



INTERPUMP GROUP

R E S U L T S
2014





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1. CORPORATE BODIES

Board of Directors

Chairman and Chief Executive Officer	Fulvio Montipò
Deputy Chairman and Chief Executive Officer	Paolo Marinsek
Independent Director	Mara Anna Rita Caverni (a), (c)
Independent Director Lead Independent Director	Carlo Conti (a), (b), (c)
Non-executive Director	Giuseppe Ferrero
Independent Director	Franco Garilli (b)
Non-executive Director	Giancarlo Mocchi
Independent Director	Paola Tagliavini (a), (c)
Non-executive Director	Giovanni Tamburi (b)

Board of Statutory Auditors

Chairman	Pierluigi De Biasi
Statutory Auditor	Paolo Scarioni
Statutory Auditor	Alessandra Tronconi

Independent Auditors

Reconta Ernst & Young S.p.A.

- (a) Member of the Audit and Risk Committee
- (b) Member of the Remuneration Committee
- (c) Member of the Related Party Transactions Committee

Interpump Group S.p.A.
Head Office: 42049 Sant'Ilario d'Enza (RE) - Via E. Fermi, 25
Share Capital: Euro 56,617,232.88 wholly paid up - Court of Reggio Emilia
Companies Register R.E.- Tax Code 11666900151 - Vat Number IT 01682900350

RESULTS 2014

Shareholders,

Another record year for the company!

In 2014, Interpump Group exceeded the previous record results reported in 2013 and 2012.

There was a 20.8% rise in sales during 2014 compared with 2013 (+6.2% like for like) resulting in consolidated turnover of € 672.0m. A breakdown of sales by business sector shows that the Hydraulic Sector grew by 34.7% (+7.2% on a like-for-like basis), with 5.1% growth by the Water Jetting Sector.

The greater sales growth of the Hydraulic Sector in 2014 (+34.7% compared with 2013) was due to the purchase of the IMM Group and the consolidation of the Hydrocontrol Group for a full 12 months in 2014 (8 months in 2013), while the expansion of the Water Jetting Sector was entirely organic.

In geographical terms, growth in Europe including Italy was 29.2%, with 14.0% in North America, 19.8% in the Far East and Oceania and 10.3% in the Rest of the World. The geographical breakdown shows like-for-like growth of 2.1% in Europe (including Italy), 12.3% in North America, 10.4% in the Far East and Oceania and 0.7% in the Rest of the World.

Profitability improved significantly, especially in the Hydraulic Sector, which benefited from the rationalization and reorganization work carried out in 2012 and 2013.

EBITDA reached €136.1m or 20.3% of sales in 2014. In 2013, EBITDA was €105.2m (18.9% of sales). The year on year increase was therefore 29.4%. Like for like, EBITDA rose by 15.9%, resulting in a 1.7 percentage point rise in the business margin. EBITDA in the Hydraulic Sector rose to € 69.3 million (17.5% of sales), with an increase in profitability of 3.4 percentage points; EBITDA in the Water Jetting Sector was € 66.7 million (24.1% of sales), with a rise of 4.6% despite the costs incurred by Hammelmann to move into its new, highly technological plant, which involved a total investment of €15.4 million (€ 8.9 million in 2014 and € 6.5 million in 2013).

EBIT climbed to € 104.4m or 15.5% of sales. In 2013 EBIT was € 79.3 million (14.3% of sales). Overall growth was therefore 31.6%. Like for like, EBITDA rose by 19.1%, again resulting in a 1.7 percentage point rise in the business margin.

Net liquidity generated by operations totalled € 95.8m (€ 65.3m in 2013), reflecting an increase of 46.7%. Free cash flow was € 38.3m (€ 34.3m in 2013) representing growth of 11.7%. Investment disposals during 2014 amounted to € 32.7m. Net financial indebtedness at 31 December 2014 was € 152.0m. The Group also has debts for the acquisition of investments and contractual commitments for the purchase of residual interests in subsidiaries totalling € 74.1m. The ratio of debt to EBITDA remains slightly higher than 1, leaving ample room for future acquisitions.

Net profit for the year was € 57.7m, 31.0% higher than the € 44.1m booked in 2013.

External growth

The Interpump Group again confirmed its established M&A strategy during 2014, which is intended to accelerate growth and create additional value for the shareholders. Consistent with this, 60% of IMM (Hydraulic Sector) was acquired in early January 2014. The new subsidiary, based in Atesa (CH), manufactures hydraulic hoses and fittings. IMM has a production subsidiary in Romania and distribution subsidiaries in the UK, France, Germany and South Africa. The activities of the IMM Group greatly complement those of the Hydraulic Sector, enabling the range of products offered to be extended further.

The expansion of the Hydraulic Sector continued during 2014 with the purchase of residual interests in subsidiaries (18.39% of Interpump Hydraulics International and 35% of Hydrocar Chile) and the signature, in late December, of a preliminary contract for the acquisition of 100% of the Walvoil Group (Hydraulic Sector) based in Reggio Emilia. This Group is one of the largest international players in the production and commercialization of valves and hydraulic directional controls. The transaction was closed on 15 January 2015.

The preliminary results of Walvoil for 2014 include: consolidated sales of around € 140m and consolidated EBITDA in the region of € 19m. The provisional net price of € 100m, being 95% of the estimated price, will be adjusted with reference to the net financial position at 31 December 2014, which is currently estimated at around € 32m. Payment was made on the closing date, 15 January 2015, with € 54.2m settled in cash and the balance by the transfer of listed shares in Interpump Group S.p.A.. Also, based on the final consolidated EBITDA for 2014, the seller will receive an additional earn-out of between € 2m and € 15m. The maximum amount will be paid if 2014 EBITDA is at least € 21m.

Interpump sees the Walvoil acquisition as strategically critical because it:

- places Interpump among the top international players in hydraulic directional controls, which are of strategic importance in industrial hydraulic circuits;
- strengthens the Group's presence in the important agricultural applications sector;
- consolidates and expands our presence in international markets thanks to Walvoil's production and commercial operations;
- extends the potential synergies with Interpump's Hydraulic Sector operations because Walvoil has production companies in the US, India, China, Brazil and South Korea, and sales operations in France and Australia.

2. LETTER TO THE SHAREHOLDERS

A 52.72% interest in Inoxihp S.r.l., based in Nova Milanese (MB), was acquired on 17 March 2015. This company produces high pressure and very high pressure water installations, with a leadership position in applications for the steel industry. The 2014 sales of Inoxihp amounted to € 10.8m, with EBITDA in excess of 30% of sales. The price agreed was € 8.6m, including the positive net financial position at 31 December 2014 of € 0.7m. Of this amount, € 6.5m was settled in cash and the balance by the transfer of 156,160 shares in Interpump Group S.p.A.. The minority quotaholder is entitled to sell the remaining 47.28% as follows: 10% at any time and 37.28% subsequent to approval of the 2025 financial statements. This acquisition enables Interpump, world leader in high pressure and very high pressure pumps, to strengthen its position in the steel sector and benefit from significant production and distribution synergies.

Strategies for 2015 and future years

Strategy for the coming years is still based on both internal and external growth.

Following the recent acquisitions of Walvoil and Inoxihp, the **pro forma** sales for 2014, inclusive of these two purchases made in 2015, total € 823m with EBITDA of € 159m and net debt at 31 December 2014 of € 257m. Achievement of this critical mass enables the company to look to the future with ever greater optimism.

In the vast market of the **Hydraulic Sector**, the company is now a global player alongside major international competitors, while most of the operators in the marketplace are specialists in a specific product. A situation of this nature enhances the opportunities for Interpump Group to boost turnover by cross selling between the customers of the various holdings.

The **Water Jetting Sector**, on the other hand, is a highly profitable niche market that is growing faster than the economy as a whole. In particular, while the world economy has not yet returned to the pre-crisis 2009 levels, the market has grown about 20% beyond those levels. This is the result of the wider adoption of high pressure technology, which has extended to new applications, new markets and different types of fluid.

In this situation, future challenges will be won by innovating, an area in which Interpump Group is the market leader.

The financial resources needed for acquisitions are guaranteed by the Group's high liquidity, low leverage level and high free cash flow generated. The essential precondition to continue with the external growth strategy is stringent control of costs and finance management in order to maximize the generation of free cash flow for allocation to acquisitions, after having remunerated shareholders.

Treasury shares

In 2014 the Group purchased 3,819,682 treasury shares for €/000 38,299 at an average unit price of € 10.0269. A total of 1,642,090 treasury shares were divested in the same period, following the exercise of stock options and the acquisition of equity investments. At 31 December 2014 Interpump Group held 5,281,095 treasury shares, equivalent to 4.85% of capital and with an average unit cost of €8.9437. In 2015 a total of 4,160,501 treasury shares were divested on acquisition of the investments in Walvoil and Inoxihp.

Dividends

The Board of Directors has proposed that the shareholders' meeting should distribute a dividend of 18 euro cents per share (17 euro cents in the prior year). If approved, the dividend will be payable on 13 May, with 11 May as the coupon clipping date. Those holding shares in circulation at the close of the accounting day on 8 May will qualify for the dividend.

I thank you for the confidence you have placed in Interpump Group S.p.A.. With the efforts of all our personnel and my own personal commitment, it is my conviction that the Group will continue to generate adequate resources for growth and increase its value for the benefit of all our shareholders.

Sant'Ilario d'Enza (RE), April 2015

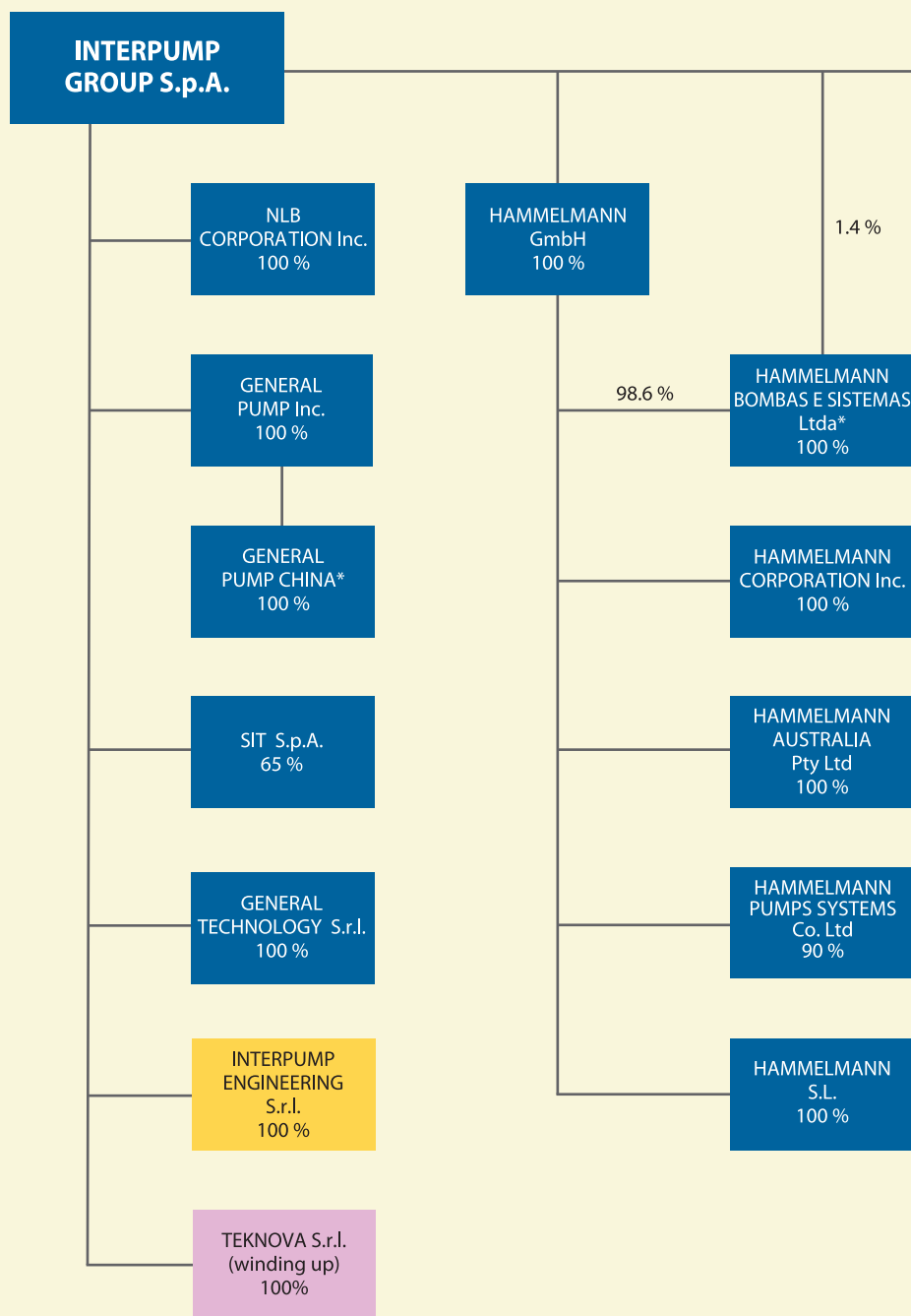
Cordially yours

Fulvio Montipò
Chairman

The manager responsible for preparing company accounting documents, Carlo Banci, declares, pursuant to the terms of section 2 article 154-(2) of the Italian Consolidated Finance Act, that the accounting disclosures in this document correspond to the documentary evidence, the company books and the accounting entries.

Sant'Ilario d'Enza (RE), April 2015

Carlo Banci
Manager responsible for preparing
company accounting documents



* non consolidated Companies

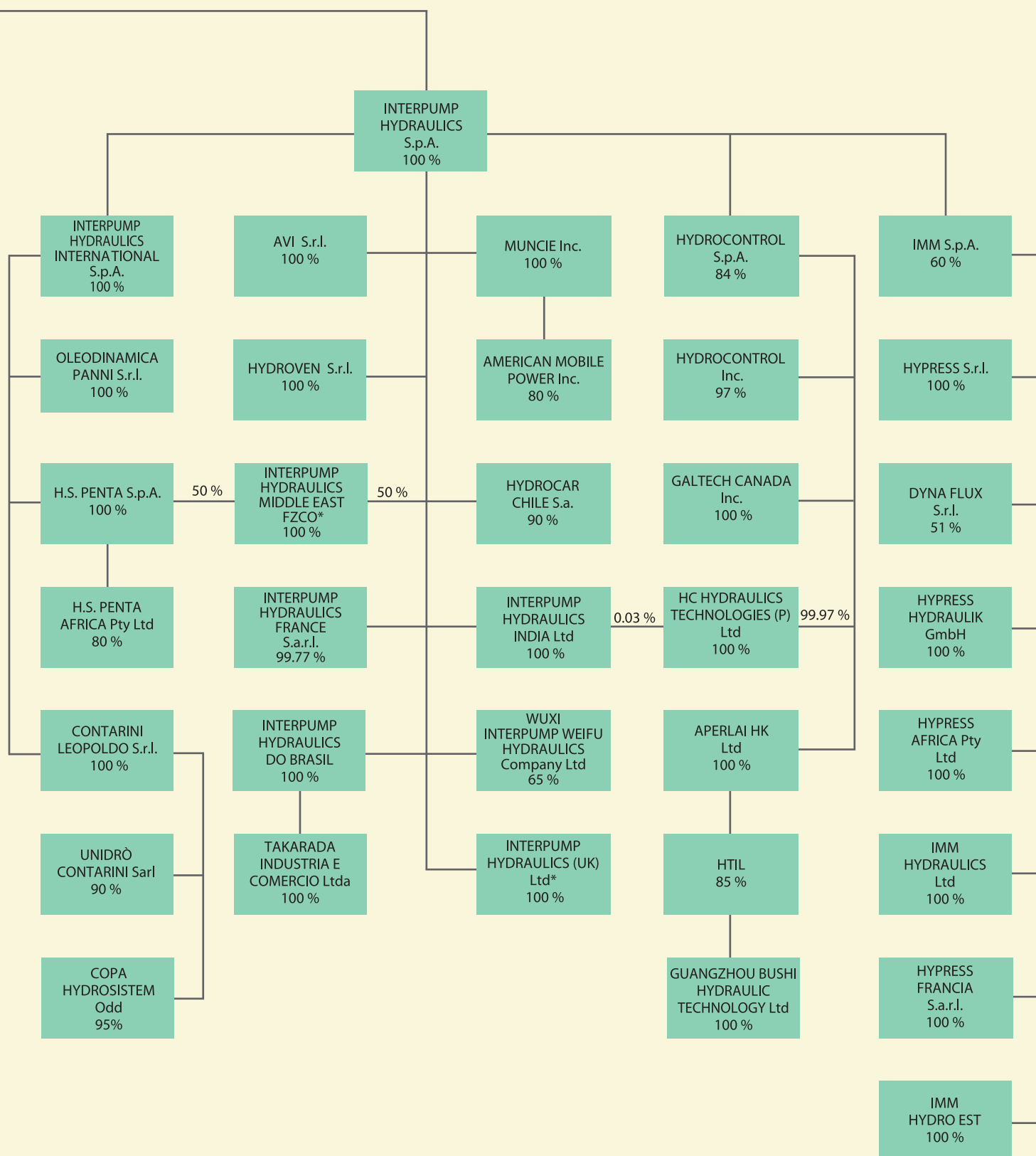
WATER JETTING
SECTOR

RESEARCH AND
DEVELOPMENT SECTOR
(OTHER SECTOR)

HYDRAULIC
SECTOR

OTHER
SECTOR

3. INTERPUMP GROUP'S STRUCTURE





4. FINANCIAL HIGHLIGHTS

Significant events during the year

The record results achieved by the Group in 2013 and 2012 were overtaken in 2014, while 2015 is viewed with optimism following the recent acquisition of Walvoil. 2014 showed a 20.8% rise in sales compared to 2013 (+6.2% like for like) resulting in a consolidated value of € 672.0m. A breakdown of sales by business sector shows the Hydraulic Sector growing by 34.7% (+7.2% on a like for like basis) and growth of 5.1% in the Water Jetting Sector. The Hydraulic Sector expanded during 2014, both in terms of sales (+34.7% compared with 2013) and profitability (+67.6% compared with 2013). This was due to the purchase of the IMM Group, the consolidation of the Hydrocontrol Group for a full 12 months in 2014, and the positive effect of work to rationalize the sector that began in prior years. Interpump Group's consolidated data for 2014 therefore includes the full-year results of IMM, which was not part of the Group in 2013. In addition, the consolidated 2014 data for the Interpump Group includes Hydrocontrol for 12 months rather than 8 months in 2013, given that acquisition of the company was not completed until 6 May 2013. In order to ensure consistent comparison with the consolidated data for 2013, the following information is provided using the same scope of consolidation. IMM has been included in the Hydraulic Sector for segment information purposes. In geographical terms, growth in Europe including Italy was 29.2%, with 14.0% in North America, 19.8% in the Far East and Oceania and 10.3% in the Rest of the World. The geographical breakdown shows like for like growth of 2.1% in Europe (including Italy), 12.3% in North America, 10.4% in the Far East and Oceania and 0.7% in the Rest of the World.

Once again, the Interpump Group confirmed its established growth strategy during 2014, combining internal expansion with a targeted M&A strategy in order to accelerate growth and create value for the shareholders. Consistent with this, 60% of IMM (Hydraulic Sector) was acquired in early January 2014. The new subsidiary, based in Atesa (CH), manufactures hydraulic hoses and fittings. IMM has a production subsidiary in Romania and distribution subsidiaries in the UK, France, Germany and South Africa. The activities of the IMM Group greatly complement those of the Hydraulic Sector, enabling the range of products offered to be extended further. The expansion of the Hydraulic Sector continued during 2014 with the purchase of residual interests in subsidiaries (18.39% of Interpump Hydraulics International and 35% of Hydrocar Chile) and the signature, in late December, of a preliminary contract for the acquisition of 100% of the Walvoil Group (Hydraulic Sector) based in Reggio Emilia. This Group is one of the largest international players in the production and commercialization of valves and hydraulic directional controls. The preliminary results of Walvoil for 2014 include: consolidated sales of around € 140m and consolidated EBITDA in the region of € 19m. The provisional net price of € 100m, being 95% of the estimated price, will be adjusted with reference to the net financial position at 31 December 2014, which is currently estimated at around € 32m. Payment was made on the closing date, 15 January 2015, with € 54.2m settled in cash and the balance by the transfer of listed shares in Interpump Group S.p.A.. Also, based on the final consolidated EBITDA for 2014, the sellers will receive an additional earn-out of between € 2m and € 15m. The maximum amount will be paid if 2014 EBITDA is at least € 21m.

Interpump sees the Walvoil acquisition as strategically critical because it:

- places Interpump among the top international players in hydraulic directional controls, which are of strategic importance in industrial hydraulic circuits;
- strengthens the Group's presence in the important agricultural applications sector;
- consolidates and expands the Group's presence in international markets thanks to Walvoil's production and commercial operations;
- extends the potential synergies with Interpump's Hydraulic Sector operations because Walvoil has production companies in the US, India, China, Brazil and South Korea, and sales operations in France and Australia.

In the Water Jetting Sector, the development of pumps for new applications is continuing, especially in the field of process pumps. Construction of the new Hammelmann plant was completed during 2014, with a total investment of € 15.4m (€ 8.9m in 2014 and € 6.5m in 2013), and the company has moved into the new building.

EBITDA reached € 136.1m or 20.3% of sales in 2014. In 2013, EBITDA was € 105.2m (18.9% of sales). The year on year increase was therefore 29.4%. EBITDA was up by 15.9% like for like, reaching € 121.8m or 20.6% of sales, resulting in a 1.7 percentage point rise in the business margin.

EBIT stood at € 104.4m or 15.5% of sales. In 2013 EBIT was recorded at € 79.3 million (14.3% of sales). This figure reflects growth of 31.6%. Like for like EBIT was up by 19.1%, reaching € 94.5m or 16.0% of sales, increasing the business margin by 1.7 percentage points.

Net profit for the year was € 57.7m, 31.0% higher than the €44.1m booked in 2013. The net profit for 2014 was penalized by the revaluation of options to purchase additional equity interests in subsidiaries by € 4.7m, due their better than expected results.

Consolidated net revenues
Foreign sales
EBITDA (Earnings before interest, tax, depreciation and amortization)
EBITDA %
Consolidated operating profit
Operating profit %
Consolidated net profit
Cash flow from operations
Net debt
Consolidated shareholders' equity
Debt/Equity ratio
Investment during the year in tangible and intangible fixed assets
Average headcount
ROE
ROCE
EPS - €
Dividend per share - €

4. FINANCIAL HIGHLIGHTS

31/12/2014 €/000	31/12/2013 €/000	31/12/2012 ^(a) €/000	31/12/2011 ^(b) €/000	31/12/2010 €/000	31/12/2009 €/000	31/12/2008 €/000	31/12/2007 €/000	31/12/2006 €/000	31/12/2005 ^(b) €/000
671,999	556,513	527,176	471,619	424,925	342,924	424,513	432,195	364,876	331,608
86%	86%	86%	84%	80%	79%	80%	79%	76%	74%
136,106	105,173	105,876	94,614	74,100	46,856	86,986	94,255	79,144	67,985
20.3%	18.9%	20.1%	20.1%	17.4%	13.7%	20.5%	21.8%	21.7%	20.5%
104,367	79,334	84,049	75,650	54,689	29,194	75,666	82,231	69,715	57,384
15.5 %	14.3 %	15.9 %	16.0 %	12.9 %	8.5 %	17.8 %	19.0%	19.1%	17.3%
57,742	44,087	53,226	42,585	27,381	13,980	40,161	42,913	41,592	27,074
72,058	63,615	53,288	40,750	64,749	69,594	38,088	44,698	37,876	31,705
226,044 (c)	121,384 (c)	102,552 (c)	145,975 (c)	147,759 (c)	201,833 (c)	228,264 (c)	186,173	137,464	127,701
466,550	432,949	396,876	315,160	291,459	242,796	177,951	147,131	155,888	156,679
0.48	0.28	0.26	0.46	0.51	0.83	1.28	1.38	0.88	0.82
44,818	36,853	23,196	18,759	12,167	12,484	18,793	13,831	13,066	8,100
3,575	2,998	2,685	2,436	2,492	2,427	2,036	1,882	1,617	1,589
12.4%	10.2%	13.4%	13.5%	9.4%	5.8%	22.6%	29.2%	26.6%	17.3%
15.1%	14.3%	16.8%	16.4%	12.5%	6.6%	18.6%	23.5%	23.8%	20.2%
0.541	0.413	0.556	0.439	0.284	0.187	0.545	0.567	0.542	0.363
0.180	0.170	0.170	0.120	0.110	-	-	0.430**	0.180	0.840*

ROE: Consolidated net profit / Consolidated shareholders' equity
For ROE measurement purposes, the net profit for 2005 is stated net of capital gains on discontinued operations.

ROCE: Consolidated operating profit / (Consolidated shareholder's equity + Net debt). In 2007 the denominator included the extraordinary dividend payable of € /000 16,594.

Dividends refer to the year of formation of the distributed profit.

* 0.690 of which extraordinary

** 0.230 of which extraordinary

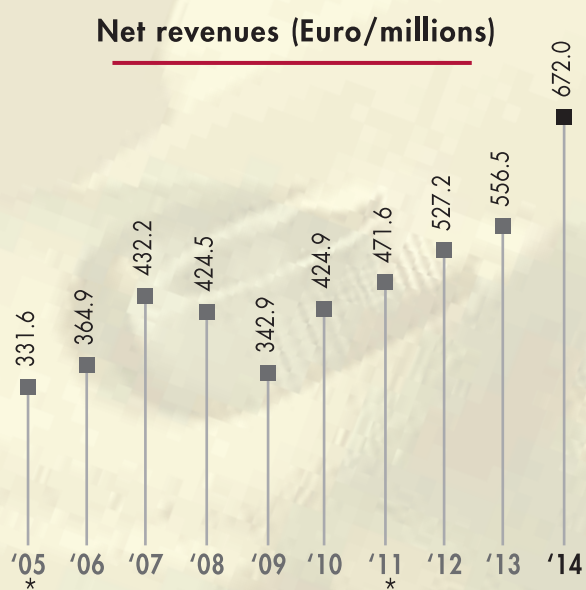
(a) Following application of the amendment to IAS 19, the data has been restated.

(b) Continuing operations.

(c) Inclusive of the debt arising from the acquisition of investments.

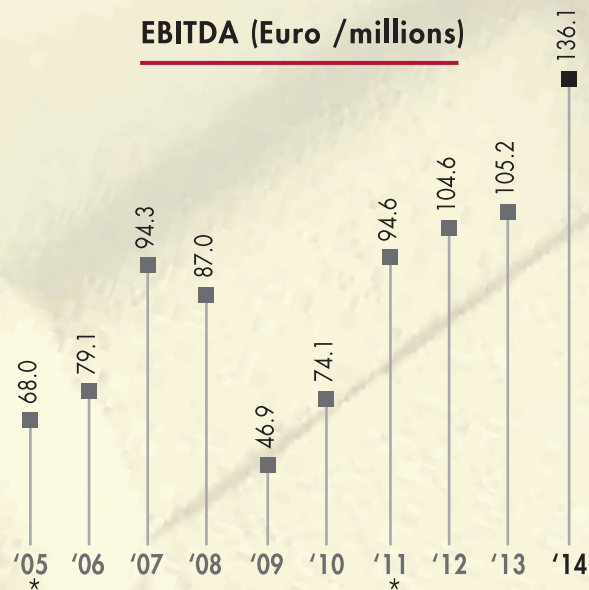
RESULTS 2014

Net revenues (Euro/millions)



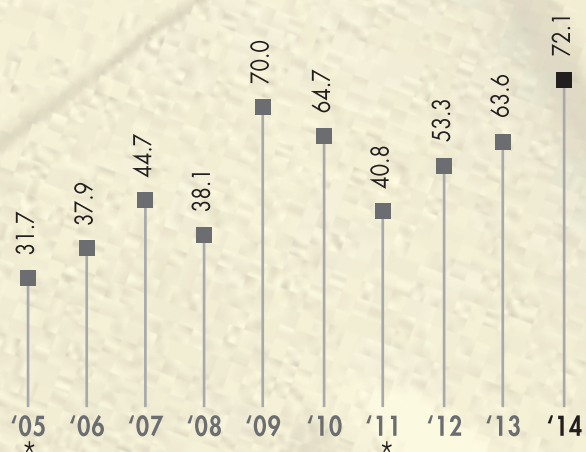
* Continuing operations

EBITDA (Euro /millions)



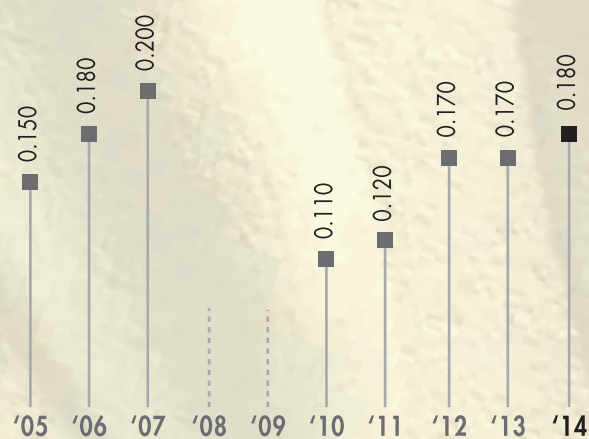
* Continuing operations

Cash Flow from operations (Euro /millions)



* Continuing operations

Dividends (Euro)

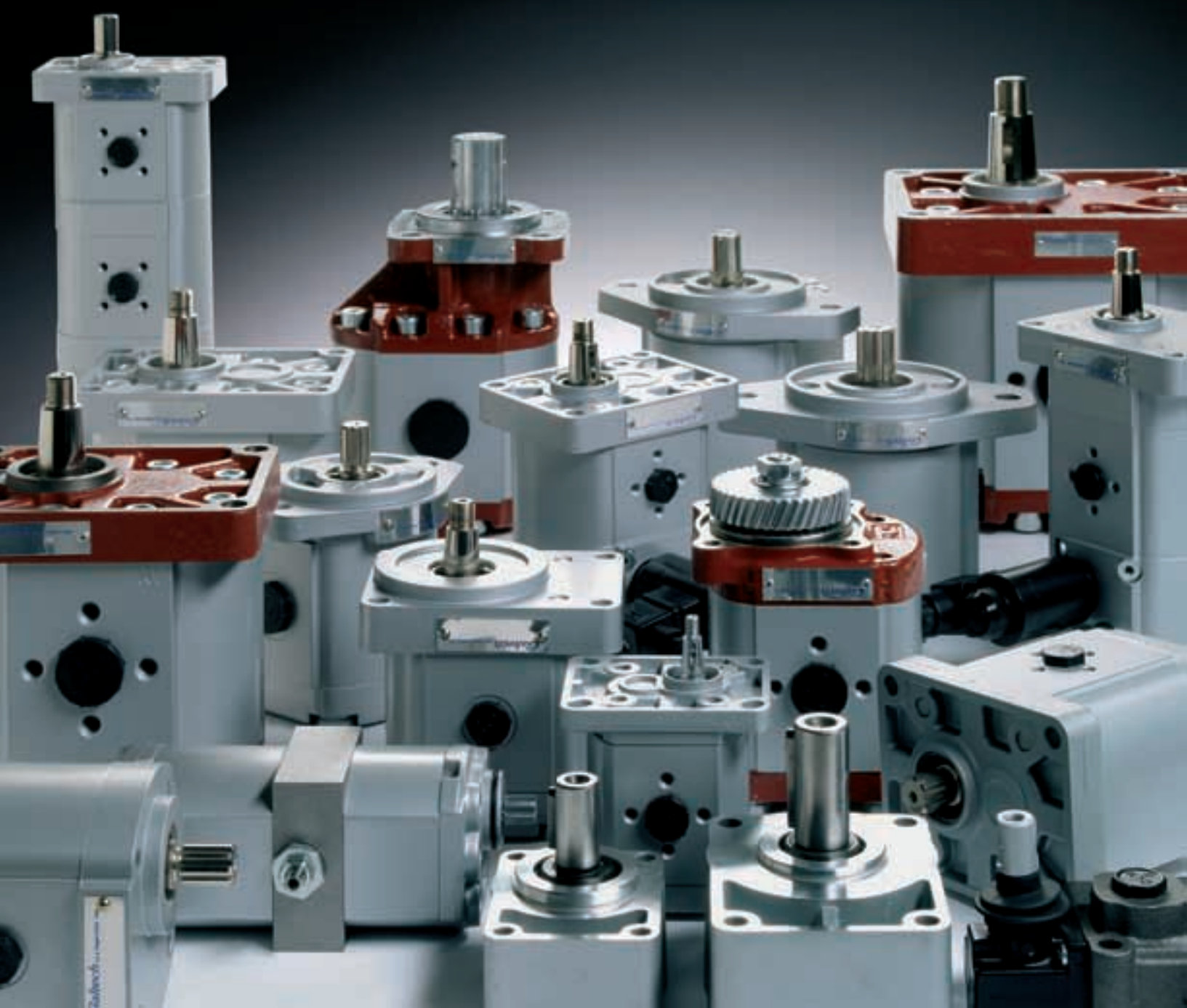


The graphic shows only the ordinary dividends.
In addition the company has distributed special dividends:
0.690 Euro in 2005, 0.230 Euro in 2007.

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

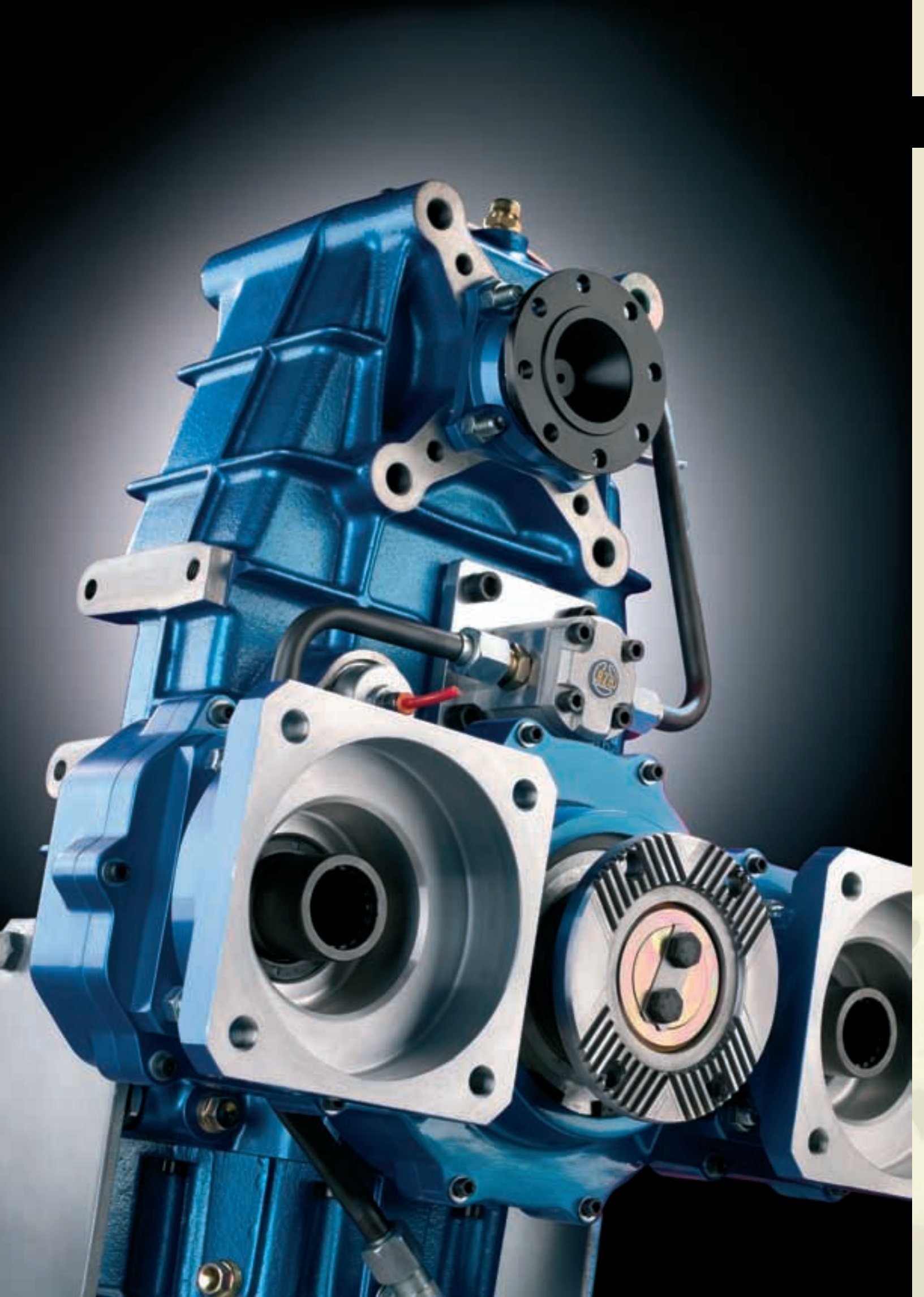
(€/000)

ASSETS	31/12/2014	31/12/2013
Current assets		
Cash and cash equivalents	87,159	105,312
Trade receivables	135,634	113,726
Inventories	182,463	145,994
Tax receivables	10,477	6,029
Derivative financial instruments	-	42
Other current assets	6,855	5,582
Total current assets	422,588	376,685
Non-current assets		
Property, plant and equipment	209,073	150,668
Start-up	279,373	234,792
Other intangible assets	24,649	23,755
Other financial assets	994	2,072
Tax receivables	2,456	3,071
Deferred tax assets	22,035	19,525
Other non-current assets	1,380	565
Total non-current assets	539,960	434,448
Assets held for sale	615	-
Total assets	936,163	811,133
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	80,273	69,985
Payables to banks	27,770	20,932
Interest-bearing financial payables (current portion)	64,298	61,371
Derivative financial instruments	169	279
Tax payables	11,665	5,723
Other current liabilities	38,123	45,524
Provisions for risks and charges	4,162	3,972
Total current liabilities	226,460	207,786
Non-current liabilities		
Interest-bearing financial payables	147,060	111,693
Liabilities for employee benefits	14,940	11,942
Deferred tax liabilities	33,436	26,458
Other non-current liabilities	72,605	18,774
Provisions for risks and charges	1,949	1,531
Total non-current liabilities	269,990	170,398
Liabilities held for sale	163	-
Total liabilities	496,613	378,184
SHAREHOLDERS' EQUITY		
Share capital	53,871	55,003
Legal reserve	11,323	11,323
Share premium reserve	101,237	125,039
Reserve for valuation of hedging derivatives at fair value	(19)	(27)
Reserve for restatement of defined benefit plans	(5,273)	(3,396)
Translation reserve	3,809	(19,084)
Other reserves	295,747	257,828
Group shareholders' equity	460,695	426,686
Minority interests	5,855	6,263
Total shareholders' equity	466,550	432,949
Total shareholders' equity and liabilities	963,163	811,133



6. CONSOLIDATED INCOME STATEMENT

(€/000)	2014	2013
Net sales	671,999	556,513
Cost of sales	(426,585)	(353,753)
Gross industrial margin	245,414	202,760
Other net revenues	12,563	8,765
Distribution costs	(68,074)	(58,107)
General and administrative expenses	(80,517)	(70,441)
Other operating costs	(5,019)	(3,643)
ordinary profit before financial charges	104,367	79,334
Financial income	8,144	4,941
Financial expenses	(19,504)	(12,865)
Adjustment of the value of investments carried at equity	102	(338)
Profit for the year before taxes	93,109	71,072
Income taxes	(35,367)	(26,985)
Consolidated net profit for the year	57,742	44,087
Due to:		
Parent company's shareholders	59,936	43,201
Subsidiaries' minority shareholders	806	886
Consolidated profit for the year	57,742	44,087
Basic earnings per share	0.541	0.413
Diluted earnings per share	0.531	0.408



7. COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

(€/000)	2014	2013
Consolidated profit for the year (A)	57,742	44,087
Other comprehensive profit (loss) that will be subsequently reclassified in consolidated profit for the year		
<i>Accounting of interest rate hedging derivatives recorded in accordance with the cash flow hedging method:</i>		
Profit (Loss) on derivative financial instruments for the year	-	-
Minus: Adjustment for reclassification of profits (losses) to the income statement	-	-
Minus: Adjustment for recognition of fair value to reserves in the prior year	50	495
<i>Total</i>	<i>50</i>	<i>495</i>
<i>Accounting of exchange risk derivative hedges recorded in accordance with the cash flow hedging method:</i>		
Profit (Loss) on derivative financial instruments for the year	(27)	14
Minus: Adjustment for reclassification of profits (losses) to the income statement	(14)	(91)
Minus: Adjustment for recognition of fair value to reserves in the prior year	-	-
<i>Total</i>	<i>(41)</i>	<i>(77)</i>
<i>Profits (Losses) arising from the translation to euro of the financial statements of foreign companies</i>	<i>23,275</i>	<i>(11,049)</i>
<i>Profits (Losses) of companies carried at equity</i>	<i>68</i>	<i>(126)</i>
<i>Related taxes</i>	<i>(1)</i>	<i>(111)</i>
Total other profit (loss) that will be subsequently reclassified in consolidated profit for the year, net of the tax effect (B)	23,351	(10,868)
Other comprehensive profit (loss) that will not be subsequently reclassified in consolidated profit for the year		
<i>Profit (loss) deriving from the restatement of defined benefit plans</i>	<i>(2,640)</i>	<i>(774)</i>
<i>Related taxes</i>	<i>726</i>	<i>212</i>
Total Other comprehensive profit (loss) that will not be subsequently reclassified in consolidated profit for the year, net of the tax effect (C)	(1,914)	(562)
Comprehensive consolidated profit for the year (A) + (B) + (C)	79,179	32,657
Due to:		
Parent company's shareholders	77,960	32,121
Subsidiaries' minority shareholders	1,219	536
Comprehensive consolidated profit for the year	79,179	32,657

8.

(€/000)

	2014	2013
Cash flow from operating activities		
Pre-tax profit	93,109	71,072
Adjustments for non-cash items:		
Capital losses (Capital gains) from the sale of fixed assets	(1,519)	(1,543)
Capital losses (Capital gains) from the sale of business divisions and equity investments	(406)	-
Amortization and depreciation, loss and reinstatement of assets	30,085	23,719
Costs ascribed to the income statement relative to stock options that do not involve monetary outflows for the Group	1,370	1,047
Loss (Profit) from investments	(102)	338
Net change in risk provisions and provisions for employee benefits	(147)	(1,902)
Outlays for tangible fixed assets destined for hire	(7,180)	(6,413)
Proceeds from the sale of fixed assets granted for hire	3,792	3,354
Net financial charges	11,360	7,924
Other	-	(45)
	130,362	97,551
(Increase) decrease in trade receivables and other current assets	(5,503)	(7,232)
(Increase) decrease in inventories	(14,145)	(3,112)
Increase (decrease) in trade payables and other current liabilities	(4,107)	8,677
Interest paid	(5,823)	(5,697)
Currency exchange gains realized	1,185	(50)
Taxes paid	(29,911)	(26,522)
Net cash from operating activities	72,058	63,615
Cash flows from investing activities		
Outlay for the acquisition of investments, net of received cash and including treasury stock assigned	(47,784)	(41,225)
Disposal of investments including transferred cash	796	1,277
Net receipt from Hydrocontrol concentration operation	-	1,720
Capital expenditure in property, plant and equipment	(32,575)	(27,321)
Proceeds from sales of tangible fixed assets	1,512	708
Increase in intangible fixed assets	(3,000)	(2,665)
Receipts for the realization of financial investments in insurance policies	-	919
Received financial income	637	1,502
Other	883	(189)
Net liquidity used in investing activities	(79,531)	(65,274)

8. CONSOLIDATED CASH FLOW STATEMENT

(€/000)

2014

2013

Cash flows of financing activity

Disbursal (repayment) of loans	28,325	(17,043)
Dividends paid	(18,166)	(18,524)
Outlays for purchase of treasury stock	(38,299)	(21,441)
Sale of treasury stock for the acquisition of equity investments	7,026	30,132
Proceeds from the sale of treasury stock to beneficiaries of stock options	4,626	11,995
Repayment (disbursal) of loans by/to non-consolidated subsidiaries	21	(41)
Change in other financial assets	1,017	-
Disbursal (repayment) of loans from (to) shareholders	(248)	(172)
Payment of financial leasing instalments (principal portion)	(4,306)	(2,503)
Net liquidity generated (used by) financing activities	(20,004)	(17,597)
Net increase (decrease) of cash and cash equivalents	(27,477)	(19,256)
Opening cash and cash equivalents of companies consolidated line by line for the first time	41	231
Exchange differences from the translation of cash of companies in areas outside the EU	2,445	(1,050)
Cash and cash equivalents at the beginning of the year	84,380	104,455
Cash and cash equivalents at the end of the year	59,389	84,380

9.

(€/000)

Balances at 31 December 2012

Recognition in the income statement of the fair value of assigned and exercisable stock options
Purchase of treasury stock
Sale of treasury stock to the beneficiaries of stock options
Sale of treasury stock for payment of equity investments
Dividends paid
Allocation of the residual profit of 2012
Purchase of additional stakes in Penta Africa
Acquisition of residual stake in Golf
Acquisition of Hydrocontrol
Comprehensive Profit (loss) for 2013

Balances at 31 December 2013

Recognition in the income statement of the fair value of assigned and exercisable stock options
Purchase of treasury stock
Sale of treasury stock to the beneficiaries of stock options
Sale of treasury stock for payment of equity investments
Dividends paid
Purchase of additional interest in Hydrocar Chile
Effect of Hydrocar Chile-Syscam combination
Copa-Golf merger effect
HC Hydraulics Technologies(P) Ltd acquisition effect
Acquisition of IMM
Comprehensive Profit (loss) for 2014

Balances at 31 December 2014

9.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Share capital	Legal reserve	Share premium reserve	Reserve for valuation of hedging derivatives at fair value	Reserve for restatement of defined benefit plans	Translation provision	Other reserves	Group shareholders' equity	Minority interests	Total
52,796	10,157	105,514	(333)	(2,850)	(8,243)	234,002	391,043	5,833	396,876
-	-	1,047	-	-	-	-	1,047	-	1,047
(1,441)	-	(20,000)	-	-	-	-	(21,441)	-	(21,441)
1,309	-	10,686	-	-	-	-	11,995	-	11,995
2,339	-	27,792	-	-	-	-	30,131	-	30,131
-	-	-	-	-	-	(18,029)	(18,029)	(495)	(18,524)
-	1,166	-	-	-	-	(1,166)	-	-	-
-	-	-	-	-	-	(193)	(193)	-	(193)
-	-	-	-	-	-	12	12	(102)	(90)
-	-	-	-	-	-	-	-	491	491
-	-	-	306	(546)	(10,841)	43,202	32,121	536	32,657
55,003	11,323	125,039	(27)	(3,396)	(19,084)	257,828	426,686	6,263	432,949
-	-	1,370	-	-	-	-	1,370	-	1,370
(1,986)	-	(35,970)	-	-	-	(343)	(38,299)	-	(38,299)
482	-	4,144	-	-	-	-	4,626	-	4,626
372	-	6,654	-	-	-	-	7,026	-	7,026
-	-	-	-	-	-	(18,108)	(18,108)	(58)	(18,166)
-	-	-	-	-	-	(542)	(542)	(1,870)	(2,412)
-	-	-	-	-	-	(82)	(82)	289	207
-	-	-	-	-	-	58	58	(58)	-
-	-	-	-	-	-	-	-	(1)	(1)
-	-	-	-	-	-	-	-	71	71
-	-	-	8	(1,877)	22,893	56,936	77,960	1,219	79,179
53,871	11,323	101,237	(19)	(5,273)	3,809	295,747	460,695	5,855	466,550



10. DIRECTORS' REMARKS ON PERFORMANCE IN 2014

NET SALES

2014 net sales totalled € 672.0m, 20.8% higher than 2013 sales, which were recorded at €556.5m (+6.2% like for like).

Breakdown of sales by business sector and geographical area:

(€/000)

	Italy	Rest of Europe	North America	Far East and Oceania	Rest of the World	Total
31/12/2014						
Hydraulic Sector	72,619	145,709	98,602	21,869	57,405	396,204
Water Jetting Sector	19,159	78,554	118,436	39,993	19,653	275,795
Total	91,778	224,263	217,038	61,862	77,058	671,999

31/12/2013

Hydraulic Sector	58,010	86,838	82,468	15,952	50,830	294,098
Water Jetting Sector	19,759	79,981	107,969	35,688	19,018	262,415
Total	77,769	166,819	190,437	51,640	69,848	556,513

2014/2013 percentage changes

Hydraulic Sector	+25.2%	+67.8%	+19.6%	+37.1%	+12.9%	+34.7%
Water Jetting Sector	-3.0%	-1.8%	+9.7%	+12.1%	+3.3%	+5.1%
Total	+18.0%	+34.4%	+14.0%	+19.8%	+10.3%	+20.8%

2014/2013 changes are shown below like for like:

Hydraulic Sector	+2.9%	+6.3%	+15.7%	+6.7%	-0.2%	+7.2%
Total	+1.4%	+2.4%	+12.3%	+10.4%	+0.7%	+6.2%

PROFITABILITY

The cost of sales accounted for 63.5% of turnover (63.6% in 2013). Production costs, which totalled €169.1m (€ 136.6m in 2013, which however did not include the costs of the IMM Hydraulics Group and included only eight months of the Hydrocontrol Group's costs), accounted for 25.2% of sales (24.5% in 2013). Like for like production costs were up by 8.1%. Costs for the purchase of raw materials and components sourced on the market, including changes in inventories, were € 257.5m (€ 217.2m in 2013, which however did not include the costs of the IMM Hydraulics Group and only included eight months of the Hydrocontrol Group's costs). Like for like purchases increased by 2.3%. The incidence on sales of purchase costs, including the change in inventories, was 38.3% compared to the 39.0% of 2013, reflecting a 0.7 percentage point improvement (1.4 percentage points on a like for like basis).

Like for like distribution costs rose by 2.2% with respect to 2013, while the associated incidence on sales fell by 0.4 percentage points. With the inclusion of Hydrocontrol and IMM Hydraulics the incidence fell by 0.3 percentage points compared to 2013.

Like for like general and administrative expenses increased by 5.2% with respect to 2013, but their incidence on sales fell by 0.2 percentage points. With the inclusion of Hydrocontrol and IMM Hydraulics the incidence fell by 0.7 percentage points compared to 2013.

Total payroll costs were € 157.7m (€ 133.0m in 2013, which however did not include payroll costs of the IMM Hydraulics Group and included those of the Hydrocontrol Group for just eight months). Like for like payroll costs rose by 4.8% due to a 6.8% per capita cost increase and a reduction of 55 in the average headcount. The average total number of Group employees in 2014 was 3,575 (2,943 like for like) compared to 2,998 in 2013 when the incidence of Hydrocontrol was reduced in the measure of eight twelfths since it was consolidated for only eight months in the year. The like for like reduction in the average headcount in 2014 breaks down as follows: minus 110 in Europe, plus 46 in the US and plus 9 in the Rest of the World (Brazil, China, India, Chile, Australia and South Africa).

EBITDA totalled € 136.1m (20.3% of sales) compared to the € 105.2m of 2013, which accounted for 18.9% of sales, reflecting a 29.4% increase. Like for like EBITDA was up by 15.9% to € 121.8m or 20.6% of sales, increasing margins by 1.7 percentage points. The following table shows EBITDA for each business sector:

	<u>31/12/2014</u> <u>€/000</u>	<u>% on</u> <u>total</u> <u>sales*</u>	<u>31/12/2013</u> <u>€/000</u>	<u>% on</u> <u>total</u> <u>sales*</u>	<u>Growth/</u> <u>Contraction</u>
Hydraulic Sector	69,366	17.5%	41,387	14.1%	+67.6%
Water Jetting Sector	66,701	24.1%	63,747	24.2%	+4.6%
Other Revenues Sector	39	n.s.	39	n.s.	n.s.
Total	136,106	20.3%	105,173	18.9%	+29.4%

* = Total sales also include sales to other Group companies, while the sales analyzed previously are exclusively those external to the group. Therefore, for the purposes of comparability the percentage is calculated on total sales rather than the sales shown earlier.

Like for like Hydraulic Sector EBITDA was up by 33.1% (17.5% of net sales).

EBIT stood at € 104.4m (15.5% of sales) compared to the € 79.3m of 2013 (14.3% of sales), reflecting an increase of 31.6%. Like for like EBIT was up by 19.1%, reaching € 94.5m or 16.0% of sales, increasing margins by 1.7 percentage points. The positive trend of margins is the first result of the rationalisation process carried out in the Hydraulic Sector in 2013 and 2012.

Financial expenses for 2014 include € 8.2m related to the adjustment of debt for the acquisition of equity investments, of which € 3.5m for interest payable due to release of the discounting effect on medium/long-term debt, and € 4.7m due to the adjustment of the put options of companies whose performance was better than originally projected in the business plans. The financial expenses reported in 2013 due to release of the discounting effect on the above payables was € 1.4m.

The effective tax rate for the year was 38.0% (identical tax rate in 2013).

Net profit totalled € 57.7 million (€ 44.1m in 2013), reflecting growth of 31.0%. Basic earnings per share were 0.541 euro (0.413 euro in 2013), displaying an increase of 31.0%.

In compliance with CONSOB Communication no. 6064293 of 28 July 2006, we draw your attention to the fact that no atypical and/or unusual transactions were carried out in 2014.

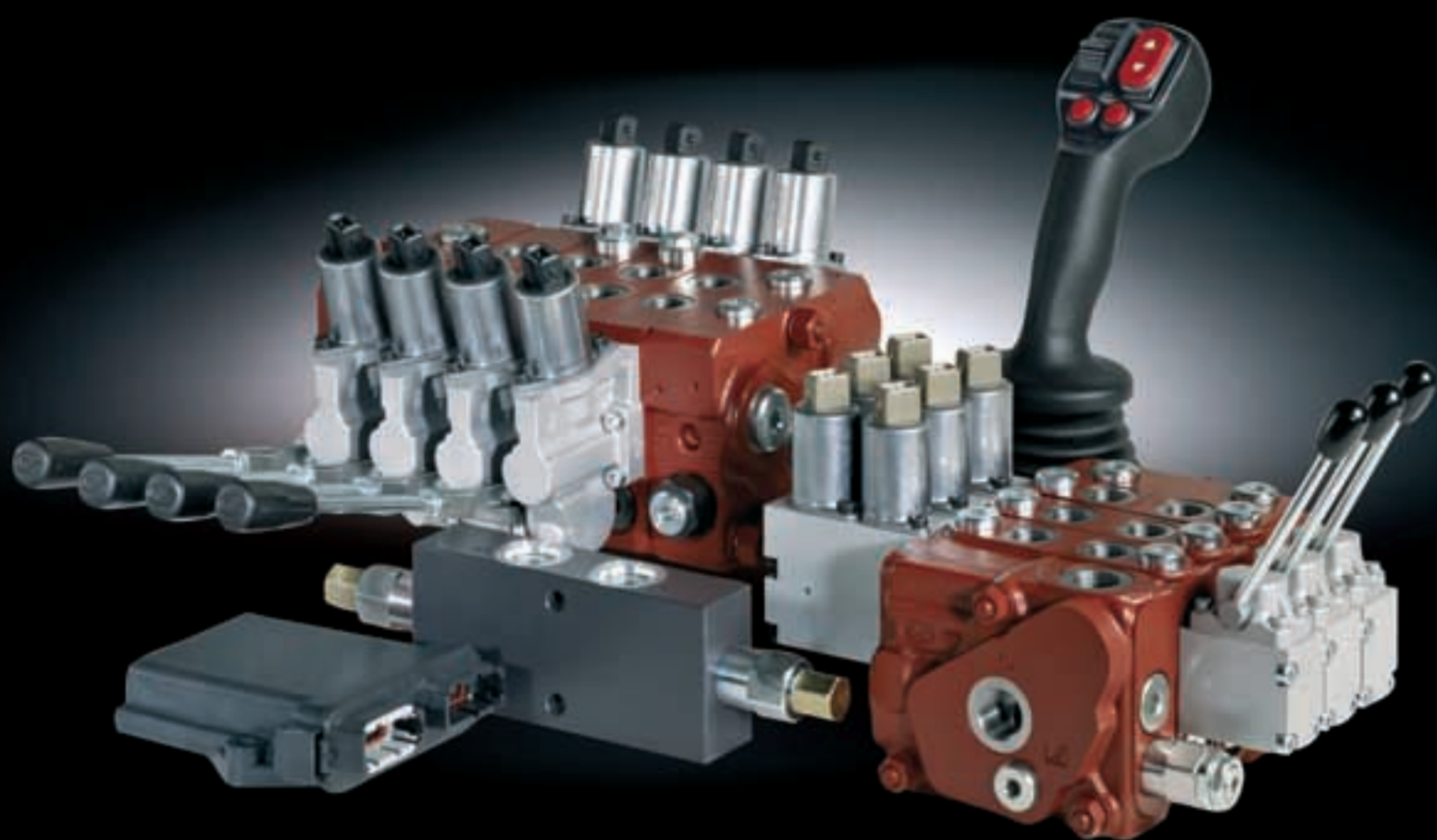
10. DIRECTORS' REMARKS ON PERFORMANCE IN 2014

CASH FLOW

The change in net debt can be broken down as follows:

	2014 €/000	2013 €/000
Opening net financial position	(88,684)	(74,549)
Adjustment: net cash position of newly consolidated companies	(158)	231
Adjusted opening net financial position	(88,842)	(74,318)
Cash flow from operations	95,813	65,282
Cash flow generated (absorbed) by the management of commercial working capital	(21,519)	(874)
Cash flow generated (absorbed) by other current assets and liabilities	(2,236)	(793)
Capital expenditure in tangible fixed assets	(32,654)	(27,794)
Proceeds from sales of tangible fixed assets	1,512	708
Increase in other intangible fixed assets	(3,000)	(2,665)
Received financial income	637	1,502
Other	(263)	(1,084)
Free cash flow	38,290	34,282
Acquisition of equity investments, inclusive of received debt and net of divested treasury stock	(53,266)	(23,836)
Net receipt from Hydrocontrol concentration operation	-	1,720
Receipts from the sale of investments, including disposal of the associated debt	796	1,277
Dividends paid	(18,166)	(18,524)
Outlays for the purchase of treasury stock	(38,299)	(21,441)
Proceeds from sale of treasury stock to the beneficiaries of stock options	4,626	11,995
Proceeds from the sale of financial assets	1,017	919
Loans granted to (repayments from) non-consolidated subsidiaries	21	(41)
Cash flow generated (used)	(64,981)	(13,649)
Exchange rate differences	1,854	(717)
Net financial position at year end	(151,969)	(88,684)

Net liquidity generated by operations totalled € 95.8m (€ 65.3m in 2013), reflecting an increase of 46.7%. Free cash flow was € 38.3m (€ 34.3m in 2013) resulting in growth of 11.7%. Capital expenditure was settled in 2014 in the amount of € 32.7m, of which € 8.9m due to the state of completion of the Hammelmann plant construction project and hence overall € 4.9m higher than in 2013. This was accompanied by higher absorption of commercial working capital of € 20.6m deriving from the rise in sales, which had, in contrast, fallen in 2013 on a like for like basis.



10. DIRECTORS' REMARKS ON PERFORMANCE IN 2014

The disposal of equity investments in 2014 refers to the proceeds from the sale of the Hydrometal line of business, € 0.7 million, and to collection of the third and final installment on the sale of Hydrocar Roma S.r.l.. The disposal of equity investments in 2013 related to the collection of the third and final tranche of the sale of the investment in Unielectric S.p.A., € 1.2 million, and for the remainder, to the second installment on the sale of Hydrocar Roma S.r.l..

The net financial position, excluding the amounts outstanding and commitments illustrated below, can be broken down as follows:

	31/12/2014 €/000	31/12/2013 €/000	01/01/2013 €/000
Cash and cash equivalents	87,159	105,312	115,069
Payables to banks	(27,770)	(20,932)	(10,614)
Interest-bearing financial payables (current portion)	(64,298)	(61,371)	(87,303)
Interest-bearing financial payables (non-current portion)	(147,060)	(111,693)	(91,701)
Total	(151,969)	(88,684)	(74,549)

At 31/12/2014 all financial covenants on loans had been amply complied with.

The Group also has debts for the acquisition of investments and contractual commitments for the purchase of residual interests in subsidiaries totalling € 74.1m (€ 32.7m at 31/12/2013). € 7.4m of the foregoing amounts concerns the acquisition of equity investments (€ 6.0m at 31/12/2013) and € 66.6m is related to contractual agreements for the acquisition of residual interests in subsidiaries (€ 26.7m at 31/12/2013). The change compared to the prior reporting period is due, on the one hand, to the new put options associated with the acquisition of IMM Hydraulics, and to the exercise by minority shareholders of the put options related to Interpump Hydraulics International S.p.A. on the other.

In target company acquisition processes it is Group strategy to purchase majority packages, signing purchase commitments for the residual stakes, the price of which is set in accordance with the results that the company is able to achieve in the subsequent years thus on the one hand guaranteeing the continuation in the company of the historic management and on the other hand maximizing the goal of increasing profitability.



10. DIRECTORS' REMARKS ON PERFORMANCE IN 2014

CAPITAL EXPENDITURE

Expenditure on property, plant and equipment totalled € 81.2m, of which € 39.8m through the acquisition of investments (€ 60.5m in 2013, of which € 26.3m through the acquisition of investments). Note that the companies belonging to the Very-High Pressure Systems segment record the machinery manufactured and hired out to customers under tangible fixed assets (€ 7.2m in 2014 and € 6.4m in 2013). Net of these latter amounts and the assets assumed through the acquisition of equity investments, capital expenditure in the strictest sense stood at € 34.2m in 2014 (€ 27.8m in 2013) and, with the exception of € 10.9m for the construction of new production facilities (primarily related to the new production plant in Germany), mainly refers to the normal renewal and modernisation of plant, machinery and equipment. The difference with respect to the expenditure recorded in the cash flow statement is due to the dynamic of payments.

Increases in intangible fixed assets totalled € 6.2m, of which € 2.8m through the acquisition of investments (€ 6.5m in 2013, of which € 3.9m through the acquisition of investments) and refer mainly to expenditure for the development of new products and the allocation to trademarks of the price for the newly acquired companies.

RESEARCH AND DEVELOPMENT

The purpose of the Research and Design Center (Interpump Engineering S.r.l.) is to centralize the design and development of new high pressure pumps, hydraulic pumps and hydraulic components. During 2014, the Center completed five projects concerning new families of high pressure pumps and new versions of pumps for various applications (such as for the mud deriving from the lifting of oil). It also designed a manual hydraulic pump for the Hydraulic Sector and three valves: two for the Water Jetting Sector and one for the Hydraulic Sector. There are also several projects currently under way for new high and very-high pressure pumps, valves for the Water Jetting Sector and pumps and other hydraulic components. Research and development was conducted also within Interpump Hydraulics for the Hydraulic Sector and in Hammelmann for very high pressure Pumps Division.

Group strategy over the next few years is to continue with high levels of expenditure in the area of research and development in order to assure renewed impetus to structured growth. Research costs have been capitalized in accordance with their multi-annual usefulness. The development costs capitalized in 2014 amount to € /000 1,936 (€ /000 1,742 in 2013), while the costs charged to the income statement amount to € /000 10,751 (€ /000 9,319 in 2013).

Sant'Ilario d'Enza (RE), 19 March 2015

For the Board of Directors
Mr. Fulvio Montipò
Chairman

At 31 December 2014 the Interpump Group is led by Interpump Group S.p.A., which holds direct and indirect controlling interests in 48 companies (one in liquidation) operating in two business segments (known as the Hydraulic Sector and the Water Jetting Sector).

The Parent company, with registered offices in Sant'Ilario d'Enza, mainly produces high and very high pressure plunger pumps for water and in lower extent high pressure washers, which are classified in the Water Jetting Sector.

The main data of the consolidated subsidiaries is presented in the table below, whereas for the Parent Company this can be taken from the financial statements attached hereto.

Fully consolidated companies

	Share capital €/000	Percent stake	Head office
Hammelmann GmbH	25	100%	Oelde - Germany
Muncie Power Products Inc.	784	100%	Muncie - USA
Hydrocontrol S.p.A.	1,350	84%	Osteria Grande (BO)
NLB Corporation Inc.	12	100%	Detroit - USA
IMM Hydraulics S.p.A.	520	60%	Atessa (CH)
Interpump Hydraulics S.p.A.	2,632	100%	Calderara di Reno (BO)
General Pump Companies Inc.	1,854	100%	Minneapolis - USA
Oleodinamica Panni S.r.l.	2,000	100%	Tezze sul Brenta (VI)
Cover S.r.l. (a)	-	-	Gazzo Veronese (VR)
HS Penta S.p.A.	4,244	100%	Faenza (RA)
Hammelmann Corporation Inc.	39	100%	Miamisburg - USA
Contarini Leopoldo S.r.l.	47	100%	Lugo (RA)
Wuxi Interpump Weifu Hydraulics Company Limited	2,095	65%	Wuxi - China
IMM Hydraulics Ltd	1	100%	Halesowen - UK
Hydroven S.r.l.	200	100%	Tezze sul Brenta (VI)
American Mobile Inc.	3,410	80%	Fairmont - USA
Hydrocar Chile S.A.	129	90%	Santiago - Chile
Hydrocontrol Inc.	763	97%	Minneapolis - USA
Hammelmann Australia Pty Ltd	472	100%	Melbourne - Australia
Interpump Hydraulics India Private Ltd	682	100%	Hosur - India
Hammelmann Pump System Co. Ltd	871	90%	Tianjin - China
IMM Hydro Est	3,155	100%	Catcau Couj Napoca - Romania
Takarada Industria e Comercio Ltda	4,375	100%	Caxia do Sul - Brazil
Guangzhou Bushi Hydraulic Tech Ltd	3,720	100%	Guangzhou - China
Hypress Hydraulics GmbH	52	100%	Meinerzhagen - Germany
General Technology S.r.l.	100	100%	Reggio Emilia
HC Hydraulics Technologies (P) Ltd	4,120	100%	Bangalore - India
A.V.I. S.r.l.	10	100%	Varedo (MB)
Copa Hydrosystem Odd	3	95%	Trojan - Bulgaria
Golf Hydrosystem Odd (b)	-	-	Sofia - Bulgaria
Interpump Hydraulics France S.a.r.l.	76	99.77%	Peltre-Metz - France
Sit S.p.A.	105	65%	Sant'Ilario d'Enza (RE)
Unidro S.a.r.l.	8	90%	Barby - France
HS Penta Africa Pty Ltd	-	80%	Johannesburg - South Africa
Hypress France S.a.r.l.	3,616	100%	Lyon - France
Interpump Engineering S.r.l.	76	100%	Reggio Emilia
Galtech Canada Inc.	76	100%	Terrebonne Quebec - Canada

11. COMPANIES IN THE GROUP

Main activity	Sales €/million 31/12/2014	Sales €/million 31/12/2013	Average number of employees 2014	Average number of employees 2013
High pressure systems and pumps (Water Jetting Sector)	83.1	85.6	316	309
Power take-offs and hydraulic pumps (Hydraulic Sector)	82.9	73.5	319	289
Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	67.8	48.0*	419	326*
High pressure systems and pumps (Water Jetting Sector)	67.4	62.7	226	232
Production and sale of hydraulic hoses and fittings (Hydraulic Sector)	48.9	-	238	-
Power take-offs and hydraulic pumps (Hydraulic Sector)	44.0	47.1	206	273
Distributor of high pressure pumps (Water Jetting Sector)	42.1	38.2	58	54
Production and sale of hydraulic cylinders (Hydraulic Sector)	35.8	23.8	189	133
Production and sale of hydraulic cylinders (Hydraulic Sector)	-	9.2	-	51
Production and sale of hydraulic cylinders (Hydraulic Sector)	30.4	29.5	121	123
Sale of high pressure systems and pumps (Water Jetting Sector)	20.2	21.3	29	25
Production and sale of hydraulic cylinders (Hydraulic Sector)	20.0	19.1	100	97
Sales of hydraulic pumps and power takeoffs and valves (Hydraulic Sector)	16.2	12.0	96	89
Sale of hydraulic hoses and fittings (Hydraulic Sector)	13.4	-	51	-
Sale of ancillary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	10.9	9.9	35	38
Production and sale of hydraulic cylinders (Hydraulic Sector)	10.2	8.5	65	56
Sale of hydraulic pumps and power takeoffs (Hydraulic Sector)	8.7	10.8	62	70
Sale of hydraulic valves and directional controls (Hydraulic Sector)	8.3	4.1**	14	8**
Sale of high pressure systems and pumps (Water Jetting Sector)	8.2	8.4	19	22
Production and sale of power takeoffs and hydraulic pumps (Hydraulic Sector)	7.3	6.4	73	74
Sale of high pressure systems and pumps (Water Jetting Sector)	6.7	4.7	16	16
Production and sale of hydraulic hoses and fittings (Hydraulic Sector)	6.5	-	79	-
Power take-offs and hydraulic pumps (Hydraulic Sector)	6.3	6.9	82	86
Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	6.1	3.6**	73	35
Sale of hydraulic hoses and fittings (Hydraulic Sector)	6.0	-	15	-
Accessories for high pressure pumps and high pressure washers (Water Jetting Sector)	5.6	5.4	21	21
Production and sale of hydraulic valves and directional controls (Hydraulic Sector)	5.2	2.6**	56	35**
Sale of ancillary products for industrial vehicles, hydraulic pumps and power takeoffs (Hydraulic Sector)	5.2	5.1	14	13
Production and sale of hydraulic cylinders (Hydraulic Sector)	5.0	2.4	79	46
Production and sale of hydraulic cylinders (Hydraulic Sector)	-	2.2	-	30
Sale of hydraulic pumps and power takeoffs (Hydraulic Sector)	4.4	4.5	19	19
Sheet metal drawing, blanking, and pressing (Water Jetting Sector)	4.0	4.0	22	23
Production and sale of hydraulic cylinders (Hydraulic Sector)	3.7	3.5	11	10
Production and sale of hydraulic cylinders (Hydraulic Sector)	3.6	-	16	-
Sale of hydraulic hoses and fittings (Hydraulic Sector)	3.6	-	14	-
Research and development (Other Revenues Sector)	2.8	2.6	14	14
Sale of hydraulic valves and directional controls (Hydraulic Sector)	2.7	-	10	-

Fully consolidated companies

	Share capital €/000	Percent stake	Head office
Hammelmann S.L.	500	100%	Zaragoza - Spain
Hypress Africa PTY Ltd	796	100%	Boksburg - South Africa
Dyna Flux S.r.l.	40	51%	Sori (GE)
Hypress S.r.l.	50	100%	Atessa (CH)
Interpump Hydraulics International S.p.A.	14,162	100%	Calderara di Reno (BO)
Interpump Hydraulics do Brasil Participacoes Ltda	13,837	100%	San Paolo - Brazil
Aperlai HK Ltd	77	100%	Hong Kong - China
HTIL	98	85%	Hong Kong - China
Teknova S.r.l. (in liquidation)	362	100%	Reggio Emilia

(a) = absorbed by Oleodinamica Panni S.r.l. as from 01/01/2014;

(b) = absorbed by Copa Hydrosystem Odd as from 01/01/2014;

* = Sales and the average headcount relate to 12 months for the companies absorbed by Hydrocontrol S.p.A. (Galtech S.p.A. and MTC S.r.l.) and to 8 months for Hydrocontrol S.p.A. (acquired on 6 May 2013) and they constitute the effective contribution to the 2013 consolidated financial statements;

** = Sales and the average headcount relate to 8 months (investments acquired on 6 May 2013) and they constitute the effective contribution to the 2013 consolidated financial statements.

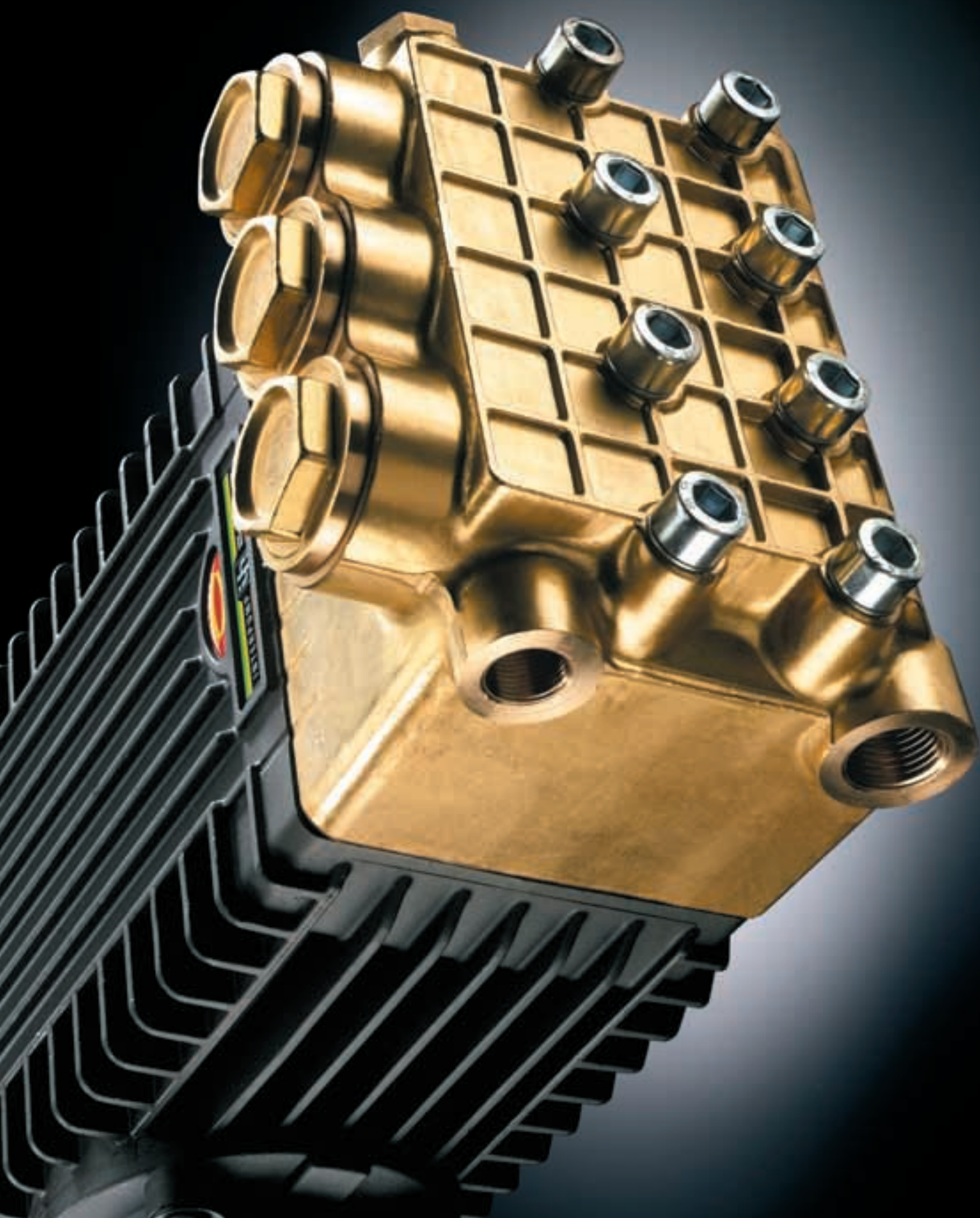
Companies not fully consolidated

	Share capital €/000	Percent stake	Head office
General Pump China	111	100%	Ningbo - China
Hammelmann Bombas e Sistemas Ltda	739	100%	San Paolo - Brazil
Interpump Hydraulics Middle East FZCO	294	100%	Dubai - EAU
Interpump Hydraulics UK Ltd	13	100%	Birmingham - UK

11. COMPANIES IN THE GROUP

Main activity	Sales €/million 31/12/2014	Sales €/million 31/12/2013	Average number of employees 2014	Average number of employees 2013
Sale of high pressure systems and pumps (Water Jetting Sector)	2.4	1.8	5	5
Sale of hydraulic hoses and fittings (Hydraulic Sector)	2.2	-	28	-
Sale of hydraulic hoses and fittings (Hydraulic Sector)	0.6	-	4	-
Rental of line of business (Hydraulic Sector)	-	-	2	-
Holding company for Cylinders Hub (Hydraulic Sector)	-	-	-	-
Holding company for Takarada Industria e Comercio Ltda (Hydraulic Sector)	-	-	-	-
Holding company for Hydrocontrol in China (Hydraulic Sector)	-	-	-	-
Sub-holding company for Hydrocontrol in China (Hydraulic Sector)	-	-	-	-
Not trading (Other Revenues Sector)	-	-	-	-

Main activity
Marketing of components (Water Jetting Sector)
Sale of high pressure systems and pumps (Water Jetting Sector)
Sale of hydraulic cylinders and hydraulic pumps (Hydraulic Sector)
Sale of hydraulic pumps and power takeoffs (Hydraulic Sector)



12. BUSINESS SECTOR INFORMATION

Business sector information is supplied with reference to the operating sectors. We also present the information required by IFRS by geographical area. The information provided about business sectors reflects the Group's internal reporting structure.

The value of components and products transferred between sectors is generally the effective sales price between Group companies and corresponds to the best customer sale prices.

Sector information includes directly attributable costs and costs allocated on the basis of reasonable estimates. The holding costs, i.e. remuneration of directors, statutory auditors and functions of the Group's financial management, control and internal auditing, and also consultancy costs and other related costs, were booked to the sectors on the basis of sales.

The Group is composed of the following business sectors:

Water Jetting Sector

This sector is mainly composed of high and very high pressure pumps and pumping systems used in a wide range of industrial sectors for the conveyance of fluids. High pressure plunger pumps are the main component of professional high pressure cleaners. These pumps are also employed for a broad range of industrial applications including car wash installations, forced lubrication systems for machine tools, and inverse osmosis systems for seawater desalination plants. Very high pressure pumps and systems are used for cleaning surfaces, ship hulls, various types of hoses, and also for removing machining burr, cutting and removing cement, asphalt, and paint coatings from stone, cement and metal surfaces, and for cutting solid materials. On a marginal level, the Water Jetting Sector also includes operations of drawing, shearing and pressing sheet metal and the manufacture and sale of cleaning machinery.

Hydraulic Sector

This sector includes the production and sale of power take-offs, hydraulic cylinders, pumps, directional controls, valves, hydraulic hoses and fittings and other hydraulic components. Power take-offs are mechanical devices designed to transmit drive from an industrial vehicle engine or transmission to power a range of ancillary services through hydraulic components. These products, combined with other hydraulic components (spool valves, controls, etc.) allow the execution of special functions such as lifting tipping bodies, operating truck-mounted cranes, operating mixer truck drums, and so forth. Hydraulic cylinders are components of the hydraulic system of various vehicle types employed in a wide range of applications depending on the type. Front-end and underbody cylinders (single acting) are fitted mainly on industrial vehicles in the building construction sector, while double acting cylinders are employed in a range of applications: earthmoving machinery, agricultural machinery, cranes and truck cranes, waste compactors, etc. The hydraulic hoses and fittings are designed for use in a broad range of hydraulic systems and also for very high pressure water systems.

12.

Interpump Group business sector information Cumulative at 31 December 2014 (twelve months)

(Amounts shown in €/000)

	Hydraulic Sector	
	2014	2013
Net sales external to the Group	396,204	294,098
Sales between sectors	187	50
Total net sales	396,391	294,148
Cost of sales	(267,173)	(201,036)
Gross industrial margin	129,218	93,112
% on net sales	32.6%	31.7%
Other net revenues	9,446	5,851
Distribution costs	(38,226)	(29,622)
General and administrative expenses	(48,802)	(40,887)
Other operating costs	(2,169)	(3,266)
Ordinary profit before financial charges	49,467	25,188
% on net sales	12.5%	8.6%
Financial income	4,562	2,153
Financial expenses	(15,391)	(8,025)
Dividends	-	-
Adjustment of investments carried at equity	92	(263)
Profit for the year before taxes	38,730	19,053
Income taxes	(17,345)	(9,818)
Consolidated profit for the year	21,385	9,235
Due to:		
Parent company's shareholders	20,632	8,376
Subsidiaries' minority shareholders	753	859
Consolidated profit for the year	21,385	9,235
Further information required by IFRS 8		
Amortization, depreciation and write-downs	18,905	14,696
Other non-monetary costs	2,641	3,088

12. BUSINESS SECTOR INFORMATION

Water Jetting Sector		Others		Elimination entries		Interpump Group	
2014	2013	2014	2013	2014	2013	2014	2013
275,795	262,415	-	-	-	-	671,999	556,513
1,162	935	2,777	2,646	(4,126)	(3,631)	-	-
276,957	263,350	2,777	2,646	(4,126)	(3,631)	671,999	556,513
(160,766)	(153,778)	(1,739)	(1,745)	3,093	2,806	(426,585)	(353,753)
116,191	109,572	1,038	901	(1,033)	(825)	245,414	202,760
42.0%	41.6%	n.s.	n.s.			36.5%	36.4%
3,385	3,178	38	103	(306)	(367)	12,563	8,765
(29,856)	(28,485)	-	-	8	-	(68,074)	(58,107)
(32,001)	(29,773)	(1,045)	(973)	1,331	1,192	(80,517)	(70,441)
(2,850)	(377)	-	-	-	-	(5,019)	(3,643)
54,869	54,115	31	31	-	-	104,367	79,334
19.8%	20.5%	n.s.	n.s.			15.5%	14.3%
5,550	4,023	1	1	(1,969)	(1,236)	8,144	4,941
(6,075)	(6,070)	(7)	(6)	1,969	1,236	(19,504)	(12,865)
8,500	5,500	-	-	(8,500)	(5,500)	-	-
10	(75)	-	-	-	-	102	(338)
62,854	57,493	25	26	(8,500)	(5,500)	93,109	71,072
(17,894)	(17,032)	(128)	(135)	-	-	(35,367)	(26,985)
44,960	40,461	(103)	(109)	(8,500)	(5,500)	57,742	44,087
44,907	40,434	(103)	(109)	(8,500)	(5,500)	56,936	43,201
53	27	-	-	-	-	806	886
44,960	40,461	(103)	(109)	(8,500)	(5,500)	57,742	44,087
11,172	9,015	8	8	-	-	30,085	23,719
3,250	2,387	-	-	-	-	5,891	5,475

12.

Balance sheet at 31 December (amounts shown in €/000)

	Hydraulic Sector	
	<u>2014</u>	<u>2013</u>
Assets by sector	522,500	396,460
Assets held for sale	615	-
Subtotal of assets of the sector (A)	523,115	396,460
Cash and cash equivalents		
Total assets		
Liabilities of the sector	214,213	160,548
Liabilities held for sale	163	-
Subtotal of liabilities of the sector (B)	214,376	160,548
Debts for the payment of investments		
Payables to banks		
Interest-bearing financial payables		
Total liabilities		
Total assets, net (A-B)	308,739	235,912
Further information required by IFRS 8		
Investments carried at equity	76	990
Non-current assets other than financial assets and deferred tax assets	300,060	217,668

12. BUSINESS SECTOR INFORMATION

<u>Water Jetting Sector</u>		<u>Other revenues</u>		<u>Elimination entries</u>		<u>Interpump Group</u>	
<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
452,719	379,298	1,739	1,722	(101,569)	(71,659)	875,389	705,821
-	-	-	-	-	-	615	-
452,719	379,298	1,739	1,722	(101,569)	(71,659)	876,004	705,821
						87,159	105,312
						963,163	811,133
68,778	60,880	1,825	1,719	(101,569)	(71,659)	183,247	151,488
-	-	-	-	-	-	163	-
68,778	60,880	1,825	1,719	(101,569)	(71,659)	183,410	151,488
						74,075	32,700
						27,770	20,932
						211,358	173,064
						496,613	378,184
383,941	318,418	(86)	3	-	-	692,594	554,333
463	158	-	-	-	-	539	1,148
215,950	194,959	175	224	-	-	516,185	412,851

12.

The Hydraulic Sector is compared as follows, like for like:

(€/000)	<u>2014</u>	<u>2013</u>
Net sales external to the Group	315,157	294,098
Sales between sectors	187	50
Total net sales	315,344	294,148
Cost of sales	(210,289)	(201,036)
Gross industrial margin	105,055	93,112
<i>% on net sales</i>	<i>33.3%</i>	<i>32.7%</i>
Other net revenues	8,004	5,851
Distribution costs	(29,538)	(29,622)
General and administrative expenses	(42,380)	(40,887)
Other operating costs	(1,520)	(3,266)
Ordinary profit before financial charges	39,621	25,188
<i>% on net sales</i>	<i>12.6%</i>	<i>8.6%</i>
Financial income	3,869	2,153
Financial expenses	(11,895)	(8,025)
Adjustment of the value of investments carried at equity	92	(263)
Profit for the year before taxes	31,687	19,053
Income taxes	(14,706)	(9,818)
Consolidated profit for the year	16,981	9,235
Due to:		
Parent company's shareholders	16,275	8,376
Subsidiaries' minority shareholders	706	859
Consolidated profit for the year	16,981	9,235

12. BUSINESS SECTOR INFORMATION

Cash flows for the year by business sector are as follows:

(€/000)

Cash flows from:	Hydraulic Sector		Water Jetting Sector		Other revenues Sector		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Operating activities	43,369	26,398	28,543	36,924	146	293	72,058	63,615
Investing activities	(61,181)	(50,217)	(18,397)	(14,979)	47	(78)	(79,531)	(65,274)
Financing activities	19,379	24,585	(38,881)	(41,682)	(502)	(500)	(20,004)	(17,597)
Total	1,567	766	(28,735)	(19,737)	(309)	(285)	(27,477)	(19,256)

Investing activities of the Hydraulic Sector in 2014 include € 47,267k associated with the acquisition of equity investments (€ 41,199k in 2013). Financing activities for 2014 include intercompany loans from the Water Jetting Sector to the Hydraulic Sector to finance new acquisitions in the amount of € 28,646k (€ 34,132k in 2013). Moreover, cash flows of Water Jetting Sector financing activities in 2014 include outlays for the purchase of treasury shares in the amount of € 38,299k (€ 21,441k in 2013), proceeds from the sale of treasury shares to the beneficiaries of stock options in the amount of € 4,626k (€ 11,995k in 2013), the value of treasury stock transferred for the acquisition of investments in the amount of € 7,026k (€ 30,132k in 2013), and the payment of dividends for € 18,108k (€ 18,066k in 2013).

Geographical sector

The Group's sector-based operations are divided into five geographical areas, even though management is conducted on a global level. A breakdown of sales by geographical area is provided below:

	2014 €/000	%	2013 €/000	%	Growth
Italy	91,778	14	77,769	14	+18.0%
Rest of Europe	224,263	33	166,819	30	+34.4%
North America	217,038	32	190,437	34	+14.0%
Far East and Oceania	61,862	9	51,640	9	+19.8%
Rest of the World	77,058	12	69,848	13	+10.3%
Total	671,999	100	556,513	100	+20.8%

Data by geographical sector on the basis of the location of non-concurrent assets other than financial assets and deferred tax assets are as follows:

	31/12/2014 €/000	31/12/2013 €/000
Italy	324,445	250,458
Rest of Europe	96,229	82,363
North America	82,581	68,839
Far East and Oceania	4,450	4,149
Rest of the World	9,226	7,042
Total	516,931	412,851

The geographical areas operations are assigned to depends on the nationality of the company performing them. No companies have operations in more than one area.



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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders
of Interpump Group S.p.A.

1. We have audited the consolidated financial statements of Interpump Group S.p.A. and its subsidiaries, (the "Interpump Group") as of 31 December 2014 and for the year then ended, comprising the statement of financial position, the income statement, the comprehensive income statement, the statement of changes in shareholders' equity, the cash flows statement and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Interpump Group S.p.A.'s Directors. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by Directors. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to the report issued by another auditor dated 25 March 2014.

3. In our opinion, the consolidated financial statements of the Interpump Group at 31 December 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Interpump Group for the year then ended.
4. The Directors of Interpump Group S.p.A. are responsible for the preparation, in accordance with the applicable laws and regulations, of the Board of Directors' Report and the Report on Corporate Governance and the Ownership Structure published in the section "Corporate Governance" of Interpump Group S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Board of Directors' Report and of the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Ownership Structure, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by

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Capitale Sociale € 1.000.000.000
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13. INDEPENDENT AUDITOR'S REPORT



CONSOB. In our opinion, the Board of Directors' Report and the information presented in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) in the Report on Corporate Governance and the Ownership Structure, are consistent with the consolidated financial statements of the Interpump Group at 31 December 2014.

Bologna, 31 March 2015

Reconta Ernst & Young S.p.A.
Signed by: Marco Mignani, partner

This report has been translated into the English language solely for the convenience of international readers.



Attestation of the consolidated financial statements pursuant to art. 81-(3) of Consob regulation no. 11971 (which refers to art. 154-(2) para. 5 of the Consolidated Finance Act) of 14 May 1999 and subsequent amendments

1. The undersigned Paolo Marinsek and Carlo Banci, respectively Executive Director and Manager responsible for the drafting of company accounting documents of Interpump Group S.p.A., taking account also of the provisions of art. 154-(2), subsections 3 and 4 of legislative decree no. 58 of 24 February 1998, attest to:
 - adequacy in relation to the characteristics of the business and
 - effective applicationof the administrative and accounting procedures for the formation of the consolidated financial statements during 2014.
2. In addition, it is confirmed that consolidated financial statements of Interpump Group S.p.A. and its subsidiaries for the year ended 31 December 2014, which show consolidated total assets of € 963,163 thousand, consolidated net profit of € 57,742 thousand and consolidated shareholder's equity of € 466,550 thousand:
 - a) correspond to the results of the company books and accounting entries;
 - b) were prepared in compliance with the international accounting standards approved by the European Commission further to the enforcement of Ruling (CE) no. 1606/2002 of the European Parliament and the European Council of 19 July 2002, and the provisions issued in implementation of art. 9 of legislative decree 38/2005 and the contents are suitable for providing a truthful and fair representation of the equity, economic and financial situation of the company and the group of companies included in the scope of consolidation;
 - c) the Board of Directors' report contains a reliable analysis of performance and results and the situation of the issuer and the companies included in the consolidation together with a description of the main risks and uncertainties to which they are exposed.

Sant'Ilario d'Enza (RE), 19 March 2015

Paolo Marinsek
Deputy Chairman and
Chief Executive Officer

Carlo Banci
Manager responsible for drafting
the company's accounting documents

Pumps & PTO's



Automotive



Agriculture



Tipping Vehicles



Sewer Cleaners



Directional Control Valves & in Line Valves



Drilling



Ecological



Mining



Earth Moving



Cylinders for Automotive



Earth Moving



Heavy Automotive



Agriculture



Tilting Platforms



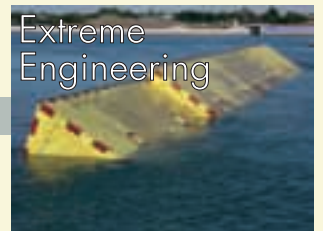
Customised Cylinders



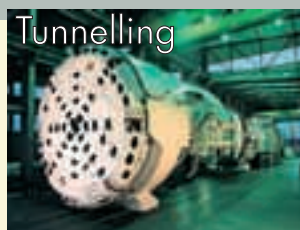
Industrial Automotive



Extreme Engineering



Tunnelling



Hoses & Fittings



Components & Hydraulic Systems



Marine/Off Shore



Energy



Agriculture



Industrial



Snow Moving



Automotive



Ecological



Industrial



The information herein reported have
been extracted from the Annual Financial Report 2014
which can be downloaded from the website
www.interpumpgroup.it
or requested to
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