydraulic kits, systems and services





- a world leader in design and execution of piping systems in the industrial, marine, and offshore sectors
- revolutionized the piping industry with the invention of “non-welded” pipe assembly technology (cleaner and faster execution, easier maintenance and repairs)



### Estimates for 2017 (€ mn)

SALES	60
EBITDA	4
NET CASH	3
EMPLOYEES	475

**Total acquisition price: € 9 mn**

- Acquisition in early 2018 of 13 international subsidiaries plus the manufacturing unit of the (bankrupt) Finnish head company
- Intellectual property and certification (where applicable) included in acquisition
- Ensuring continuity and growth of the business according to sound industrial criteria



- A successful start-up which designs, builds and installs plants for breweries and winemakers
- operates in the promising business of micro-brewery plants, a new and fast-expanding market



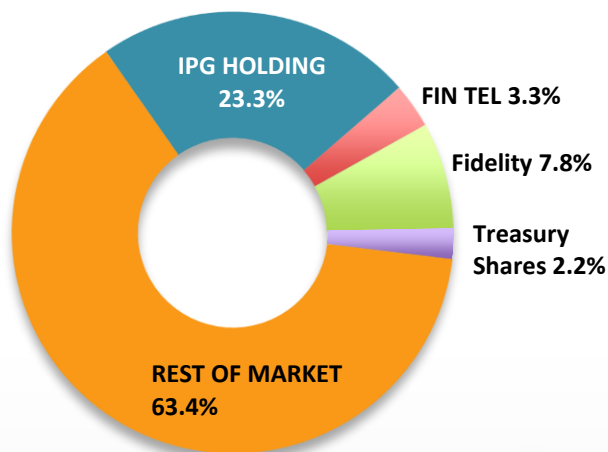
### Estimates for 2018 (€ mn)

SALES	2
EBITDA	10%
NET CASH	0.15
PRICE PAID	0.6

Updated 02/08/2018

## Shareholder Structure

Source: CONSOB/Company



## Analyst Coverage

Alantra  
Banca Akros  
Equita SIM  
Exane BNP Paribas  
Fidentiis  
Intermonte  
Intesa Sanpaolo  
Kepler Cheuvreux  
Mediobanca

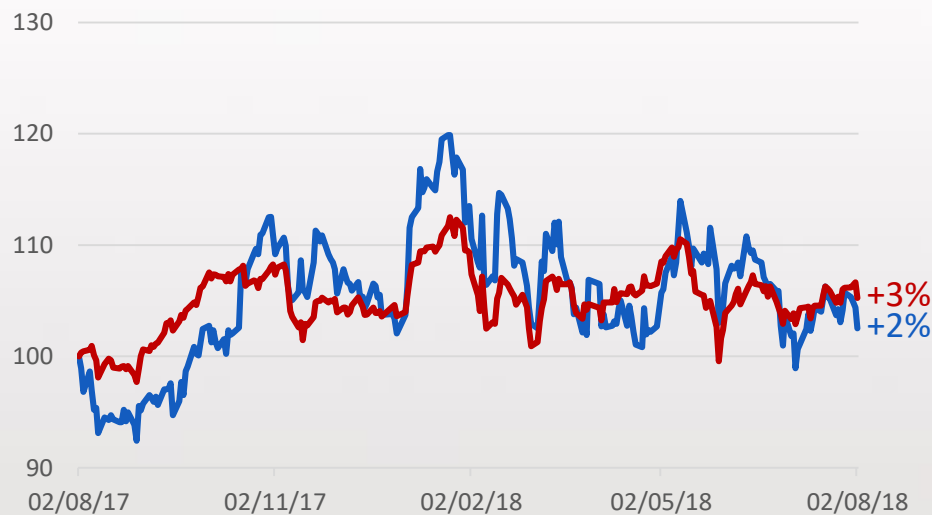
Jacopo Tagliaferri  
Paola Saglietti  
Domenico Ghilotti  
Michele Baldelli  
Xhois Hatibi  
Carlo Maritano  
Bruno Permutti  
Matteo Bonizzoni  
Alessandro Tortora

## Interpump Stock Performance

Total return to shareholders since the IPO: 14.1% per year  
(assuming dividend reinvestment and participation to the '09 capital increase)

Share price	27.34
Market Capitalization	€ 2.9 bn
Performance 3 M:	-3%
Performance 1 Y:	+3%
Performance 2 Y:	+83%

## 1-yr trend: IP MI vs. FTSE STAR Index



as of 30 June 2018

## Board of Directors

★ = independent

**Fulvio Montipò** *Chairman and CEO*

**Paolo Marinsek** *Deputy Chairman*

**Franco Garilli** *Lead Independent Director*

★ **Angelo Busani** *Minority Director*

★ **Antonia Di Bella**

★ **Marcello Margotto**

★ **Stefania Petruccioli**

★ **Paola Tagliavini**

★ **Giovanni Tamburi**

## Board of Statutory Auditors

**Fabrizio Fagnola** *Chairman*

**Federica Menichetti**

**Alessandra Tronconi**

## Chief Financial Officer

**Carlo Banci**

## Independent Auditors

**EY S.p.A.**

## Head of Investor Relations

**Luca Mirabelli**

## Synthesis of results

Euro/million	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net Sales</b>	199.6	221.3	283.4	319.3	411.7	426.1	492.9	501.7	531.7	331.6	364.9	432.2	424.5	342.9	424.9	472.3	527.2	556.5	672.0	894.9	922.8	1086.6
<b>EBITDA</b>	40.7	46.8	61.1	64.9	79.8	81.4	84.5	75.2	77.3	68.0	79.1	94.3	87.0	46.9	74.1	94.7	105.8	105.2	136.1	180.3	198.5	248.6
Margin	20.4%	21.2%	21.6%	20.3%	19.4%	19.1%	17.1%	15.0%	14.5%	20.5%	21.7%	21.8%	20.5%	13.7%	17.4%	20.0%	20.1%	18.9%	20.3%	20.1%	21.5%	22.9%
<b>EBIT</b>	35.5	40.5	52.4	55.1	67.2	67.6	69.2	59.2	60.5	57.4	69.7	82.2	75.7	29.2	54.7	75.7	84.1	79.2	104.4	136.9	153.5	198.9
Margin	17.8%	18.3%	18.5%	17.2%	16.3%	15.9%	14.0%	11.8%	11.4%	17.3%	19.1%	19.0%	17.8%	8.5%	12.9%	16.0%	15.9%	14.3%	15.5%	15.3%	16.6%	18.3%
<b>Net Profit</b>	7.6	13.8	16.6	22.2	19.0	21.4	21.1	14.3	19.7	27.1	41.6	42.9	40.2	14.0	27.4	42.6	53.2	44.1	57.7	118.3	94.5	135.7
Margin	3.8%	6.2%	5.9%	6.9%	4.6%	5.0%	4.3%	2.8%	3.7%	8.2%	11.4%	9.9%	9.5%	4.1%	6.4%	9.0%	10.1%	7.9%	8.6%	13.1%	10.2%	12.5%
<b>Free Cash flow</b>	8.4	9.2	32.1	26.5	42.1	19.4	17.2	15.9	1.0	52.1	37.9	32.0	22.1	63.1	57.0	30.9	38.6	34.3	38.3	85.2	89.9	93.6
<b>Net Fin. Debt</b>	43.0	38.8	67.9	139.3	153.2	150.7	145.4	172.3	178.4	115.8	99.9	139.6	200.5	186.5	134.9	121.6	66.1	100.3	178.8	265.1	271.5	304.3
(net of treasury stock and including commitments for purchase of investments)																						
<b>Shareholder's Equity</b>	133.1	143.7	157.1	177.1	162.0	182.8	193.4	173.8	179.9	156.7	155.9	147.1	178.0	242.8	291.5	315.2	396.9	432.9	466.6	622.6	677.5	764.7
<b>Debt/Equity</b>	0.32	0.27	0.43	0.79	0.95	0.82	0.75	0.99	0.99	0.74	0.64	0.95	1.13	0.77	0.46	0.39	0.16	0.23	0.38	0.42	0.40	0.40

Continuing operations only: Dismissed sectors are not included in the year of dismissal (2005 for Cleaning; 2011 for Electric Motors)

From 2004 to 2015 figures are prepared in accordance with International Financial Reporting Standards (IFRS). From 1996 to 2003 figures are prepared in accordance with Italian Accounting Standards

## Free Cash Flow (12 Months)

(euro/million)	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash Flow from Operations	25.2	54.6	60.8	65.6	65.3	95.8	120.2	138.0	172.4
Change in Trade Working Capital	44.4	10.1	(21.8)	(12.3)	(1.7)	(23.7)	(6.6)	(12.2)	(30.8)
Capex	(9.2)	(8.7)	(11.8)	(15.8)	(29.8)	(34.1)	(28.9)	(36.5)	(47.8)
Other	2.7	1.0	3.7	3.6	0.5	0.3	0.5	0.7	(0.3)
<b>Free Cash Flow</b>	<b>63.1</b>	<b>57.0</b>	<b>30.9</b>	<b>38.6</b>	<b>34.3</b>	<b>38.3</b>	<b>85.2</b>	<b>89.9</b>	<b>93.6</b>

## Purchases as a % of sales (yearly figures)



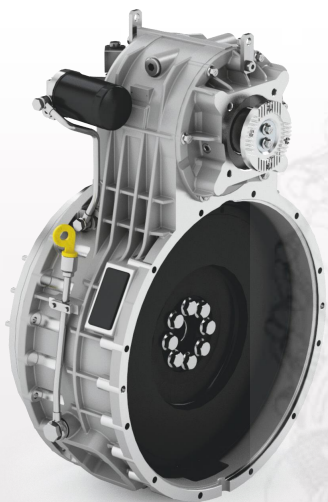
- ✓ Procurement costs are well under control and do not reflect increases in raw material prices
- ✓ Long-term decrease of purchases on sales reflects increases in efficiency and acquisition of less material-intensive businesses



The Manager in charge of preparing the company's financial reports declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this presentation corresponds to the document results, books and accounting records.

S. Ilario d'Enza, August 3, 2018

*Carlo Banci*



**Cover page:**

*The "Sandwich" Power Take-Off (PTO) is designed to be installed between the engine and the gearbox of a truck or other specialized vehicle, and supplies power to the onboard auxiliary or hydraulic equipment. This approach is best suited for applications that require continuous operation regardless of whether the gearbox is engaged.*

**Interpump Hydraulics EFP-1** is designed for the largest standard engine size (SAE1), with output power up to 392 kW