

Quarterly report at 30.09.2013

Emak Group financial highlights

Income statement (€/000)

Year 2012		3Q 2013	3Q 2012	9 months 2013	9 Months 2012
354,780	Net sales	70,022	70,557	278,509	282,440
28,807	EBITDA (1)	3,881	4,186	30,809	27,519
16,647	EBIT	924	1,054	22,083	18,321
8,640	Net profit	(772)	(744)	12,164	8,684

Investment and free cash flow (€/000)

Year 2012		3Q 2013	3Q 2012	9 months 2013	9 Months 2012
7,769	Investment in property, plant and equipment	2,054	1,973	4,904	5,489
1,481	Investment in intangible assets	408	242	1,248	1,042
20,800	Free cash flow from operations (2)	2,185	2,388	20,890	17,882

Balance sheet (€/000)

31.12.2012		30.09.13	30.09.12
244,907	Net capital employed	238,656	242,983
(99,866)	Net debt	(85,502)	(97,277)
145,041	Total equity	153,154	145,706

Other statistics

Year 2012		3Q 2013	3Q 2012	9 months 2013	9 Months 2012
8.1%	EBITDA / Net sales (%)	5.5%	5.9%	11.1%	9.7%
4.7%	EBIT/ Net sales (%)	1.3%	1.5%	7.9%	6.5%
2.4%	Net profit / Net sales (%)	-1.1%	-1.1%	4.4%	3.1%
6.8%	EBIT / Net capital employed (%)			9.3%	7.5%
0.69	Debt / Equity			0.56	0.67
1,576	Number of employees at period end			1,558	928

Share information

Year 2012		9 Months 2013	9 Months 2012
0.035	Earnings per share (€)	0.073	0.052
163,934,835	Number of shares comprising share capital	163,934,835	163,934,835
163,537,602	Average number of outstanding shares	163,537,602	163,537,602

(1) "Ebit" plus "Amortization, depreciation and impairment losses"

(2) "Net Profit" plus "Amortization, depreciation and impairment losses"

Consolidated financial statements

FY 2012	€/000	3 Q 2013	3 Q 2012	9 months 2013	9 months 2012
354,780	Sales	70,022	70,557	278,509	282,440
3,506	Other operating incomes	455	396	1,361	1,579
(8,410)	Change in inventories	(426)	(3,918)	(4,312)	(11,386)
(193,035)	Raw and consumable materials and goods	(37,872)	(35,870)	(147,584)	(149,222)
(61,196)	Salaries and employee benefits	(14,232)	(13,587)	(47,200)	(46,141)
(66,838)	Other operating costs	(14,066)	(13,392)	(49,965)	(49,751)
(12,160)	Amortization, depreciation and impairment losses	(2,957)	(3,132)	(8,726)	(9,198)
16,647	Ebit	924	1,054	22,083	18,321
882	Financial income	188	353	775	581
(5,086)	Financial expenses	(1,091)	(1,361)	(3,441)	(3,884)
(387)	Exchange gains and losses	(755)	(321)	(728)	(463)
12,056	EBT	(734)	(275)	18,689	14,555
(3,416)	Income taxes	(38)	(469)	(6,525)	(5,871)
8,640	Net profit	(772)	(744)	12,164	8,684
(219)	(Profit)/loss attributable to minority interests	(29)	(16)	(194)	(214)
8,421	Net profit attributable to the group	(801)	(760)	11,970	8,470
0.051	Basic earnings per share	(0.005)	(0.005)	0.073	0.052
0.051	Diluted earnings per share	(0.005)	(0.005)	0.073	0.052

Comprehensive income statement

FY 2012	€/000	9 months 2013	9 months 2012
8,640	Net profit (A)	12,164	8,684
154	Profits/(losses) deriving from the conversion of foreign company accounts	(774)	823
(295)	Profits/(losses) deriving from the transfer of treasury shares in portfolio	0	0
81	Tax effect relating to other components	0	0
(60)	Total other components to be included in the comprehensive income statement (B):	(774)	823
8,580	Comprehensive net profit (A)+(B)	11,390	9,507
(181)	Comprehensive net profit attributable to minority interests	(91)	(214)
8,399	Comprehensive net profit attributable to the group	11,299	9,293

Schedule showing consolidated assets-liabilities-financial situation

ASSETS

31.12.2012	€/000	30.09.2013	30.09.2012
Non-current assets			
59,155	Property, plant and equipment	56,277	60,191
4,823	Intangible assets other than goodwill	4,708	4,958
30,809	Goodwill	30,364	31,008
232	Equity investments	230	233
18	Equity investments in related company	18	18
7,543	Deferred tax assets	7,451	7,926
320	Other non current financial assets	213	110
2,503	Other receivables	2,494	904
105,403	Total	101,755	105,348
Current assets			
120,958	Inventories	115,812	118,448
102,825	Trade and other receivables	92,622	99,915
6,023	Current tax assets	4,463	1,678
2	Other financial assets	2	1
61	Derivative financial instruments	111	20
16,229	Cash and cash equivalents	18,536	27,927
246,098	Total	231,546	247,989
	- Non-current assets classified as held for sale	307	677
351,501	TOTAL ASSETS	333,608	354,014

EQUITY AND LIABILITIES

31.12.2012	€/000	30.09.2013	30.09.2012
Capital and reserves			
143,226	Total Group	151,255	143,871
1,815	Minorities interest	1,899	1,835
145,041	Total equity	153,154	145,706
Non-current liabilities			
34,326	Loans and borrowings	54,366	49,104
4,182	Deferred tax liabilities	3,982	4,276
9,071	Provisions for employee benefits	8,725	9,021
1,696	Provisions	1,813	1,835
1,150	Other non-current liabilities	1,067	1,262
50,425	Total	69,953	65,498
Current liabilities			
69,111	Trade and other payables	55,487	60,091
3,488	Current tax liabilities	3,706	3,799
80,822	Loans and borrowings	49,106	74,632
1,330	Derivative financial instruments	892	1,404
1,284	Provisions	1,195	2,269
156,035	Total	110,386	142,195
	Liabilities related to the non-current assets		
	- classified as held for sale	115	615
351,501	TOTAL EQUITY AND LIABILITIES	333,608	354,014

Consolidated net financial position

(€/000)	30.09.2013	30.06.2013	31.12.2012	30.09.2012
Cash and banks	18,536	21,183	16,229	27,942
Securities and derivative financial instruments	111	102	61	20
Other financial assets	2	3	2	1
Financial liabilities	(49,106)	(62,762)	(80,822)	(74,722)
Derivative financial instruments	(892)	(926)	(1,330)	(1,404)
Short-term net debt	(31,349)	(42,400)	(65,860)	(48,163)
Other financial assets	213	213	320	110
Financial liabilities	(54,366)	(53,300)	(34,326)	(49,224)
Long-term net debt	(54,153)	(53,087)	(34,006)	(49,114)
Cash and banks	18,536	21,183	16,229	27,942
Securities and derivative financial instruments	111	102	61	20
Other financial assets	215	216	322	111
Financial liabilities	(103,472)	(116,062)	(115,148)	(123,946)
Derivative financial instruments	(892)	(926)	(1,330)	(1,404)
Total net debt	(85,502)	(95,487)	(99,866)	(97,277)

Changes in consolidated equity

The following table reports changes in consolidated equity between 31st December 2011 and 30 September 2013.

€/000	Share capital	Share premium	OTHER RESERVES					RETAINED EARNINGS		TOTAL GROUP	EQUITY ATTRIBUTABLE TO MINORITY INTERESTS	TOTAL	
			Legal reserve	Revaluation reserve	Cumulative translation adjustment	Reserve las 19	Other reserves	Retained earnings	Net profit of the period				
Balance at 31.12.2011	40,594	42,454	1,438	1,138	1,919	0	27,733	17,377	5,755	138,408	1,733	140,141	
Change in treasury shares										0		0	
Profit reclassification			262						1,405	(5,755)	(4,088)	(99)	(4,187)
Other changes									507		507		507
Net profit for the period					192	(214)				8,421	8,399	181	8,580
Balance at 31.12.2012	40,594	42,454	1,700	1,138	2,111	(214)	27,733	19,289	8,421	143,226	1,815	145,041	
Change in treasury shares										0			0
Profit reclassification			224						4,927	(8,421)	(3,270)	(7)	(3,277)
Other changes										0			0
Net profit for the period					(671)					11,970	11,299	91	11,390
Balance at 30.09.2013	40,594	42,454	1,924	1,138	1,440	(214)	27,733	24,216	11,970	151,255	1,899	153,154	

*the share capital at 30.09.13 of € 42,623 is shown net of treasury shares of a value of € 2,029 thousand

Emak Group structure



The company Jiangmen Emak Outdoor Power Equipment Co. Ltd. is controlled by Emak SpA at 100% by virtue of the contract signed in December 2004 and subsequent amendments which provide for the obligation to repurchase the stake of 49% owned by Simest S.p.A. at the date of 30.06.2014.

Comments on the financial statements

This quarterly consolidated report has been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with article 154-ter ("Financial Reports") of the Consolidated Finance Act, introduced by legislative decree 195/2007.

The accounting standards and policies adopted by the group for preparing the quarterly consolidated financial statements are the same as those used for the consolidated financial statements at 31 December 2012.

In this interim report does not apply IAS 19 limited to the quantification of changes in actuarial gains accrued in the period

It should be noted that:

- when it has not been possible to obtain invoices from suppliers for the provision of consulting and other services, a reasonable estimate of these costs has been made on the basis of the stage of completion of the work;
- current and deferred taxes have been calculated using the tax rates applied in the current year in the individual countries of operation;
- the quarterly report is not subject to audit;
- all amounts are expressed in thousands of euros, unless otherwise specified.

Scope of consolidation

There were no changes in the scope of consolidation compared with 31 December 2012, as compared to 30 september 2012, the company Emak Benelux N.V is not included in the consolidation. It was sold at 1 october 2012.

Significant, non-recurring transactions or atypical, unusual transactions

Geoline Electronic operation

On 12 July 2013 the controlled company **Tecomec S.r.l.** has entered into an agreement with Dinamica Generale S.p.A. aimed at the realizazion of a project among the wider society, previously linked by a relationship of supply, for the technical and commercial development of electronic products to be marketed under the brand Geoline. On 9 October 2013 was completed the contract for the establishment of the new company **Geoline Electronic S.r.l.**, its share capital will be held for 51% to Tecomec, that will carry out the development and production of electronic control systems for applications in Agriculture.

The operation that involve for the Group an outlay of € 2,7 thousand, will enable complete to Tecomec S.r.l. the product range thus increasing the value of its offer, to extend the customer base, to exploit the cross-selling opportunities through the already available products distribution in the portfolio of Dinamica Generale S.p.A. and, overall, for strengthen its position on the market.

Emak Group also acquire specifics skills in the field of electronics, able to develop not only the Geoline business but also that of other product families.

Sale of business line

During the third quarter, the controlled Tecomec S.r.l. approved the sale of a line of business, no longer strategic for the Group. The business line includes spare parts for chain saws for the after market, whose turnover during the year 2012 amounted to € 4 thousand, with profitability no longer in line with the Group objectives. The sale will be made within the month of November 2013 for a compensation of around € 0,5 thousand.

The transaction is consistent with the Tecomec strategic plan to focus resources and investments on product lines with higher added value where he developed technical solutions and a range that have allowed it to establish itself as

specialist in production and engineering of accessories in the Lawn and Garden, Agriculture and Forestry, Construction and Industry areas.

Treasury shares

At 31.12.2012 Emak S.p.A. held 397,233 treasury shares, worth € 2,029 thousand.

From 01.01.2013 to 30.09.2013 no treasury shares were purchased or sold by Emak S.p.A., and therefore its total holding and the relative value are unchanged compared to 31 December 2012.

DIRECTORS' REPORT

1. Summary of economic results

Summary figures from the consolidated income statement for the first nine months of 2013 are shown below:

FY 2012	%	€/000	9M 2013	%	9M 2012	%	Change %
354,780	100	Net sales	278,509	100	282,440	100	(1.4)
31,731	8.9	EBITDA reported	30,809	11.1	30,058	10.6	2.5
28,807	8.1	EBITDA adjusted (*)	30,809	11.1	27,519	9.7	12.0
16,647	4.7	EBIT	22,083	7.9	18,321	6.5	20.5
12,056	3.4	Profit before taxes	18,689	6.7	14,555	5.2	28.4
8,640	2.4	Net profit	12,164	4.4	8,684	3.1	40.1

(*) Adjusted Ebitda was calculated adjusting it of the costs which are both significant and non-recurring items related to:

- costs of consulting for the operations of M&A amounting to € 322 thousand for 2012 and 208 thousand for the first nine months 2012
- the economic effect of the reversal of intercompany margins resulting from enlargement of the scope of consolidation compared to the same period of 2011 fully expensed in the first nine month 2012, amounting to €2,331 thousand and for an amount of €2,602 thousand for the exercise 2012.

2. Sales

Consolidated turnover in the third quarter of 2013 was €70,022 thousand compared to €70,557 thousand in the same period in the previous financial year.

The following table shows the breakdown by product line of the sales in the first nine months 2013, compared to the turnover adjusted and in the same period of the previous year.

€/000	30.09.2013	%	30.09.2012	%	Var. %
Agriculture & Forestry	108,969	39.1%	114,523	40.5%	-4.8%
Construction & Industry	48,609	17.5%	49,362	17.5%	-1.5%
Lawn & Garden	120,931	43.4%	118,555	42.0%	2.0%
Total	278,509	100%	282,440	100%	-1.4%

The data at 30.09.2012 were reclassified compared to those published in the interim report for the same period for a better comparison.

The products of "Agriculture and Forestry" have recorded a decrease in sales compared the same period of previous year: the good performance of components and accessories for agriculture did not compensate the delay of the forestry line products. The sales of the "Lawn and Garden" line increased due to the prolongation of the season which helped to obtain a positive outcome also in the third quarter.

The sales of "Construction and Industry" show a slight decrease, but they improved compared to the first half thanks to the good sales of components, and in particular of pumps for the industry, realized during the third quarter.

The following table shows the breakdown by geographic area of the sales in the first nine months 2013, compared to the turnover adjusted and in the same period of the previous year.

€/000	30.09.2013	%	30.09.2012	%	Var. %
Europe	200,508	72.0%	195,762	69.3%	2.4%
Americas	48,629	17.5%	49,872	17.7%	-2.5%
Asia, Africa and Oceania	29,372	10.5%	36,806	13.0%	-20.2%
Total	278,509	100%	282,440	100%	-1.4%

In Europe the sales benefited from the good performance recorded during the second quarter of the year.

In the "Americas" area, despite the recovery recorded on the North American market during the third quarter, the sales remain slightly lower than the same period of the previous year, mainly due to the import restrictions in the Venezuelan market.

In the "Asia, Africa e Oceania" areas, continues the difficult time for the Turkish market, that determines the sales decrease in that area.

EBITDA

L'EBITDA in the third quarter 2013 amounts to €3,881 thousand, compared to €4,186 thousand in the corresponding quarter of last year.

In the first nine months of 2013 Ebitda amounts to €30,809 thousand, against €27,519 thousand in the corresponding period of last year, with an increase of 12%.

The result for the nine months 2012 were negatively impacted by two non-recurring items for a total amount of €2,539 thousand: the economic effect of the reversal of inter-company profits resulting from enlargement of the scope of consolidation for an amount of €2,331 thousand and the advisory fees for M&A operation for an amount of €208 thousand. Adjusting the data for these effects, Ebitda of the first nine month of 2013 would have increased by 2.5%, compared at the same period of the previous year.

The EBITDA percentage incidence on the revenues, in nine month, has moved from 9.7% of 2012(10.6% excluding non-recurring items), to 11.1% to 2013.

The better result obtained in the current year is mainly due to the product mix and to purchasing efficiencies, that have neutralized the negative effects related to the lower sales.

The average number of employees, including temporary workers, increased in consequence to productive peaks of some plants of the Group, reaching 1,696 against 1,644 of the same period of the previous exercise. During the first nine month of 2013 certain Group companies have used social welfare.

EBIT

EBIT of the third quarter 2013 is €924 thousand, against €1,054 thousand in the same quarter of the previous year.

EBIT of the first nine month 2013 amounts to €22,083 thousand, against €18,321 thousand in the same period of the previous year.

Amortization and depreciation provisions amount to €8,726 thousand, compared to €9,198 thousand for the same period 2012.

EBIT as percentage of sales, in the nine month, rose from 6.5% to 30 September 2012 at 7.9% to 30 September 2013.

The incidence, not annualized, of the operating profit on net capital employed went from 7.5% of 30 September 2012, to 9.3% of 30 September 2013.

Net result

Third quarter 2013 registered a net loss of €772 thousand, compared to a net loss of €744 thousand in the corresponding period of last year.

In the first nine months the Group registered a net profit of €12,164 thousand against €8,684 thousand for the same period 2012.

The financial management result is consistent with the decline in net financial position. The repositioning of the debt from short to medium and long term determined the consequent rising cost.

Currency management of the first nine month is negative for €728 thousand, while in the same period of 2012 was negative for €463 thousand. The result was strongly influenced by the figure for the third quarter, negative for €755 thousand.

The tax rate of 34.9%, has decreased compared to 40.3% for the same period in the previous financial year, in relation to the composition of income by the Group in the different countries in which it operates.

Balance sheet and financial position

31.12.2012	€/000	30.09.2013	30.09.2012
88,985	Net non-current assets	86,067	88,854
155,922	Net working capital	152,589	154,128
244,907	Total net capital employed	238,656	242,982
143,226	Group Equity	151,255	143,871
1,815	Minorities interests	1,899	1,835
(99,866)	Net financial position	(85,502)	(97,277)

Net non-current assets

During the first nine months of 2013 the Emak Group invested €6,152 thousand in property, plant and equipment and intangible assets as follows:

- € 2,096 thousand for product innovation;
- € 1,456 thousand for adjustment of production capacity and for process innovation;
- € 829 thousand for upgrading the computer network system;
- € 506 thousand for adjustment of industrial buildings;
- € 1,265 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 4,167 thousand in Italy;
- € 1,014 thousand in Europe;
- € 971 thousand in the Rest of the World.

Net working capital

The net working capital, compared to December 31, 2012, decreases by €3,333 thousand, from €155,922 thousand to €152,589 thousand. The movements are shown in detail below:

€/000	9 months 2013	9 months 2012
Net working capital at 01 January 2013	155,922	157,500
increase/(decrease) in inventories	(5,090)	(11,258)
increase/(decrease) in trade receivables	(11,194)	(6,418)
(increase)/decrease in trade payables	17,143	13,587
change in scope of consolidation	0	4,078
variation for acquisition line of business	0	147
other changes	(4,192)	(3,508)
Net working capital at 30 September 2013	152,589	154,128

The trend in net working capital at September 30, 2013 is related to the seasonality of sales.

Equity

Consolidated net equity stands at €153,154 million, compared to €145,041 million as of 31st December 2012. Earnings per share as of 30 September 2013 are €0.073 compared to €0.052 of the same period of the previous year.

Net financial position

Net negative financial position moves from €85,502 thousand at 30 September 2013, to €99,866 thousand at 31 December 2013.

It should be noted that in the first months of 2013 the Group has concluded operations to reschedule the long-time maturity of its loans, in order to achieve a better financial balance: the incidence of long-term debt position in the medium of the total net financial position amounted to 63,3% against the 34% of 31 december 2012 and to 50,4% at the same period of the previous year.

The following table shows the movements in the net financial position of the first nine months of 2013:

€/000	9 months 2013	9 months 2012
Opening NFP	(99,866)	(97,298)
Cash flow from operations, excl. changes in operating assets and liabilities	20,890	17,882
Changes in operating assets and liabilities	3,012	6,698
Cash flow from operations	23,902	24,580
Cash flow from investments and disinvestments	(5,488)	(6,894)
Other equity changes	(4,050)	(3,118)
Change in consolidation area	-	(14,547)
Closing NFP	(85,502)	(97,277)

In the first nine months 2013 free cash flow from operations after tax was €20,890 thousand, compared with €17,882 thousand in the same period of last year. In the third quarter, the figure amounts to €2,185 thousand compared with €2,388 thousand in the same period of the previous year.

Among the debt in the medium / long term, in addition to the principal of mortgages, are including the portion due after 12 months of finance leases.

Short-term financial payables mainly consist of:

- overdrafts;
- loan repayments falling due by 30th September 2014;
- amounts due to other providers of finance falling due by 30th September 2014.

Business outlook

In light of the results obtained so far and on the basis of the order backlog, the year-end targets are confirmed, with a turnover between € 355-360 million.

Subsequent events

There are no significant events, except as already reported in the paragraph "Significant, non-recurring transactions or atypical, unusual transactions."

Bagnolo in Piano (RE), 14th November 2013

On behalf of the Board of Directors

The Chairman

Fausto Bellamico

STATEMENT

Subject: Quarterly report at 30th September 2013

I, the undersigned, Aimone Burani, the executive in charge of preparing the accounting statements of EMAK S.p.A. hereby

CERTIFY

in accordance with the second paragraph of Art. 154-bis, of Italian Legislative Decree No. 58 of 24th February 1998, that to the best of my knowledge, the Quarterly Report at 30th September 2013, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records.

Faithfully

Bagnolo in Piano (RE), 14th November 2013

Aimone Burani
Executive in charge
of preparing the accounting statements