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Oggetto : Consolidated FY2019 results

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PRESS RELEASE

THE BOARD OF DIRECTORS APPROVES THE FY2019 CONSOLIDATED RESULTS

Net sales: €1,386.6 million (€1,279.2 million in 2018): +7.0%

EBITDA*: €317.9 million or 23.2% of sales
(€288.5 million in 2018 or 22.6% of sales)

EBIT: €247.2 million or 18.1% of sales
(€236.5 million in 2018 or 18.5% of sales): +4.5%

CONSOLIDATED NET PROFIT: €180.6 million (€173.9 million in 2018): +3.9%
(net of 2018 one-offs, worth €11.4 mn: +11.2%)

FREE CASH FLOW: €124.8 million (€82.2 million in 2018)

NET DEBT*: €370.8 million (€287.3 million at 31 December 2018)

(after €23.9 million paid in dividends, €39.0 million disbursement for acquisitions, €79.0 million in purchase of treasury shares, and IFRS16 impact of €72.4 million)

PROPOSED DIVIDEND OF 0.25 EUROS (0.22 Euros for FY2018)

APPROVAL OF CONSOLIDATED NON-FINANCIAL STATEMENT

UPDATE ON COVID-19 EPIDEMICS

ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING CALLED FOR 30

APRIL 2020

- AUTHORIZATION TO PURCHASE TREASURY SHARES
- APPOINTMENT OF THE BOARD OF DIRECTORS AND BOARD OF STATUTORY AUDITORS
- RENEWAL OF THE BOARD'S AUTHORIZATION TO INCREASE THE SHARE CAPITAL

Sant'Ilario d'Enza (RE), 16 March 2020 – The Board of Directors of Interpump Group S.p.A. has approved the draft 2019 separate financial statements and the **2019 consolidated results**.

In 2019, the following companies were consolidated for the first time: Fluinox (Water-jetting sector, income statement consolidated for the whole year, financial position was already consolidated as of 31/12/2018); Hydra Dyne Tech (Hydraulics sector, acquired March 1st and consolidated for 10 months), Pioli Srl (Water-Jetting sector, acquired April 1st and consolidated for 9 months), and the Reggiana Riduttori group (Hydraulics sector, acquired October 15th and consolidated for 3 months).

* 2019 data is affected by the adoption of IFRS16 accounting principle. With the reporting standards used until 2018, EBITDA for the year would amount to € 302.4 million and net debt as at 31/12/2019 would amount to € 298.4 million.



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Net sales

Net sales for 2019 totaled €1,368.6 million, representing an increase of 7.0% over sales of €1,279.2 million for 2018.

At unchanged perimeter and exchange rates, organic growth of sales was +1.4%.

Profitability

EBITDA amounted to €317.9 million (23.2% of sales) compared to €288.5 million in 2018 which represented 22.6% of sales: an increase of 10.2%. EBITDA of 2019, calculated with the same accounting principles used in 2018, would amount to €302.4 million (22.1% of sales).

EBIT amounted to €247.2 million (18.1% of sales) compared to €236.5 million in 2018 (18.5% of sales), up 4.5%.

Net profit for FY2019 totaled €180.6 million, 3.9% higher than the 173.9 million registered in 2018. Net of one-off revenues registered in 2018 (€11.4 million, resulting from the acquisition of GS-Hydro), the year-on-year increase is +11.2%

Basic earnings per share amounted to €1.699 in 2019 (€1.619 in 2018).

Capital employed rose from €1,200.8 million at 31 December 2018 to €1,480.2 million at 31 December 2019. This increase is mainly due to the acquisition of Hydra Dyne Tech and Reggiana Riduttori, as well as the adoption of IFRS16 accounting principle. **ROCE** amounted to 16.7% (19.7% in 2018). **ROE** was 17.1% (18.9% in 2018 after the aforementioned adjustment for one-off income).

Financial situation

Net cash of €233.1 million was generated by operations (€209.8 million in 2018), up 11.1%. **Free cash flow** was €124.8 million (€82.2 million in 2018) with a growth of 51.9%.

Net debt at 31 December 2019 stood at €370.8 million (€287.3 million at 31 December 2018), following a €72.4 IFRS16 impact, outlays of €39.0 million for acquisitions, €23.9 million in dividends paid, and purchase of treasury shares for €79.0 million. Additionally, the Group had binding commitments for the acquisition of minority interests in subsidiaries worth €54.3 million at 31 December 2019 (€44.5 million at 31 December 2018).

At 31 December 2019 Interpump Group S.p.A. held 2,224,739 **treasury shares**, representing 2.043% of share capital, purchased at an average price of €24.4305.

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 2019 Financial Statements.



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UPDATE ON COVID-19 EPIDEMICS

With reference to the COVID-19 epidemics currently observed in Italy, **Interpump has set up a permanent committee for the management of the emergency** with representatives from the most significant subsidiaries, which have diligently adopted all provisions and instructions from the Authorities aimed at reducing the possibility of contagion. At the publishing of this press release, a positive case has been reported in two of the Group's plants, where activity has been suspended for the prescribed further sanitization and contact tracing procedures.

Keeping health protection as an absolute priority, Interpump will operate to keep the production cycle operational wherever and whenever possible.

In China, the six locations of the Group were authorized to resume operations and are working hard to return to normality.

ORDINARY AND EXTRAORDINARY GENERAL SHAREHOLDERS' MEETING AND DIVIDEND PROPOSAL

APPROVAL OF THE FY2019 SEPARATE ACCOUNTS

The Board of Directors has resolved to convene an Ordinary and Extraordinary General Shareholders' Meeting to approve the 2019 separate financial statements in single call on **30 April 2020** 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 25 euro cents (FY2018: 22 euro cents). If approved, the dividend will be paid on May 20 and the share will go ex-dividend on May 18 (record date May 19).

AUTHORIZATION FOR TREASURY SHARES PURCHASE AND DISPOSAL

The Shareholders' Meeting convened in ordinary session will be called to adopt a resolution regarding authorization for the purchase and disposal of treasury shares. It will be proposed to grant an authorization valid until October 2021. 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 2.187.506 treasury shares, or 2.0091% 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 7,500,000 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 servicing the existing and future incentive plans adopted by the Company, or within the framework of acquisitions and/or commercial agreements with strategic partners in line with the Company's development strategy.

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 2019. Shareholders are therefore called to an Ordinary General Meeting to elect new members of these bodies.

Lists of candidates must be lodged by 5 April 2020 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 total voting rights representing at least 1% of the subscribed and paid-in share capital entitled to vote 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. Specifically for the election of members of the Board of Statutory Auditors, if by 5 April 2020 only one list has been lodged the Company will promptly give notice of this and shareholders will be able to lodge lists of candidates for the position of statutory auditor until



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8 April 2020. 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 at Ordinary General Shareholders' Meetings.

AUTHORIZATION TO THE BOARD TO INCREASE CAPITAL PURSUANT TO ARTICLES 2443 AND 2441 PAR.4 OF THE ITALIAN CIVIL CODE

In the past several years, the Interpump Group has pursued a significant strengthening process in the sectors where it operates, also achieved through acquisitions, with the purpose of extending the product range and maintain a high competitiveness level. In order to support the above-mentioned strengthening and expansion process, it is important for the Company to be able, even in the short-term future, to gather in a quick and flexible way the financial resources needed to promptly grasp opportunities found on the market.

A Shareholders' Meeting resolution is needed because the previous authorization with the same content, granted to the Board by the Extraordinary Meeting of 30 April 2014 pursuant to Article 2443 of the Civil Code, expired on 29 April 2019; therefore, the power previously granted to the Board of Director cannot be exercised anymore.

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 FY2019.

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 policy and compensation paid"

The Shareholders' Meeting convened in ordinary session will be called to approve the remuneration policy (section one of the report) and express an advisory opinion on compensation paid in 2019 (section two).

Both documents will be published and advertised in accordance with the law.

Sant'Ilario d'Enza (RE), 16 March 2020

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), 16 March 2020

Manager responsible for drafting
company accounting documents
Carlo Banci

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Consolidated statement of financial position

(€/000)	<u>31/12/2019</u>	<u>31/12/2018</u>
ASSETS		
<i>Current assets</i>		
Cash and cash equivalents	233,784	118,140
Trade receivables	284,842	270,364
Inventories	408,443	366,480
Tax receivables	24,337	24,596
Other current assets	9,077	10,931
<i>Total current assets</i>	<u>960,483</u>	<u>790,511</u>
<i>Non-current assets</i>		
Property, plant and equipment	484,358	355,488
Goodwill	508,670	434,699
Other intangible assets	32,527	34,731
Other financial assets	4,226	2,319
Tax receivables	1,590	1,664
Deferred tax assets	34,679	29,776
Other non-current assets	2,150	2,177
<i>Total non-current assets</i>	<u>1,068,200</u>	<u>860,854</u>
<i>Total assets</i>	<u>2,028,683</u>	<u>1,651,365</u>



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(€/000)

LIABILITIES

Current liabilities

	<u>31/12/2019</u>	<u>31/12/2018</u>
Trade payables	157,413	177,782
Payables to banks	22,076	21,404
Interest bearing financial payables (current portion)	195,110	151,917
Taxes payable	14,965	19,204
Other current liabilities	90,230	72,297
Provisions for risks and charges	4,055	3,807
Total current liabilities	<u>483,849</u>	<u>446,411</u>

Non-current liabilities

Interest bearing financial payables	387,412	232,158
Liabilities for employee benefits	21,402	19,377
Deferred tax liabilities	42,154	41,832
Taxes payable	125	70
Other non-current liabilities	35,610	39,451
Provisions for risks and charges	3,057	3,161
Total non-current liabilities	<u>489,760</u>	<u>336,049</u>
Total liabilities	<u>973,609</u>	<u>782,460</u>

SHAREHOLDERS' EQUITY

Share capital	55,460	54,842
Legal reserve	11,323	11,323
Share premium reserve	96,733	71,229
Remeasurement reserve for defined benefit plans	(7,358)	(5,965)
Translation reserve	7,735	3,142
Other reserves	885,446	729,373
Group shareholders' equity	<u>1,049,339</u>	<u>863,944</u>
Minority interests	5,735	4,961

Total shareholders' equity

Total shareholders' equity and liabilities

1,055,074	868,905
<u>2,028,683</u>	<u>1,651,365</u>



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FY 2019 Consolidated Income Statement

(€/000)	<u>2019</u>	<u>2018</u>
Net sales	1,368,618	1,279,167
Cost of goods sold	(866,701)	(805,295)
Gross industrial margin	501,917	473,872
<i>% of net sales</i>	<i>36.7%</i>	<i>37.0%</i>
Other operating income	20,115	19,665
Distribution expenses	(124,323)	(117,660)
General and administrative expenses	(145,556)	(135,898)
Other operating costs	(4,939)	(3,430)
EBIT	247,214	236,549
<i>% of net sales</i>	<i>18.1%</i>	<i>18.5%</i>
Financial income	15,062	11,427
Financial charges	(18,038)	(19,212)
Recognition of negative goodwill	-	11,369
Equity method contribution	(8)	(207)
Profit for the period before taxes	244,230	239,926
Income taxes	(63,628)	(66,064)
Consolidated profit for the period	180,602	173,862
<i>% of net sales</i>	<i>13.2%</i>	<i>13.6%</i>
Attributable to:		
Shareholders of Parent	179,170	172,905
Minority shareholders of subsidiaries	1,432	957
Consolidated profit for the period	180,602	173,862
EBITDA	317,890	288,519
<i>% of net sales</i>	<i>23.2%</i>	<i>22.6%</i>
Shareholders' equity	1,055,074	868,905
Net debt	370,814	287,339
Payables for purchase of shareholdings	54,286	44,527
Capital employed	<u>1,480,174</u>	<u>1,200,771</u>
ROCE	16.7%	19.7%
ROE	17.1%	20.0%
Basic earnings per share	1.699	1.619



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Statement of consolidated comprehensive income for the year

(€/000)	<u>2019</u>	<u>2018</u>
Consolidated profit for the year (A)	180,602	173,862
<i>Gains (losses) on translating the financial statements of foreign companies</i>	4,687	5,454
<i>Gains (losses) from companies accounted for using the equity method</i>	5	(30)
<i>Applicable taxes</i>	-	-
Total other consolidated income (losses) which will subsequently be reclassified to consolidated profit for the period, net of the tax effect (B)	4,692	5,424
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>	(1,840)	(304)
<i>Applicable taxes</i>	442	72
Total other comprehensive income which will not subsequently be reclassified to consolidated profit or loss (C)	(1,398)	(232)
Consolidated comprehensive income for the year (A)+(B)+(C)	183,896	179,054
Attributable to:		
Shareholders of Parent	182,370	178,279
Minority shareholders of subsidiaries	1,526	775
Consolidated comprehensive income for the year	183,896	179,054



Consolidated cash flow statement for the year

(€/000)	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Profit before taxes	244,230	239,926
Adjustments for non-cash items:		
Losses (gains) on the sale of fixed assets	(2,774)	(4,474)
Amortization and depreciation	69,284	50,469
Costs recognized in the income statement relative to stock options that do not involve monetary outflows for the Group	2,585	1,881
Losses (profits) from investments	8	207
Net change in risk provisions and allocations to employee benefit provisions	(806)	(718)
Expenditures for tangible assets to be leased	(6,278)	(7,912)
Proceeds from the disposal of leased tangible assets	7,793	9,335
Net financial charges (revenues)	2,976	(3,584)
	317,018	285,130
(Increase) decrease in trade receivables and other current assets	16,976	(33,413)
(Increase) decrease in inventories	5,270	(62,868)
Increase (decrease) in trade payables and other current liabilities	(42,788)	35,367
Interest paid	(5,507)	(4,324)
Realized exchange differences	331	(1,475)
Taxes paid	(78,779)	(69,578)
Net cash from operating activities	212,521	148,839
Cash flows from investing activities		
Payments for the purchase of investments net of cash acquired and net of treasury shares transferred	(24,719)	(19,045)
Capital expenditure on property, plant and equipment	(72,517)	(63,683)
Proceeds from the sale of tangible fixed assets	1,936	1,127
Proceeds from the sale of available-for-sale assets	-	785
Increase in intangible assets	(3,073)	(4,138)
Financial income received	850	602
Other	413	1,114
Net cash (used in) investing activities	(97,110)	(83,238)
Cash flows from financing activities		
Disbursements (repayments) of loans	115,398	(25,384)
Dividends paid	(23,876)	(23,115)
Payments for the purchase of treasury shares	(78,993)	(54,183)
Proceeds from the sale of treasury shares to stock option beneficiaries	3,823	540
Repayments (disbursements) of loans to subsidiaries consolidated with the equity method	(494)	(200)
Change in other financial assets	(126)	(13)
Payment of finance lease installments (principal)	(16,739)	(3,131)
Net cash generated by (used in) financing activities	(1,007)	(105,486)
Net increase (decrease) in cash and cash equivalents	114,404	(39,885)



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(€/000)	<u>2019</u>	<u>2018</u>
Net increase (decrease) in cash and cash equivalents	114,404	(39,885)
Translation differences for cash held by non-EU companies	602	645
IFRS16 impact on cash and cash equivalents at the beginning of the year	(34)	-
Opening cash and cash equivalents of companies consolidated on a line-by-line basis for the first time	-	(7)
Cash and cash equivalents at the beginning of the period	96,736	135,983
Cash and cash equivalents at the end of the period	211,708	96,736

Cash and cash equivalents may be analyzed as follows:

	31/12/2019	31/12/2018
	€/000	€/000
Cash and cash equivalents as per the consolidated statement of financial position	233,784	118,140
Bank payables (overdrafts and subject to collection advances)	<u>(22,076)</u>	<u>(21,404)</u>
Cash and cash equivalents as per the consolidated cash flow statement	<u>211,708</u>	<u>96,736</u>



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Statement of changes in consolidated shareholders' equity

	Share capital	Legal reserve	Share premium reserve	Remeasurement reserve for defined benefit plans	Translation reserve	Other reserves	Group shareholders' equity	Non-controlling interests	Total
<i>At 1 January 2018</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 Inoxpa's Russian 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
Recognition in the income statement of the fair value of stock options granted and exercisable	-	-	2,585	-	-	-	2,585	-	2,585
Purchase of treasury shares	(1,529)	-	(77,464)	-	-	-	(78,993)	-	(78,993)
Sale of treasury shares to stock option beneficiaries	171	-	3,652	-	-	-	3,823	-	3,823
Transfer of treasury shares as payment for equity investments	1,976	-	96,731	-	-	-	98,707	-	98,707
Minority interests of Reggiana Riduttori	-	-	-	-	-	-	-	175	175
Purchase of residual interests in subsidiaries	-	-	-	-	-	103	103	(153)	(50)
Dividends distributed	-	-	-	-	-	(23,200)	(23,200)	(675)	(23,875)
Dividends resolved (third parties' share)	-	-	-	-	-	-	-	(99)	(99)
Comprehensive income for 2019	-	-	-	(1,393)	4,593	179,170	182,370	1,526	183,896
<i>At 31 December 2019</i>	55,460	11,323	96,733	(7,358)	7,735	885,446	1,049,339	5,735	1,055,074

Fine Comunicato n.0159-19

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