



# Q319

Third Quarter 2019 Consolidated Results  
Interpump Group S.p.A.





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€ mn

	9M 18	<b>9M19</b>	y/y
Organic growth in sales			+3.4%
FX contribution			+1.6%
Increase in perimeter			+2.6%
<b>TOTAL REPORTED SALES</b>	<b>953.6</b>	<b>1,026.1</b>	<b>+7.6%</b>
<b>EBITDA</b> <i>net of IFRS16 effect, for comparison only</i>	<b>219.8</b>	<b>240.3</b> 228.8	<i>n.s.</i> +4.1%
<b>EBITDA / SALES</b> <i>net of IFRS16 effect, for comparison only</i>	<b>23.0%</b>	<b>23.4%</b> 22.3%	
EBIT	182.1	189.1	+3.8%
<b>EBIT / SALES</b>	<b>19.1%</b>	<b>18.4%</b>	
<b>NET INCOME (as reported)</b> <i>Tax rate</i>	<b>137.3</b> 27.4%	<b>135.5</b> 27.7%	-1.3%
<b>NET INCOME (adjusted*)</b> <i>Tax rate</i>	<b>125.4</b> 29.2%		+8.1%
<b>* 9M18 reported net income included a €11.9 million one-off from recognition of the GS-Hydro badwill</b>			
<b>NET DEBT</b> <i>net of IFRS16 effect, for comparison only</i>	<b>276.9</b>	<b>382.9</b> 316.6	<i>n.s.</i> +39.7 mn
COMMITMENTS FOR PURCHASE OF SUBSIDIARIES	43.1	40.4	- 2.7 mn
TREASURY SHARES (as at 30/09)	2,728,489	4,931,314	

	Q3 18	<b>Q3 19</b>	y/y
Organic growth in sales			-0.4%
FX contribution			+1.4%
Increase in perimeter			+3.1%
<b>TOTAL REPORTED SALES</b>	<b>310.1</b>	<b>322.9</b>	<b>+4.1%</b>
<b>EBITDA</b> <i>net of IFRS16 effect, for comparison only</i>	<b>73.0</b>	<b>78.1</b> 74.2	<i>n.s.</i> +1.7%
<b>EBITDA / SALES</b> <i>net of IFRS16 effect, for comparison only</i>	<b>23.5%</b>	<b>24.2%</b> 23.0%	
EBIT	60.5	60.8	+0.5%
<b>EBIT / SALES</b>	<b>19.5%</b>	<b>18.8%</b>	
<b>NET INCOME (as reported)</b> <i>Tax rate</i>	<b>43.0</b> 27.2%	<b>43.3</b> 28.1%	+0.7%
<b>NET INCOME (adjusted*)</b> <i>Tax rate</i>	<b>42.7</b> 27.3%		+1.3%

\* Q318 reported net income included a €0.3 positive one-off resulting from the adjustment of GS-Hydro badwill



€ mn

<b>WATER-JETTING</b>	<b>Q3 19</b>	<b>y/y</b>	<b>9M 19</b>	<b>y/y</b>
Organic growth in sales		+2.5%		+1.7%
FX contribution		+1.7%		+2.1%
Increase in perimeter		+3.3%		+2.8%
<b>TOTAL REPORTED SALES</b>	<b>116.1</b>	<b>+7.5%</b>	<b>344.9</b>	<b>+6.6%</b>
EBITDA	34.9	n.s.	95.7	n.s.
<i>net of IFRS16 effect, for comparison only</i>	33.7	+6.9%	92.1	+2.4%
<b>EBITDA / SALES</b>	<b>30.0%</b>		<b>27.6%</b>	
<i>net of IFRS16 effect, for comparison only</i>	28.9%		26.6%	
<b>HYDRAULICS</b>	<b>Q3 19</b>	<b>y/y</b>	<b>9M 19</b>	<b>y/y</b>
Organic growth in sales		-2.0%		+4.3%
FX contribution		+1.3%		+1.4%
Increase in perimeter		+3.0%		+2.4%
<b>TOTAL REPORTED SALES</b>	<b>206.8</b>	<b>+2.3%</b>	<b>681.2</b>	<b>+8.1%</b>
EBITDA	43.2	n.s.	144.6	n.s.
<i>net of IFRS16 effect, for comparison only</i>	40.5	-2.2%	136.8	+5.3%
<b>EBITDA / SALES</b>	<b>20.9%</b>		<b>21.2%</b>	
<i>net of IFRS16 effect, for comparison only</i>	19.6%		20.1%	



€ mn

	FY 17	<b>FY18</b>	y/y
Organic growth in sales			+13.7%
FX contribution			-2.6%
Increase in perimeter			+6.6%
<b>TOTAL REPORTED SALES</b>	<b>1,086.5</b>	<b>1,279.2</b>	<b>+17.7%</b>
EBITDA	248.6	288.5	+16.0%
<b>EBITDA / SALES</b>	<b>22.9%</b>	<b>22.6%</b>	
EBIT	198.9	236.5	+18.9%
<b>EBIT / SALES</b>	<b>18.3%</b>	<b>18.5%</b>	
<b>NET INCOME (as reported)</b>	<b>135.7</b>	<b>173.9</b>	<b>+28.1%</b>
<i>Tax rate</i>	29.4%	27.5%	
<b>NET INCOME (adjusted*)</b>	<b>130.0</b>	<b>162.5</b>	<b>+25.0%</b>
<i>Tax rate</i>	32,3%	28.9%	
* FY17 reported net income included a €5.7 million positive effect of reassessment of deferred tax assets & liabilities in the US. FY18 reported net income includes a €11.4 million positive effect of recognition of GS-Hydro badwill			
<b>NET DEBT</b>	<b>273.5</b>	<b>287.3</b>	<b>+13.8 mn</b>
COMMITMENTS FOR PURCHASE OF SUBSIDIARIES	46.8	44.5	- 2.3 mn
TREASURY SHARES (as at 31/12)	1,561,752	3,413,489	



# Sales & EBITDA Trend

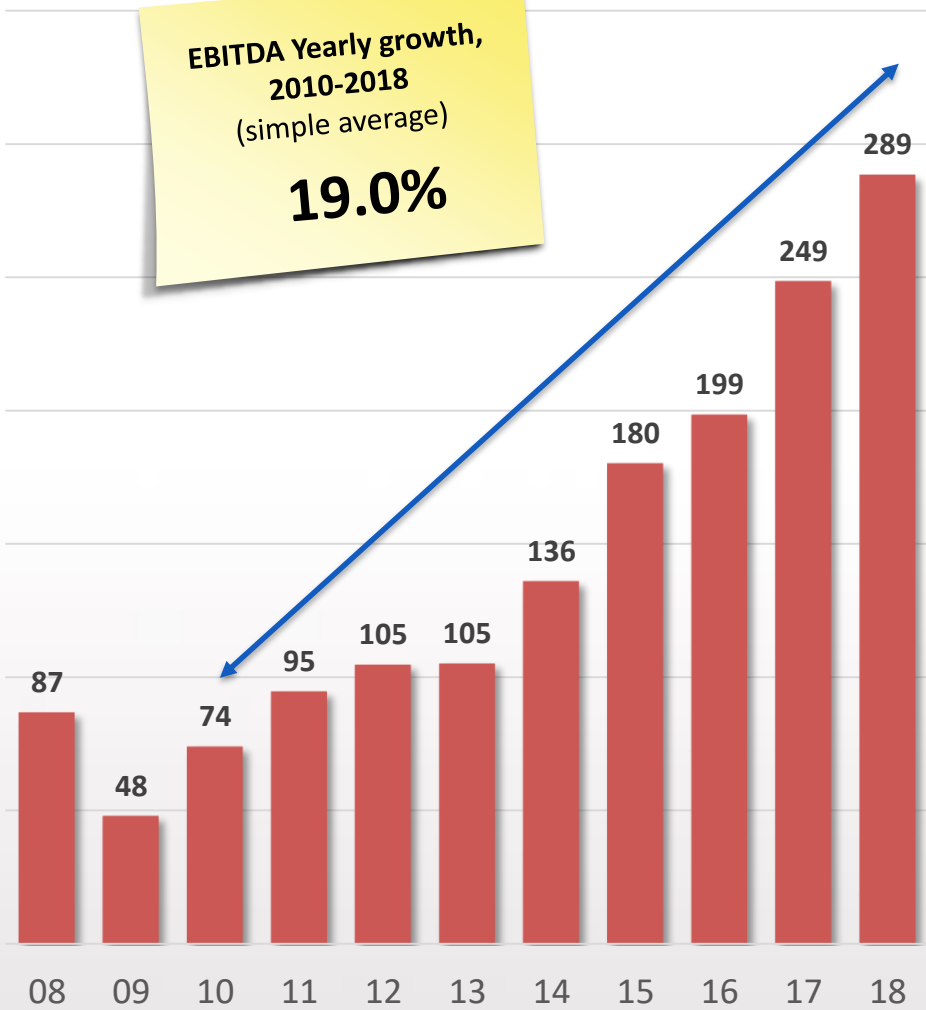
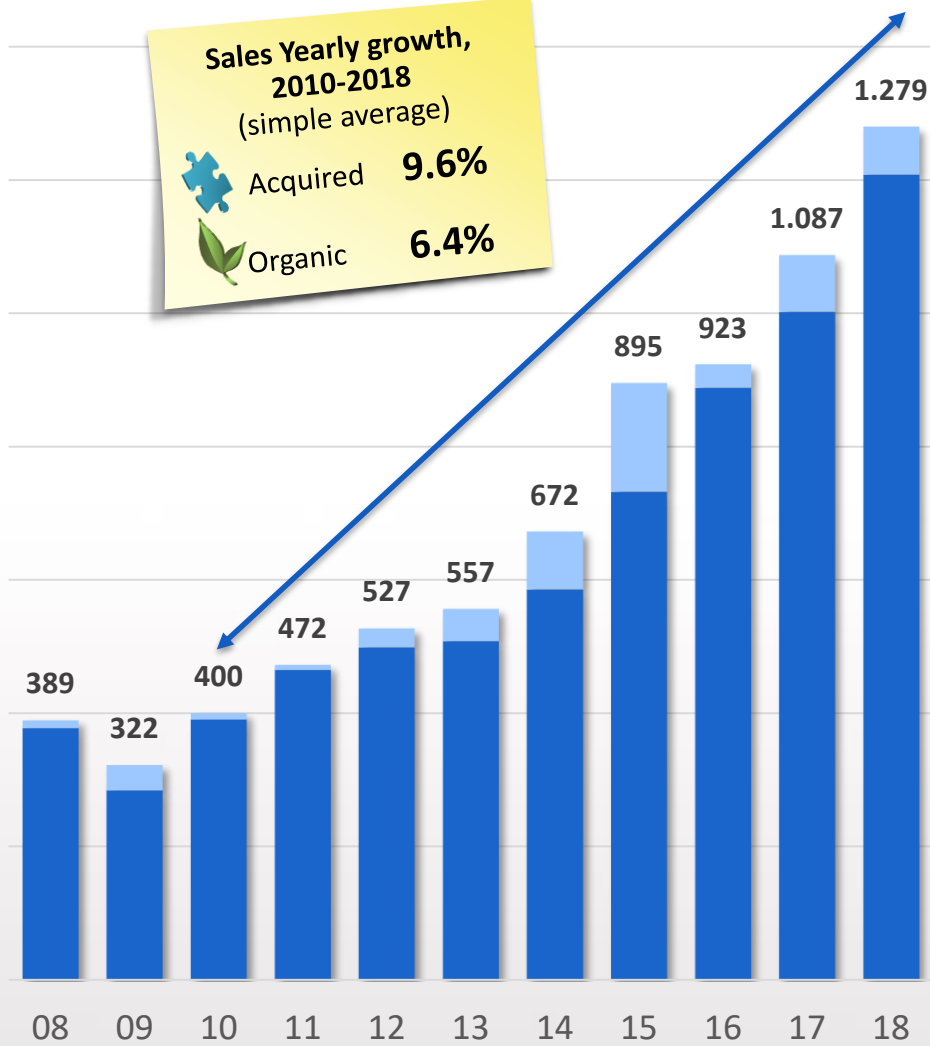
€ mn

**Sales Yearly growth, 2010-2018**  
(simple average)

- Acquired **9.6%**
- Organic **6.4%**

**EBITDA Yearly growth, 2010-2018**  
(simple average)

**19.0%**



First 12 months' turnover of acquired companies
  Organic business

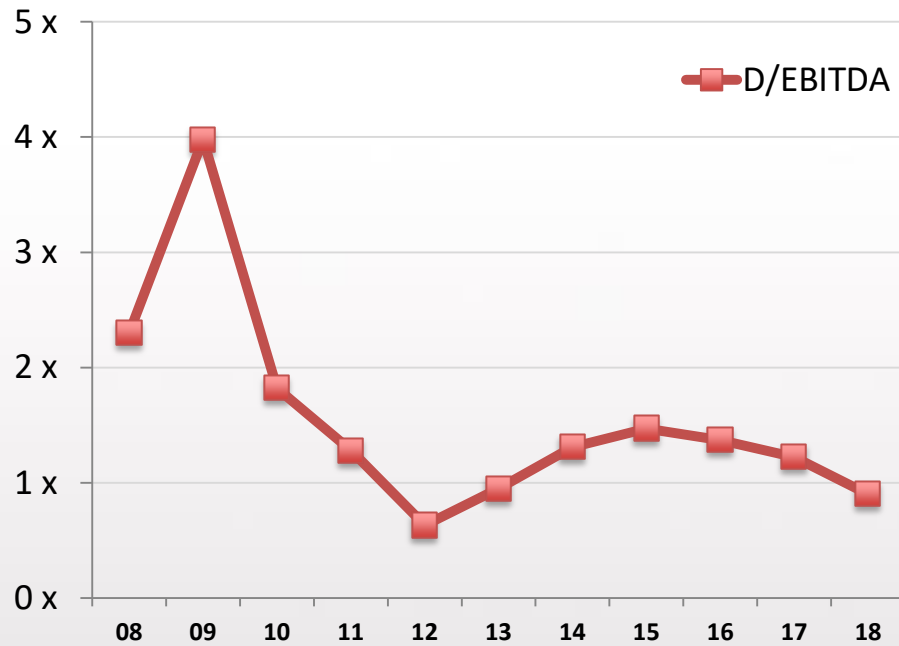
Sales & EBITDA net Electric Motors (dismissed in 2011) for consistency with current business



## Prudent debt policy and satisfactory return on capital employed

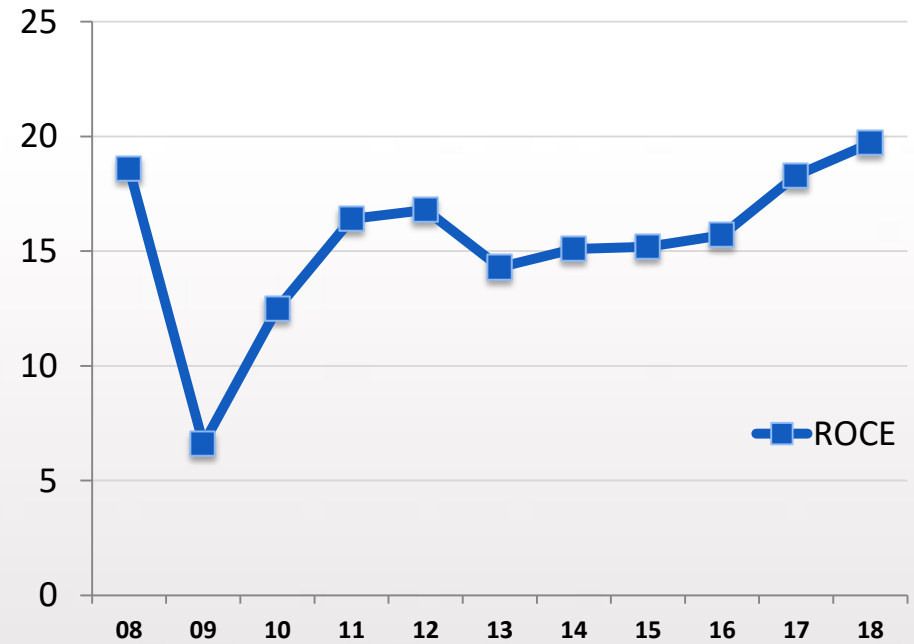
### Net Debt / EBITDA (12 M)

Net of treasury stock and including commitments for purchase of investments



### Return On Capital Employed (12M)

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





## 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**.

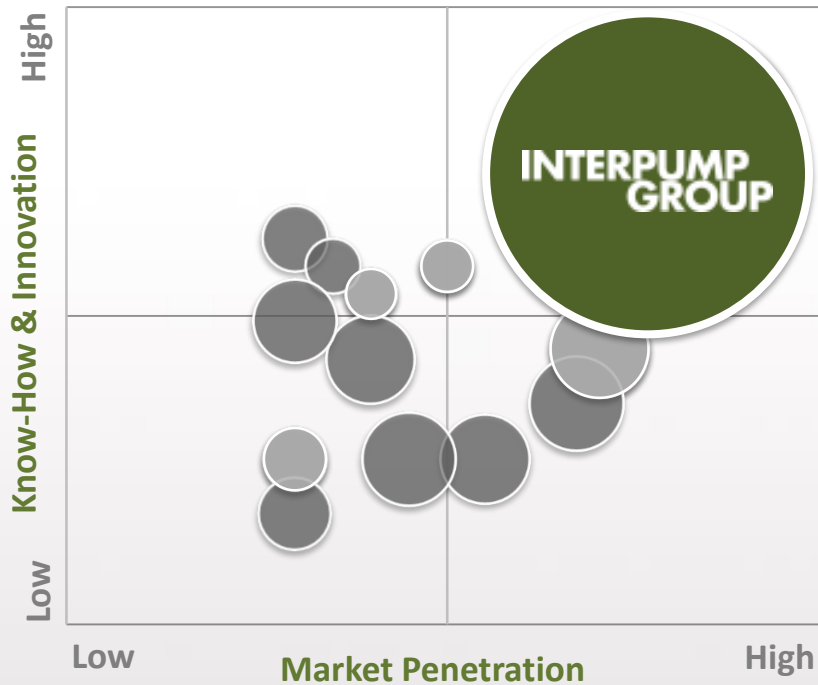


**HAMMELMANN**



**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

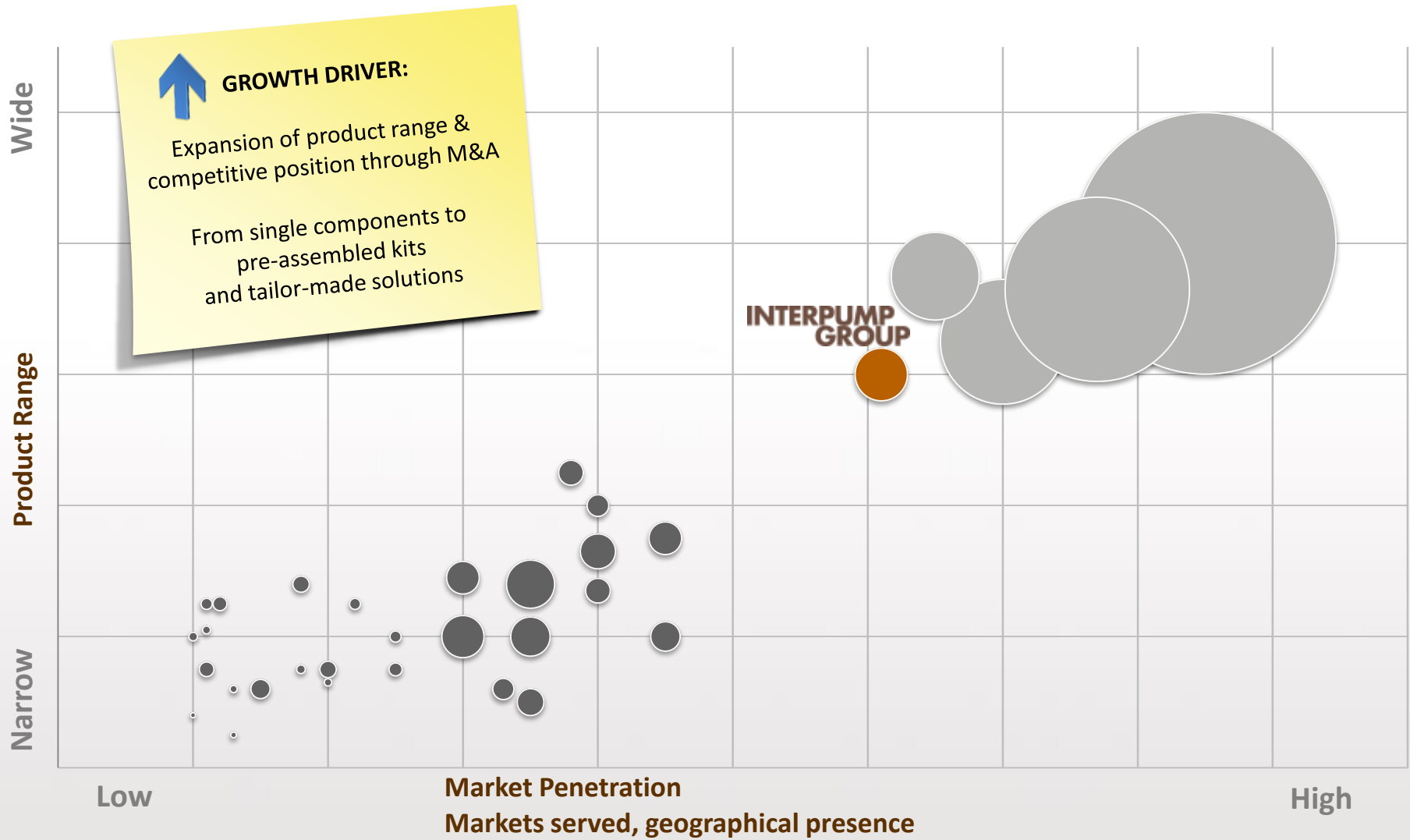


Expansion of product range & competitive position through M&A



# Competitive Scenario

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





September 2019 – Total employees: 1,900

## 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**

**NLB**

**Inoxihp (53%)**

**Hammelmann**

**Bertoli**

**INOXPA  
Fluinox**

**Mariotti & Pecini**



▶ U.S. Distributor

**General Pump**

## 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

September 2019 – Total employees: 5,071 (Reggiana Riduttori not included)

▶ **Power Take-Offs**  

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

▶ **Planetary Reduction Gears**  

**REGGIANA RIDUTTORI** **NEW**

▶ **Cylinders**  

**Panni Oleodinamica**  
 Contarini  
 Penta, Modenflex

▶ **Oil Tanks**  

**American Mobile Power**

▶ **Distributor for Oceania**  

**Mega Pacific (65%)**

▶ **Valves**  
 ▶ **Directional Control Valves**  
 ▶ **Rotating manifolds**






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


**HYDRA DYNE TECH**

▶ **Rubber hoses**  
**I.M.M.**  
 Hypress  
 Interpump Hose 

▶ **Metallic flexible hoses**  
**Tubiflex** 

▶ **Rigid pipes & piping systems**  
**GS-Hydro**    
**Tekno Tubi**

▶ **Hose assembly machines**  **Hydralok**

▶ **24/7 service & repairs**  
**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



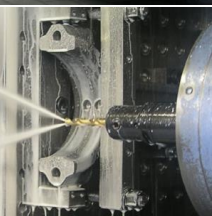
### **CONSTRUCTION**

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



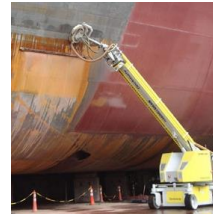
### **CLEANING**

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

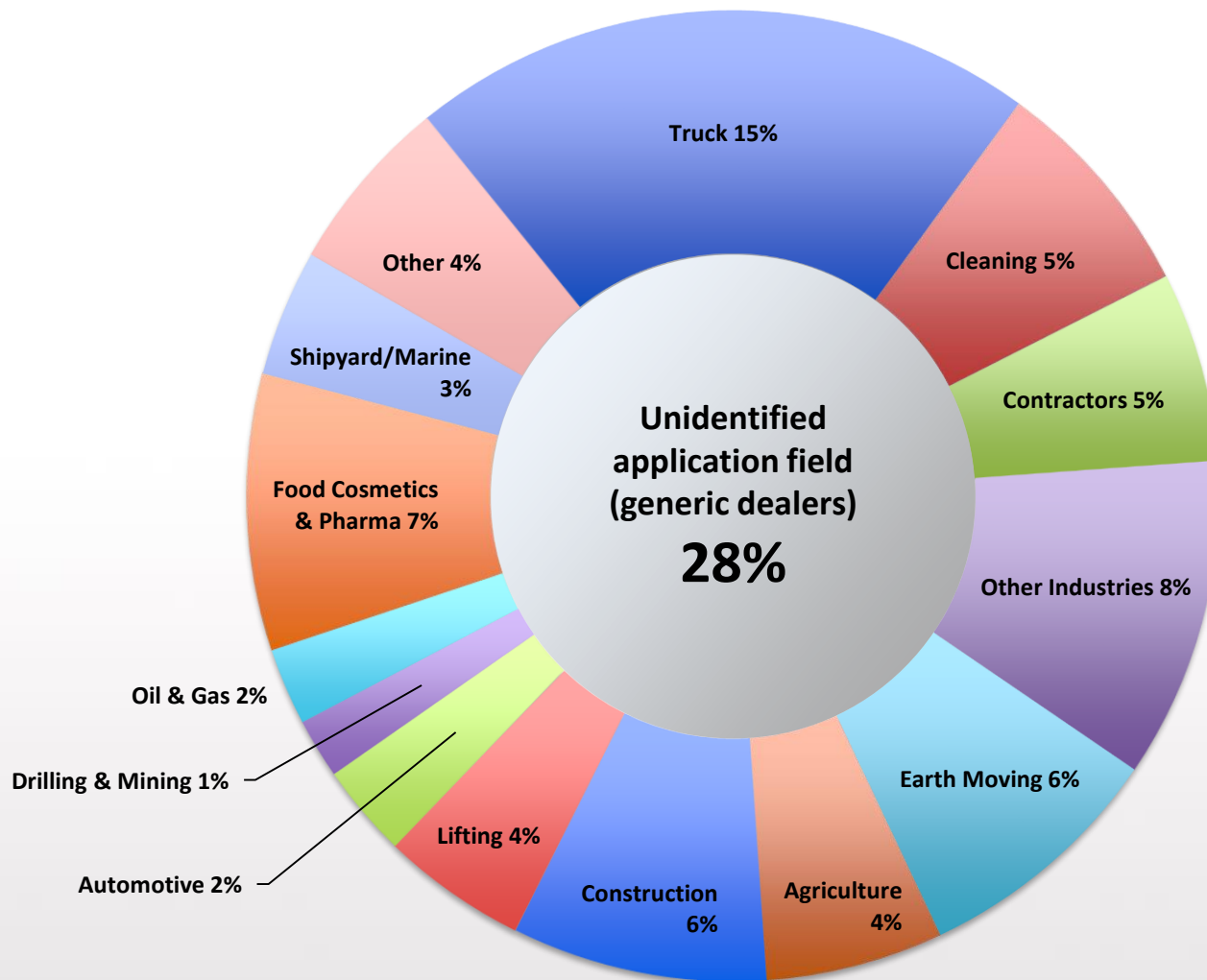
**DRILLING / TUNNELING**

Tunnel-boring machines



# Diversification by application field

2018 Total Turnover: Euro 1,279 million



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



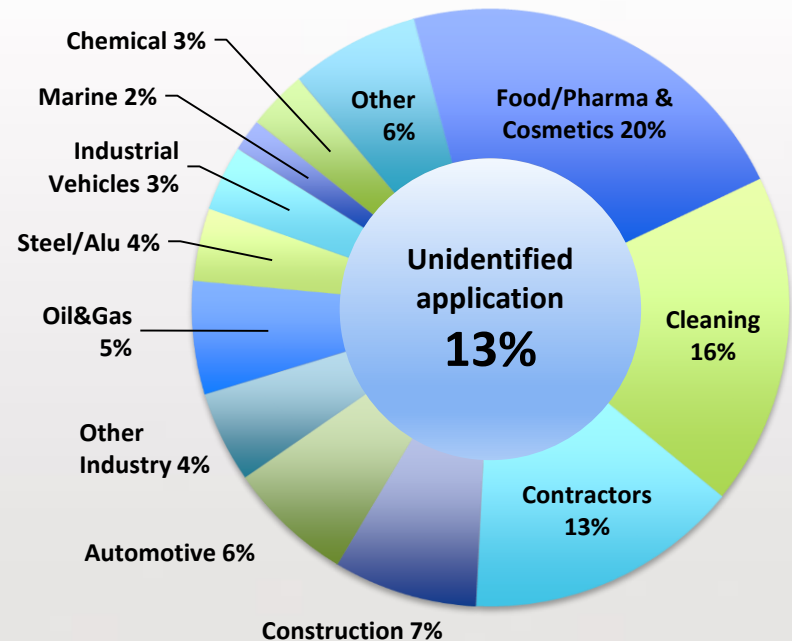
# Diversification is a never-ending journey

Significant reduction of cyclicity and correlation achieved over the past decade

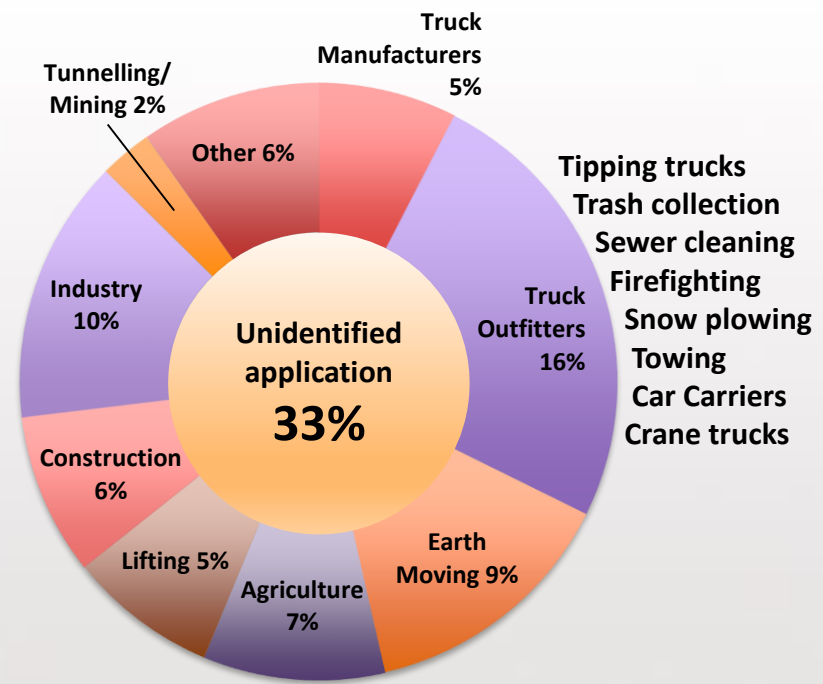
## WATER JETTING

## 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



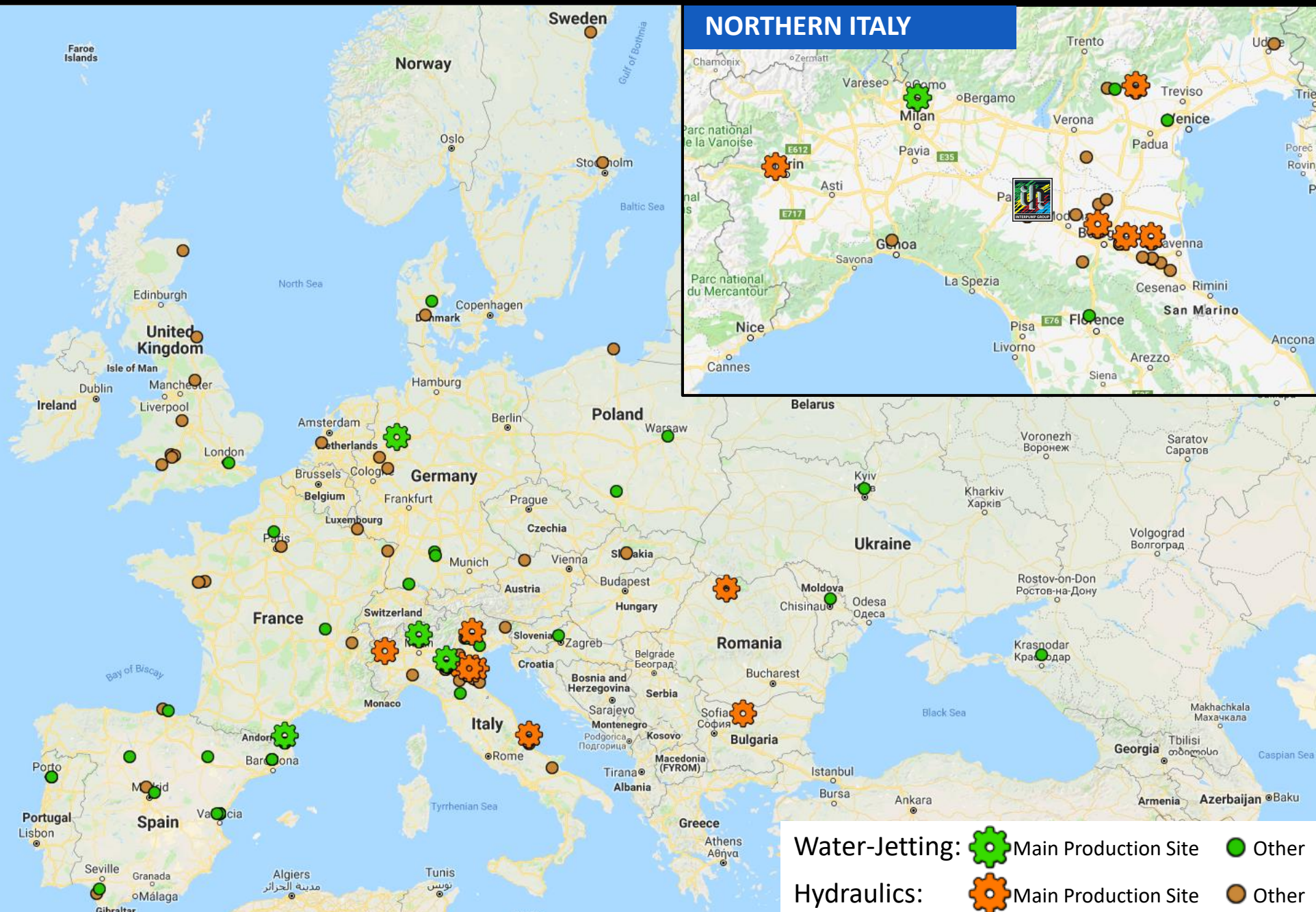
**2018**





# International Profile: Interpump in Europe

Map data ©2019 Geobasis-DE/BKG (©2009), Google, Inst. Geogr. National



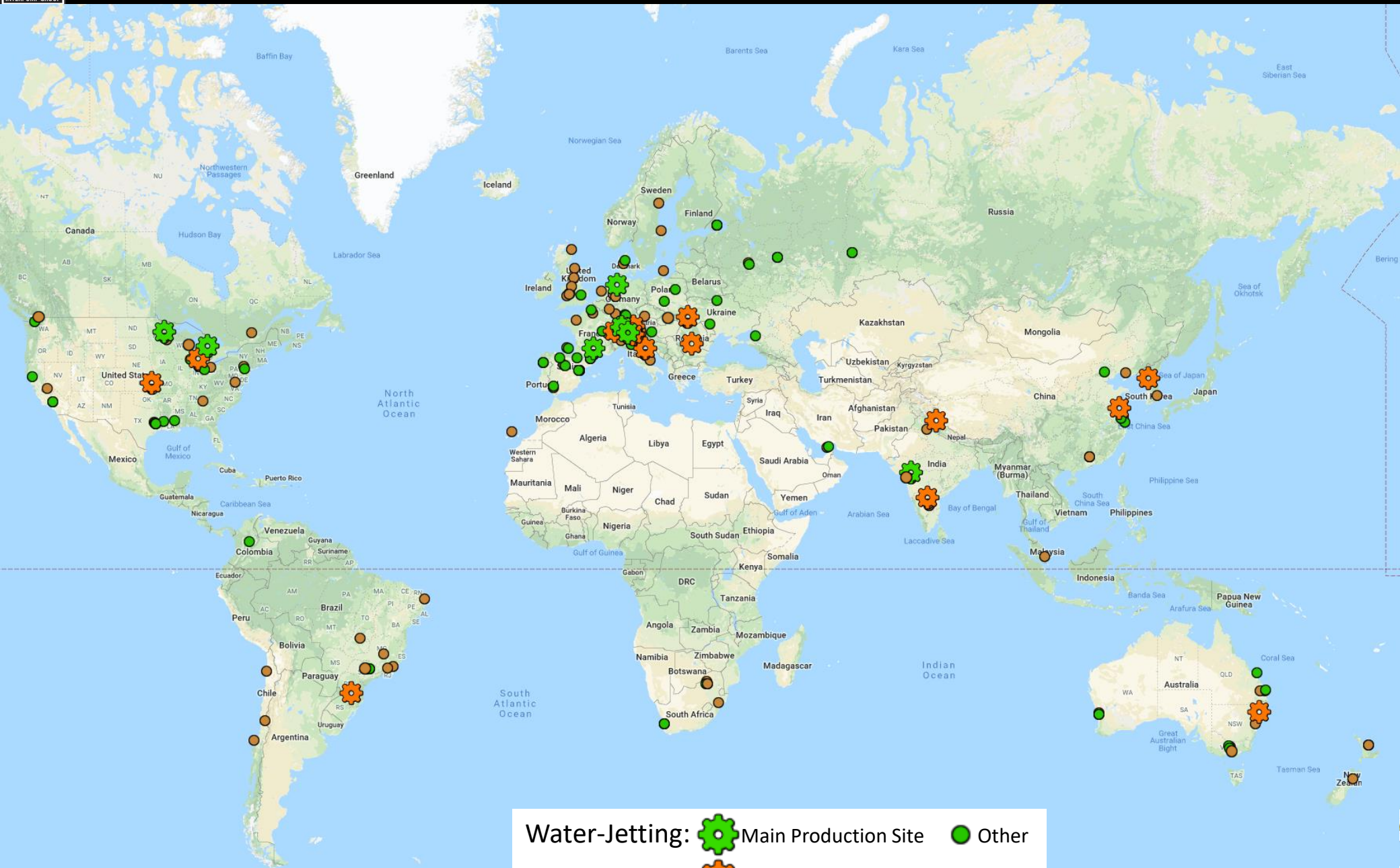
**Water-Jetting:**  Main Production Site  Other

**Hydraulics:**  Main Production Site  Other





# International Profile: Interpump in the World

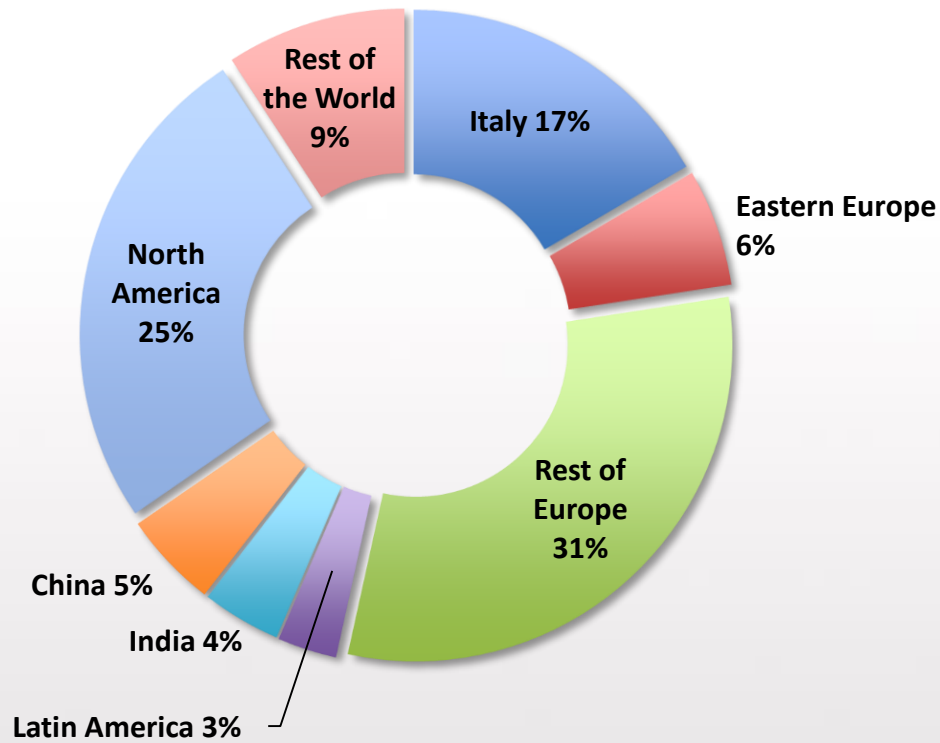


Water-Jetting:  Main Production Site  Other  
Hydraulics:  Main Production Site  Other

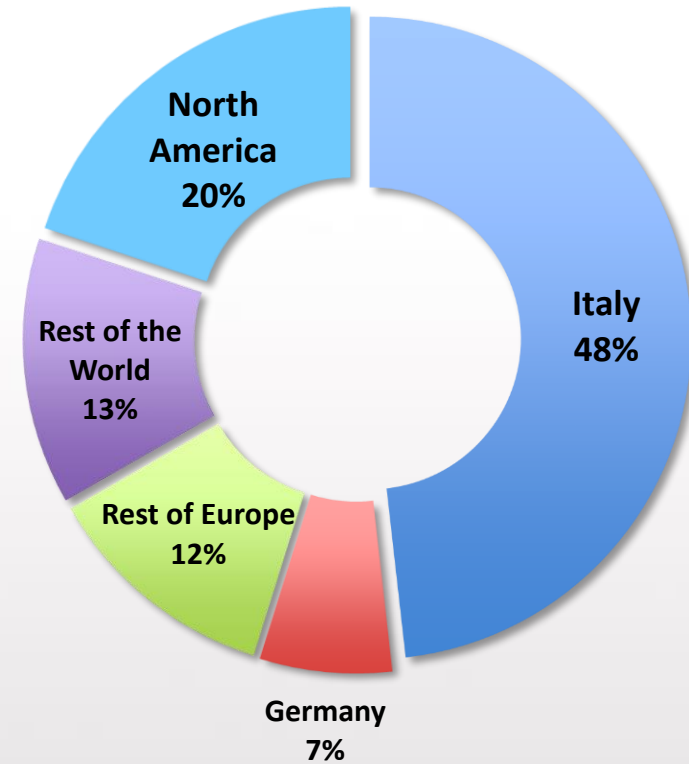


## Geographical breakdown of sales and costs (2018)

### Sales



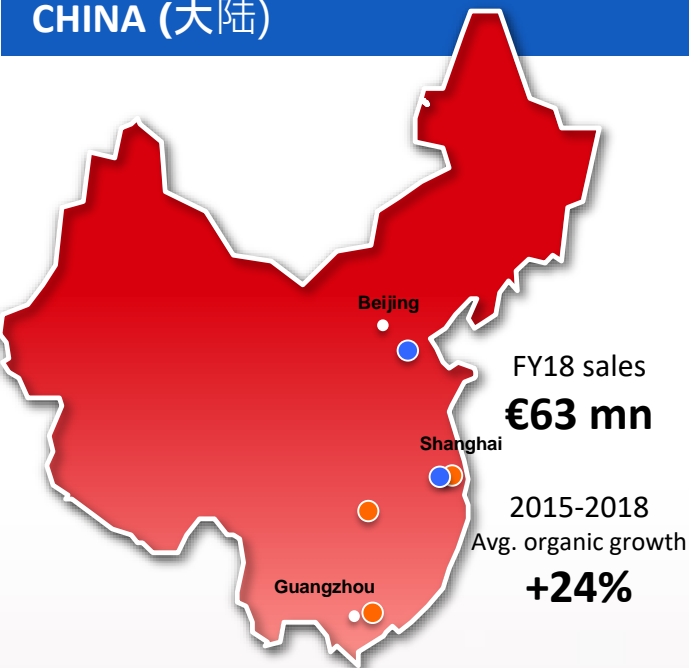
### Total Costs



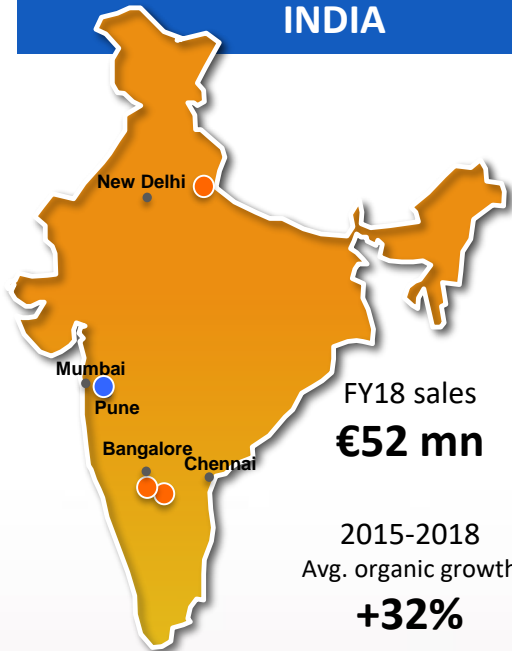
Focus on emerging markets: a well-balanced presence

● Water-Jetting ● Hydraulics

## CHINA (大陆)



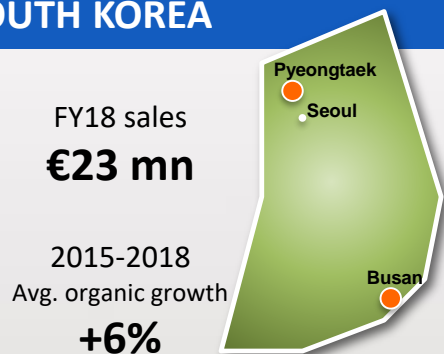
## INDIA



## BRAZIL



## SOUTH KOREA



## RUSSIA





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



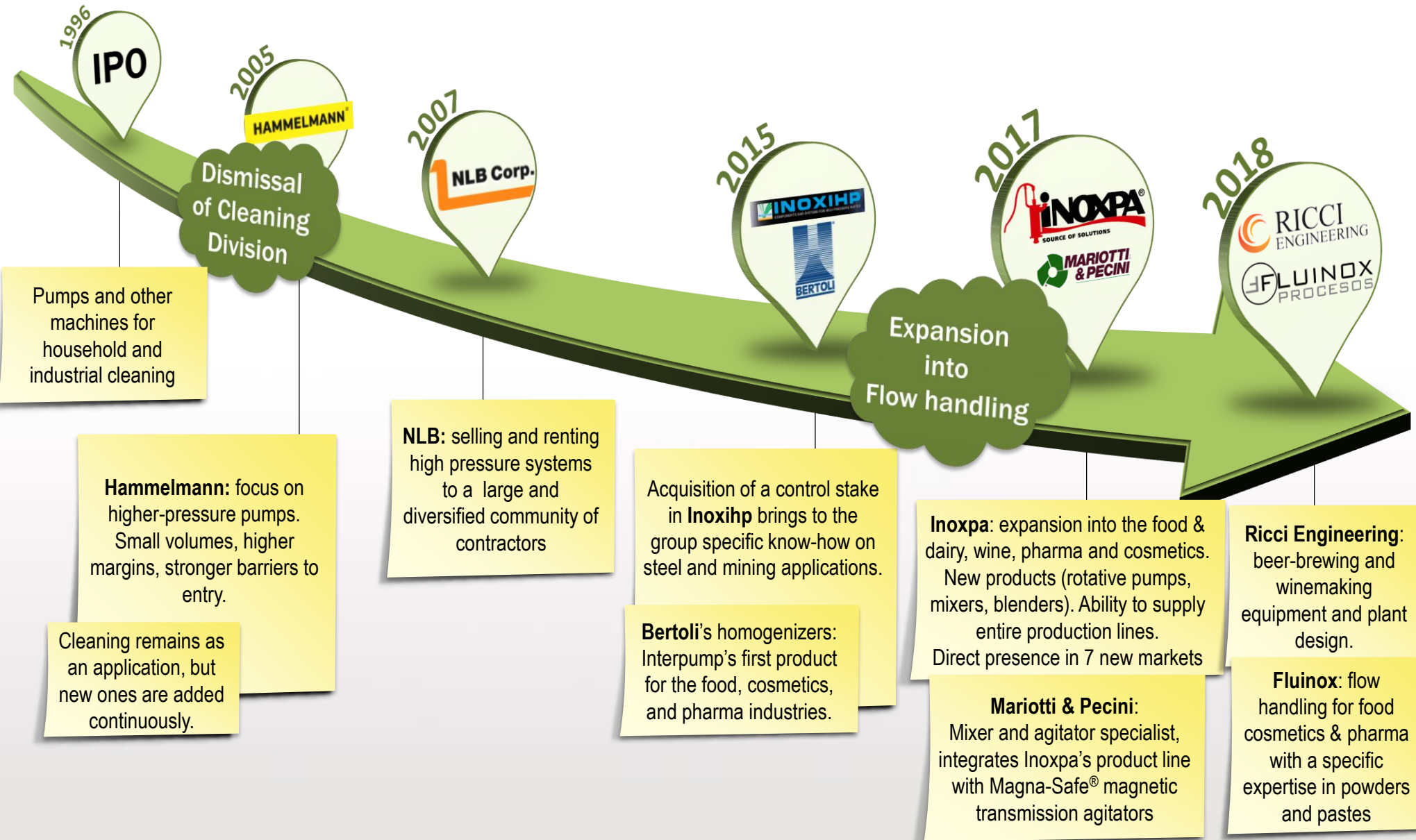
Frequent acquisition of a control stake with agreements for acquiring the minority interest in a few years



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

# Acquisition & Diversification Timeline

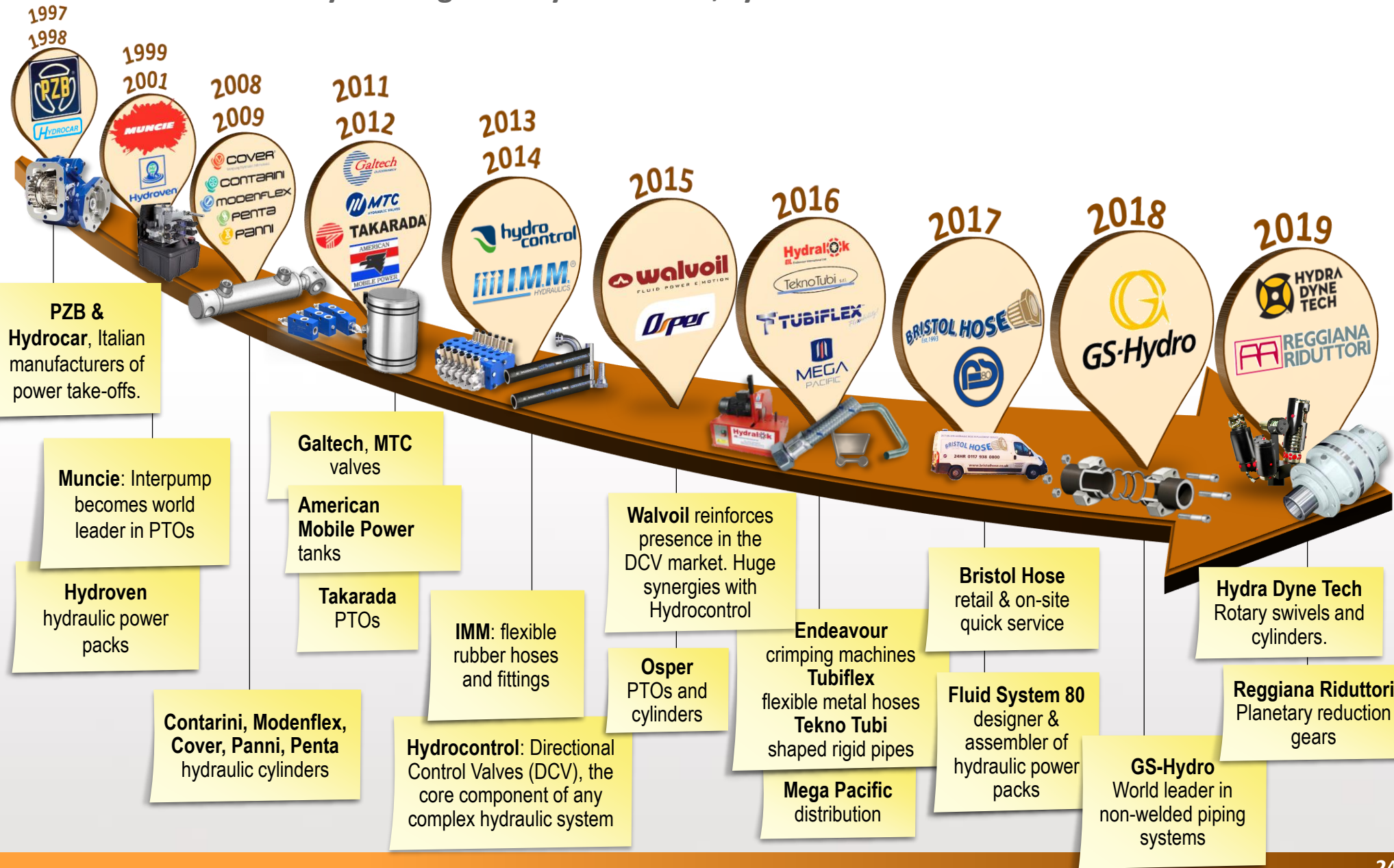
Applications: from cleaning to countless





# Acquisition & Diversification Timeline

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







## HYDRA DYNE TECH

- Headquartered in Ontario, Canada
- Manufacturer of best-in-class rotary manifolds, valves and hydraulic cylinders, using the proprietary patented LocSeal™ technology. Rotary manifolds represent an addition to Interpump’s product range.
- Products designed and customized according to the needs of some of the largest OEMs in the agricultural machinery, earth moving, and forestry sectors.
- Significant expansion of Interpump’s Canadian and North-American business
- New application sector: forestry machinery



### FY2018 Data (year ending August 31)

SALES	CAD 36 mn
EBITDA	CAD 6.1 mn
NET DEBT	CAD 7.2 mn
<b>PRICE PAID (for a 75% stake)</b>	<b>EUR 15.2 mn</b>



Acquired October 2019



- A world leader in design and manufacturing of reduction gears with the most versatile, lightweight and high-performance technology



- Headquartered in Reggio Emilia, Italy; subsidiaries in Australia, Brasil, Canada, China, France, India, the Netherlands, Slovakia, USA
- Countless applications in heavy industry, lifting, marine, agriculture, forestry, mining, wind energy
- Extends and complements Interpump's activity in power transmission systems (previously focused on truck PTOs)
- Excellent overlap of international presence and sector mix allow for strong technical and sales synergies with all other subsidiaries of Interpump

### FY2018 Data

<b>SALES</b>	EUR 88 mn
<b>EBITDA</b>	EUR 17.2 mn (20% of sales)

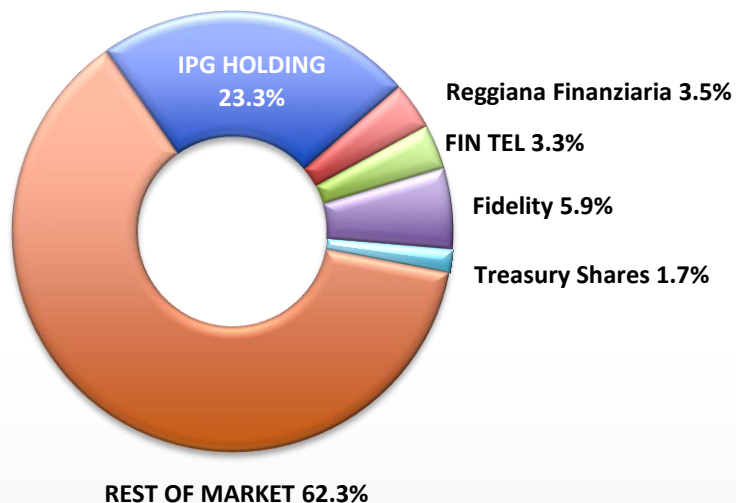
**ENTERPRISE VALUE PAID (100% stake)** EUR 125 mn

Plus net cash acquired at cost (~EUR 15 mn)

Updated 05/11/2019

## Shareholder Structure

Source: CONSOB/Company



## Analyst Coverage

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

Simone Pozzi  
Paola Saglietti  
Domenico Ghilotti  
Michele Baldelli  
Carlo Maritano  
Bruno Permutti  
Matteo Bonizzoni  
Alessandro Tortora

## Interpump Stock Performance

Total return to shareholders since the IPO: 13.3% per year  
(assuming dividend reinvestment and participation to the '09 capital increase)

Share price	26.28
Market Capitalization	€ 2.9 bn
Performance 3 M:	+0.6%
Performance 1 Y:	+3.6%
Performance 2 Y:	-6.8%

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



as of 31 December 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net Sales</b>	424.5	342.9	424.9	472.3	527.2	556.5	672.0	894.9	922.8	1086.6	1279.2
<b>EBITDA</b>	87.0	46.9	74.1	94.7	105.8	105.2	136.1	180.3	198.5	248.6	288.5
Margin	20.5%	13.7%	17.4%	20.0%	20.1%	18.9%	20.3%	20.1%	21.5%	22.9%	22.6%
<b>EBIT</b>	75.7	29.2	54.7	75.7	84.1	79.2	104.4	136.9	153.5	198.9	236.5
Margin	17.8%	8.5%	12.9%	16.0%	15.9%	14.3%	15.5%	15.3%	16.6%	18.3%	18.5%
<b>Net Profit</b>	40.2	14.0	27.4	42.6	53.2	44.1	57.7	118.3	94.5	135.7	173.2
Margin	9.5%	4.1%	6.4%	9.0%	10.1%	7.9%	8.6%	13.1%	10.2%	12.5%	13.5%
<b>Free Cash flow</b>	22.1	63.1	57.0	30.9	38.6	34.3	38.3	85.2	89.9	93.6	82.2
<b>Net Fin. Debt</b>	200.5	186.5	134.9	121.6	66.1	100.3	178.8	265.1	271.5	304.3	260.1
(net of treasury stock and including commitments for purchase of investments)											
<b>Shareholder's Equity</b>	178.0	242.8	291.5	315.2	396.9	432.9	466.6	622.6	677.5	764.7	868.2
<b>Debt/Equity</b>	1.13	0.77	0.46	0.39	0.16	0.23	0.38	0.42	0.40	0.40	0.30

Continuing operations only

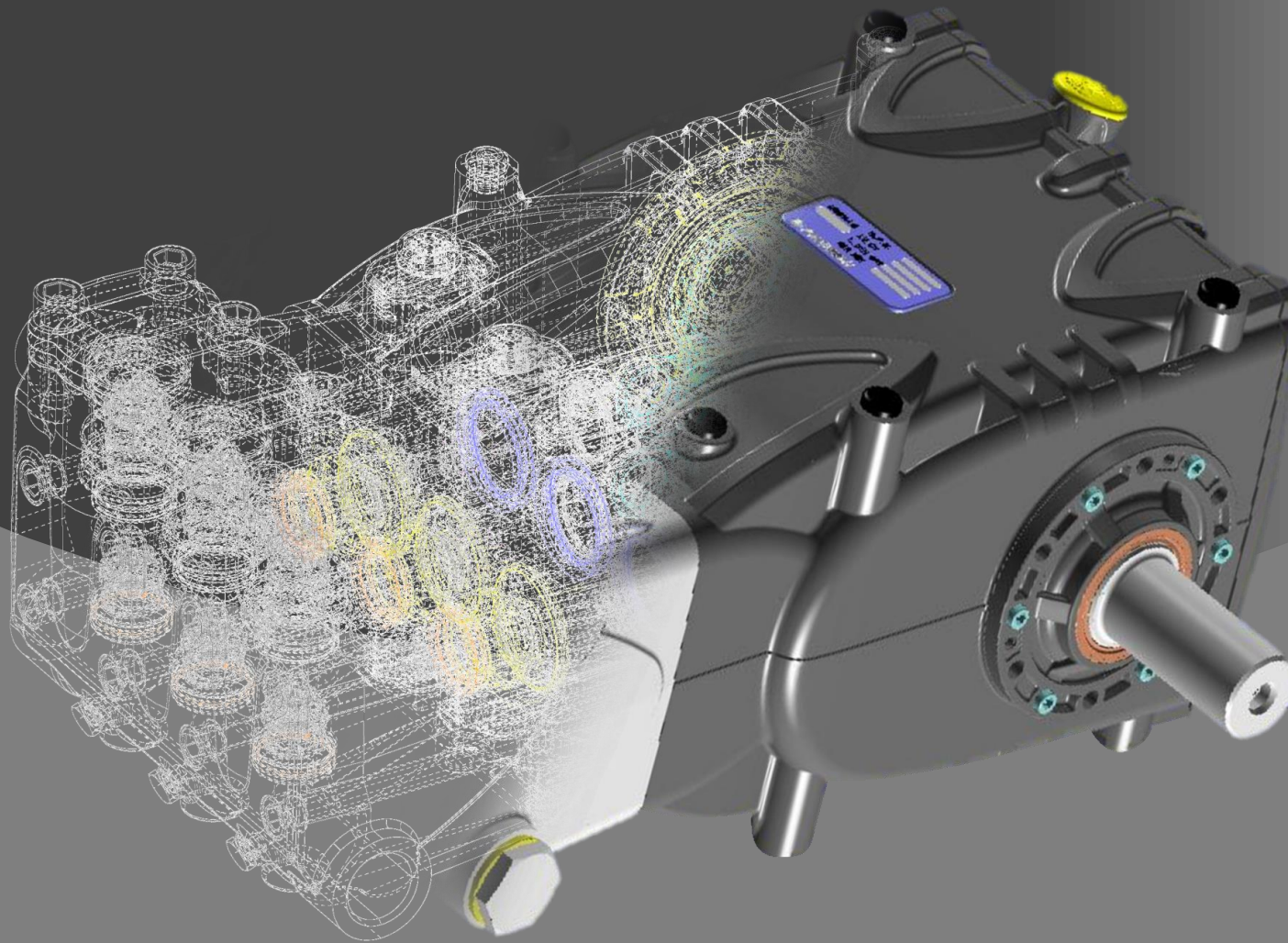
## Free Cash Flow (12 Months)

(euro/million)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Cash Flow from Operations	25.2	54.6	60.8	65.6	65.3	95.8	120.2	138.0	172.4	210.2
Change in Trade Working Capital	44.4	10.1	(21.8)	(12.3)	(1.7)	(23.7)	(6.6)	(12.2)	(30.8)	(61.4)
Capex	(9.2)	(8.7)	(11.8)	(15.8)	(29.8)	(34.1)	(28.9)	(36.5)	(47.8)	(68.2)
Other	2.7	1.0	3.7	3.6	0.5	0.3	0.5	0.7	(0.3)	1.6
<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>	<b>82.2</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, November 8, 2019

*Carlo Banci*

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