



INTERPUMP GROUP

PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE 2018 CONSOLIDATED RESULTS

Net sales: €1,279.2 million (€1,086.5 million in 2017): + 17.7%

**EBITDA: €288.5 million or 22.6% of sales
(€248.6 million in 2017 or 22.9% of sales): +16.0%**

**EBIT: €236.5 million or 18.5% of sales
(€198.9 million in 2017 or 18.3% of sales): +18.9%**

Consolidated net profit: €173.9 million (€135.7 million in 2017): +28.1%
(net of one-offs, worth €11.4 mn in 2018 and €5.7mn in 2017: +25.0%)

Net debt: €287.3 million (€273.5 million at 31 December 2017)
after acquisitions for €21.1 million, €23.1 million paid in dividends, and purchase of treasury shares for €54.2 million

PROPOSED DIVIDEND OF 0.22 EUROS (0.21 Euros in FY2017)

APPROVAL OF CONSOLIDATED NON-FINANCIAL STATEMENT

SHAREHOLDERS' MEETING CALLED FOR 30 APRIL

- **AUTHORIZATION TO PURCHASE TREASURY SHARES**
- **APPROVAL OF THREE-YEAR INCENTIVE PLAN**

Chairman Fulvio Montipò: "I would like to express my satisfaction for this series of record achievements and thank the Interpump team. In just two years, consolidated sales were up 39%, EBITDA up 45%, net income up 84%"

Sant'Ilario d'Enza (RE), 19 March 2019 – The Board of Directors of Interpump Group S.p.A. has approved the draft 2018 financial statements and the **2018 consolidated results**.

In 2018, the following companies were consolidated for the first time: companies in the GS-Hydro group (Hydraulics sector, consolidated for the whole year), Ricci Engineering Srl (Water-Jetting sector, acquired August 2 and consolidated for five months), Fluinox Procesos S.L.U. (Water-Jetting sector, acquired December 11 and included in the year-end Statement of Financial Position).



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Net sales

Net sales for 2018 totaled €1,279.2 million, representing an increase of 17.7% over sales of €1,086.5 million for 2017.

At unchanged perimeter and exchange rates, organic growth of sales was +13.7%; the FX penalized the year's turnover by €28.3 million.

Profitability

EBITDA amounted to €288.5 million (22.6% of sales) compared to €248.6 million in 2017, which represented 22.9% of sales: an increase of 16.0%.

The negative impact of currency exchange on EBITDA was 7.5 million euro for the whole year.

EBIT amounted to €236.5 million (18.5% of sales) compared to €198.9 million in 2017 (18.3% of sales), up 18.9%.

Net profit for FY2018 totaled €173.9 million, 28.1% higher than the 135.7 million registered in 2017. Net of one-off revenues for both years, the year-on-year increase is +25.0%¹

Basic earnings per share amounted to €1.619 in 2018 (€1.257 in 2017).

Capital employed rose from €1,085.1 million at 31 December 2017 to €1,200.8 million at 31 December 2018. This increase is mainly due to the acquisition of GS-Hydro and the increase in working capital resulting from the very strong organic growth. **ROCE** amounted to 19.7% (18.3% in 2017). **ROE** reached 20.0% (17.7% in 2017).

Financial situation

Net cash of €209.8 million was generated by operations (€172.4 million in 2017), up 21.7%. Free cash flow was €82.2 million; the decrease compared to 2017 (€93.6 million) is due to higher capex and increase in net working capital resulting from the very strong organic growth.

Net debt at 31 December 2018 stood at €287.3 million (€273.5 million at 31 December 2017), following outlays of €21.1 million for acquisitions, €23.1 million in dividends paid, and purchase of treasury shares for €54.2 million. In addition, the Group has binding commitments of €44.5 million to acquire minority interests in subsidiaries (€46.8 million at 31 December 2017).

At 31 December 2018 Interpump Group S.p.A. held 3,413,489 **treasury shares**, representing 3.135% of share capital, purchased at an average price of €21.0343.

¹ 2017 Net Income included a € 5.7 million benefit from the reassessment of deferred tax assets & liabilities in the US; 2018 Net Income includes a € 11.4 million one-off income resulting from the acquisition of GS-Hydro.



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CONSOLIDATED NON-FINANCIAL STATEMENT

Additionally, the Board approved Interpump Group's Non-Financial Disclosure, prepared according to the Italian law (D.Lgs 254/2016). Pursuant to Consob regulation 20267 of 18/1/2018, the Disclosure will be published in the same terms as the 2018 Financial Statements.

GENERAL SHAREHOLDERS' MEETING AND DIVIDEND PROPOSAL

APPROVAL OF THE FY2018 SEPARATE ACCOUNTS

The Board of Directors has resolved to convene an Ordinary General Shareholders' Meeting to approve the 2018 separate financial statements in single call on **30 April 2018** 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 22 euro cents (FY2017: 21 euro cents). If approved, the dividend will be paid on May 22 and the share will go ex-dividend on May 20 (record date May 21).

AUTHORIZATION FOR TREASURY SHARES PURCHASE AND DISPOSAL

The Shareholders' Meeting convened in ordinary session will also be called to adopt a resolution regarding authorization for the purchase and disposal of treasury shares. It will be proposed to cancel the existing authorization and grant a new one, valid until October 2020. A short description follows for convenience; full details will be included in the Directors' Report to the Shareholders' Meeting, which will be published in accordance with the law.

The Company currently owns 3.443.489 treasury shares, or 3.16267% of total share capital. The purchase(s) for which authorization is sought shall be made on a regulated market or through a public tender/exchange offer in accordance to the law, for a maximum of 3,500,000 ordinary shares, at a price between €0.52 and €40.00.

The purchase and disposal for which authorization is sought shall be made for the purpose of investment, price stabilization in case of low liquidity, use of shares as payment for acquisitions and/or commercial agreements with strategic partners, and service of the existing and future incentive plans adopted by the Company.

INCENTIVE PLAN

The Board of Directors has resolved to propose to the Meeting the approval of "Interpump 2019/2021 Incentive Plan" having as beneficiaries employees, directors and/or collaborators of the Company and its subsidiaries. Further details of the Incentive Plan as per article 84-bis of Consob Resolution no. 11971/1999 may be found in the illustrative report that will be made available to the public in accordance with law.

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURES

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 for the FY2018.

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 and advertised in accordance with the law.



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Sant'Ilario d'Enza (RE), 19 March 2019

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), 19 March 2019

Manager responsible for drafting
company accounting documents
Carlo Banci

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Consolidated statement of financial position

(€/000)	<u>31/12/2018</u>	<u>31/12/2017</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	118,140	144,938
Trade receivables	270,364	236,761
Inventories	366,480	291,701
Tax receivables	24,596	15,410
Other current assets	10,931	8,302
<i>Total current assets</i>	<u>790,511</u>	<u>697,112</u>
<i>Non-current assets</i>		
Property, plant and equipment	355,488	321,833
Goodwill ²	434,699	425,991
Other intangible assets	34,731	38,096
Other financial assets	2,319	1,145
Tax receivables	1,664	1,770
Deferred tax assets	29,776	24,909
Other non-current assets	2,177	2,582
<i>Total non-current assets</i>	<u>860,854</u>	<u>816,326</u>
Assets available for sale	-	785
<i>Total assets</i>	<u>1,651,365</u>	<u>1,514,223</u>

² 2017 data restated in 2018 as per IFRS3



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(€/000)	<u>31/12/2018</u>	<u>31/12/2017</u>
LIABILITIES		
Current liabilities		
Trade payables	177,782	142,975
Payables to banks	21,404	8,955
Interest bearing financial payables (current portion)	151,917	166,465
Taxes payable	19,204	18,541
Other current liabilities	72,297	54,038
Provisions for risks and charges	3,807	3,610
Total current liabilities	<u>446,411</u>	<u>394,584</u>
Non-current liabilities		
Interest bearing financial payables	232,158	243,060
Liabilities for employee benefits	19,377	20,044
Deferred tax liabilities	41,832	41,504
Taxes payable	70	-
Other non-current liabilities ³	39,451	46,946
Provisions for risks and charges	3,161	3,156
Total non-current liabilities	<u>336,049</u>	<u>354,710</u>
Liabilities available for sale	-	200
Total liabilities	<u>782,460</u>	<u>749,494</u>
 SHAREHOLDERS' EQUITY		
Share capital	54,842	55,805
Legal reserve	11,323	11,323
Share premium reserve	71,229	121,228
Remeasurement reserve for defined benefit plans	(5,965)	(5,722)
Translation reserve	3,142	(2,475)
Other reserves	729,373	579,006
Group shareholders' equity	<u>863,944</u>	<u>759,165</u>
Minority interests	4,961	5,564
 Total shareholders' equity	 <u>868,905</u>	 <u>764,729</u>
Total shareholders' equity and liabilities	<u>1,651,365</u>	<u>1,514,223</u>

³ 2017 data restated in 2018 as per IFRS3



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FY 2018 Consolidated Income Statement

(€/000)	<u>2018</u>	<u>2017</u>
Net sales	1,279,167	1,086,547
Cost of goods sold	(805,295)	(672,548)
Gross industrial margin	473,872	413,999
<i>% of net sales</i>	<i>37.0%</i>	<i>38.1%</i>
Other operating income	19,665	16,744
Distribution expenses	(117,660)	(102,726)
General and administrative expenses	(135,898)	(124,534)
Other operating costs	(3,430)	(4,571)
EBIT	236,549	198,912
<i>% of net sales</i>	<i>18.5%</i>	<i>18.3%</i>
Financial income	11,427	14,379
Financial charges	(19,212)	(21,424)
Recognition of negative goodwill	11,369	305
Equity method contribution	(207)	(22)
Profit for the period before taxes	239,926	192,150
Income taxes	(66,064)	(56,427)
Consolidated profit for the period	173,862	135,723
<i>% of net sales</i>	<i>13.6%</i>	<i>12.5%</i>
Attributable to:		
Shareholders of Parent	172,905	134,442
Minority shareholders of subsidiaries	957	1,281
Consolidated profit for the period	173,862	135,723
EBITDA	288,519	248,648
<i>% of net sales</i>	<i>22.6%</i>	<i>22.9%</i>
Shareholders' equity	868,905	764,729
Net debt	287,339	273,542
Payables for purchase of shareholdings	44,527	46,815
Capital employed	<u>1,200,771</u>	<u>1,085,086</u>
ROCE	19.7%	18.3%
ROE	20.0%	17.7%
Basic earnings per share	1.619	1.257

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)	2018	2017
Consolidated profit for the year (A)	173,862	135,723
Other comprehensive income which will subsequently be reclassified to consolidated profit or loss		
<i>Cash flow hedge accounting for derivatives hedging interest rate risk:</i>		
- Gains (losses) on derivatives for the period	-	-
- Less: Adjustment for gains (losses) reclassified to the income statement	-	33
- Less: Adjustment for the recognition of fair value in equity in the previous period	-	-
<i>Total</i>	-	33
<i>Gains (losses) on translating the financial statements of foreign companies</i>	5,454	(36,311)
<i>Gains (losses) from companies accounted for using the equity method</i>	(30)	(2)
<i>Applicable taxes</i>	-	(9)
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	5,424	(36,289)
Other comprehensive income which will not subsequently be reclassified to consolidated profit or loss		
<i>Gains (losses) on the remeasurement of defined benefit plans</i>	(304)	(927)
<i>Applicable taxes</i>	72	219
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	(232)	(708)
Consolidated comprehensive income for the year (A)+(B)+(C)	179,054	98,726
Attributable to:		
Shareholders of Parent	178,279	97,794
Minority shareholders of subsidiaries	775	932
Consolidated comprehensive income for the year	179,054	98,726



Consolidated cash flow statement for the year

(€/000)	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Profit before taxes	239,926	192,150
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(4,474)	(3,257)
Amortization and depreciation	50,469	47,792
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	1,881	1,781
Losses (profits) from investments	207	22
Net change in risk provisions and allocations to employee benefit provisions	(718)	(306)
Expenditures for tangible assets to be leased	(7,912)	(6,508)
Proceeds from the disposal of leased tangible assets	9,335	7,966
Net financial charges (revenues)	(3,584)	6,740
	285,130	246,380
(Increase) decrease in trade receivables and other current assets	(33,413)	(29,522)
(Increase) decrease in inventories	(62,868)	(32,603)
Increase (decrease) in trade payables and other current liabilities	35,367	31,317
Interest paid	(4,324)	(3,331)
Realized exchange differences	(1,475)	(3,370)
Taxes paid	(69,578)	(67,314)
Net cash from operating activities	148,839	141,557
Cash flows from investing activities		
Payments for the purchase of investments net of cash received and gross of treasury shares transferred	(19,045)	(78,329)
Capital expenditure on property, plant and equipment	(63,683)	(44,533)
Proceeds from the sale of tangible fixed assets	1,127	871
Proceeds from the sale of available-for-sale assets	785	2,714
Increase in intangible assets	(4,138)	(3,544)
Financial income received	602	534
Other	1,114	(531)
Net cash (used in) investing activities	(83,238)	(122,818)
Cash flows from financing activities		
Disbursements (repayments) of loans	(25,384)	(52,681)
Dividends paid	(23,115)	(22,310)
Payments for the purchase of treasury shares	(54,183)	-
Proceeds from the sale of treasury shares to stock option beneficiaries	540	3,376
Disbursements (repayments) of shareholder loans	(200)	-
Repayments (disbursements) of loans to subsidiaries consolidated with the equity method	(13)	83
Change in other financial assets	-	(50)
Payment of finance lease installments (principal)	(3,131)	(2,207)
Net cash generated by (used in) financing activities	(105,486)	(73,789)
Net increase (decrease) in cash and cash equivalents	(39,885)	(55,050)



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(€/000)	<u>2018</u>	<u>2017</u>
Net increase (decrease) in cash and cash equivalents	(39,885)	(55,050)
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	645	-
Translation differences for cash held by non-EU companies	(7)	(4,462)
Cash and cash equivalents at the beginning of the period	135,983	195,495
Cash and cash equivalents at the end of the period	96,736	135,983

Cash and cash equivalents may be analyzed as follows:

	31/12/2018	31/12/2017
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	118,140	144,938
Bank payables (overdrafts and subject to collection advances)	<u>(21,404)</u>	<u>(8,955)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>96,736</u>	<u>135,983</u>

Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non-controlling interests	Total
<i>At 1 January 2017</i>	55,431	11,323	112,386	(24)	(5,022)	33,497	466,153	673,744	3,794	677,538
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,781	-	-	-	-	1,781	-	1,781
Sale of treasury shares to stock option beneficiaries	296	-	3,376	-	-	-	(296)	3,376	-	3,376
Transfer of treasury shares as payment for equity investments	78	-	3,685	-	-	-	(78)	3,685	-	3,685
Purchase of Inoxpa Group	-	-	-	-	-	-	-	-	2,291	2,291
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	141	141	(527)	(386)
Dividends distributed	-	-	-	-	-	-	(21,356)	(21,356)	(926)	(22,282)
Comprehensive income for 2017	-	-	-	24	(700)	(35,972)	134,442	97,794	932	98,726
<i>At 31 December 2017</i>	55,805	11,323	121,228	-	(5,722)	(2,475)	579,006	759,165	5,564	764,729
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	1,881	-	-	-	-	1,881	-	1,881
Purchase of treasury shares	(1,042)	-	(54,183)	-	-	-	1,042	(54,183)	-	(54,183)
Sale of treasury shares to stock option beneficiaries	47	-	540	-	-	-	(47)	540	-	540
Transfer of treasury shares as payment for equity investments	32	-	1,763	-	-	-	(32)	1,763	-	1,763
Purchase of residual interests in subsidiaries	-	-	-	-	-	-	(869)	(869)	(894)	(1,763)
Merger of Russian Inoxpa subsidiaries	-	-	-	-	-	-	(100)	(100)	100	-
Dividends distributed	-	-	-	-	-	-	(22,532)	(22,532)	(584)	(23,116)
Comprehensive income for 2018	-	-	-	-	(243)	5,617	172,905	178,279	775	179,054
<i>At 31 December 2018</i>	54,842	11,323	71,229	-	(5,965)	3,142	729,373	863,944	4,961	868,905

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