



1H 2010 results presentation

STAR Conference 2010

London October 6, 2010



# Company overview



## EMAK GROUP HISTORY

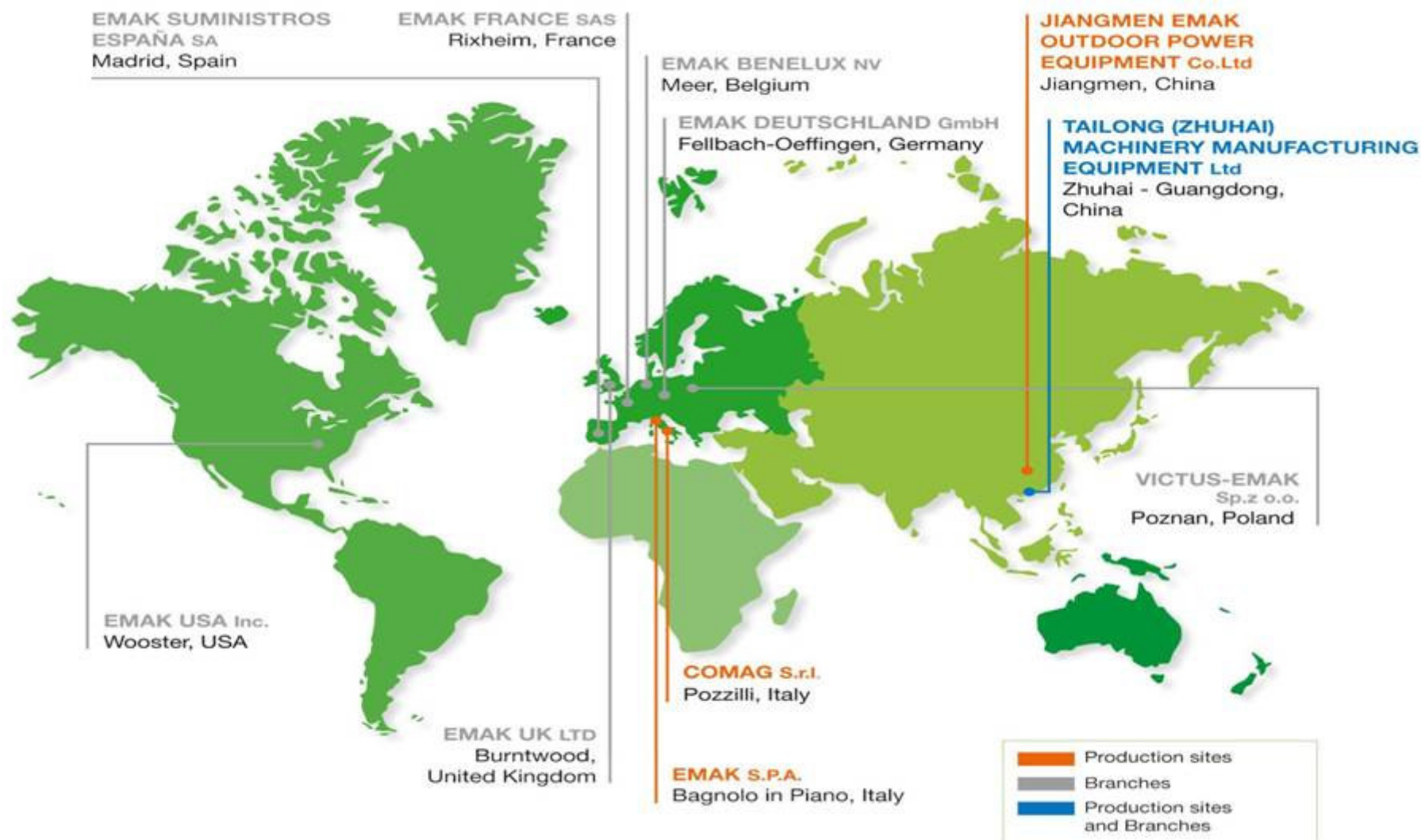
- **1972** Establishment of **Oleo-Mac**
- **1978** Establishment of **Efco**
- **1992** Establishment of **Emak**: merger of Oleo-Mac and Efco
- **1997** Establishment of **Comag**, production plant in southern Italy
- **1998** **Listing** on the Milan Stock Exchange
- **1998-1999** Establishment of **European subsidiaries**
- **2004** Establishment of **Emak Jiangmen**, production plant in China
- **2005** Acquisition of **Victus**, polish subsidiary
- **2006** Establishment of **Emak U.S.A.**
- **2008** Acquisition of **Bertolini**, small agriculture machines, and **Tailong**, Chinese cylinders manufacturer

## EMAK GROUP HIGHLIGHTS

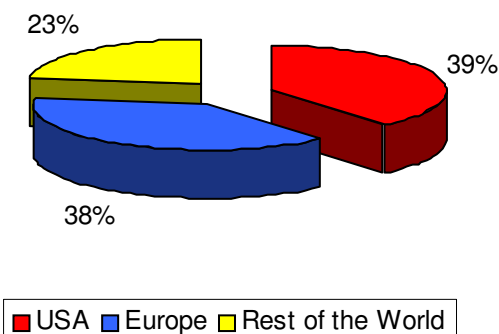


- **3rd largest European manufacturer** of chainsaws and brushcutters
- **€ 195 mln turnover** in 2009
- **~ 1,000 employees**
- **8 distribution branches** (6 in Europe, 1 in USA, 1 in China)
- **More than 20,000 dealers in 85 countries**
- **4 production plants** (2 in Italy and 2 in China)

## EMAK GROUP INTERNATIONAL PRESENCE

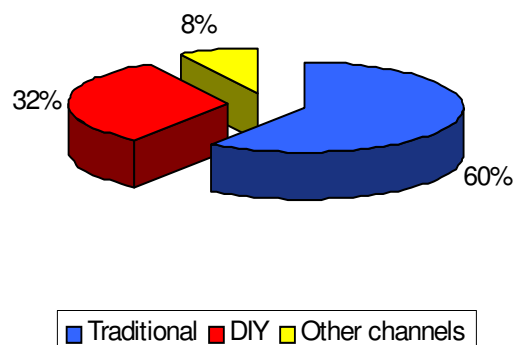


**Breakdown by area  
Value**



- Global market value (sell-in): €11-13 billion
- Traditional channel market value: € 6-7 billion
- Emak market share (traditional channel):
  - Global ~ 3%;
  - Europe ~ 8%.

**Breakdown by distribution channel  
Value**



Source: Company estimates



Chainsaws/  
electric saws



brushcutters



lawnmowers



Power cutters



blowers



gardentractors



rotary tillers



flail mowers



rotary cultivators



cutterbar mowers



transporters



## GROWTH STRATEGY

### Products

investments on innovation (almost 10 new products per year);

### Distribution network

development plans in the most important areas (BRIC countries);

### Logistic

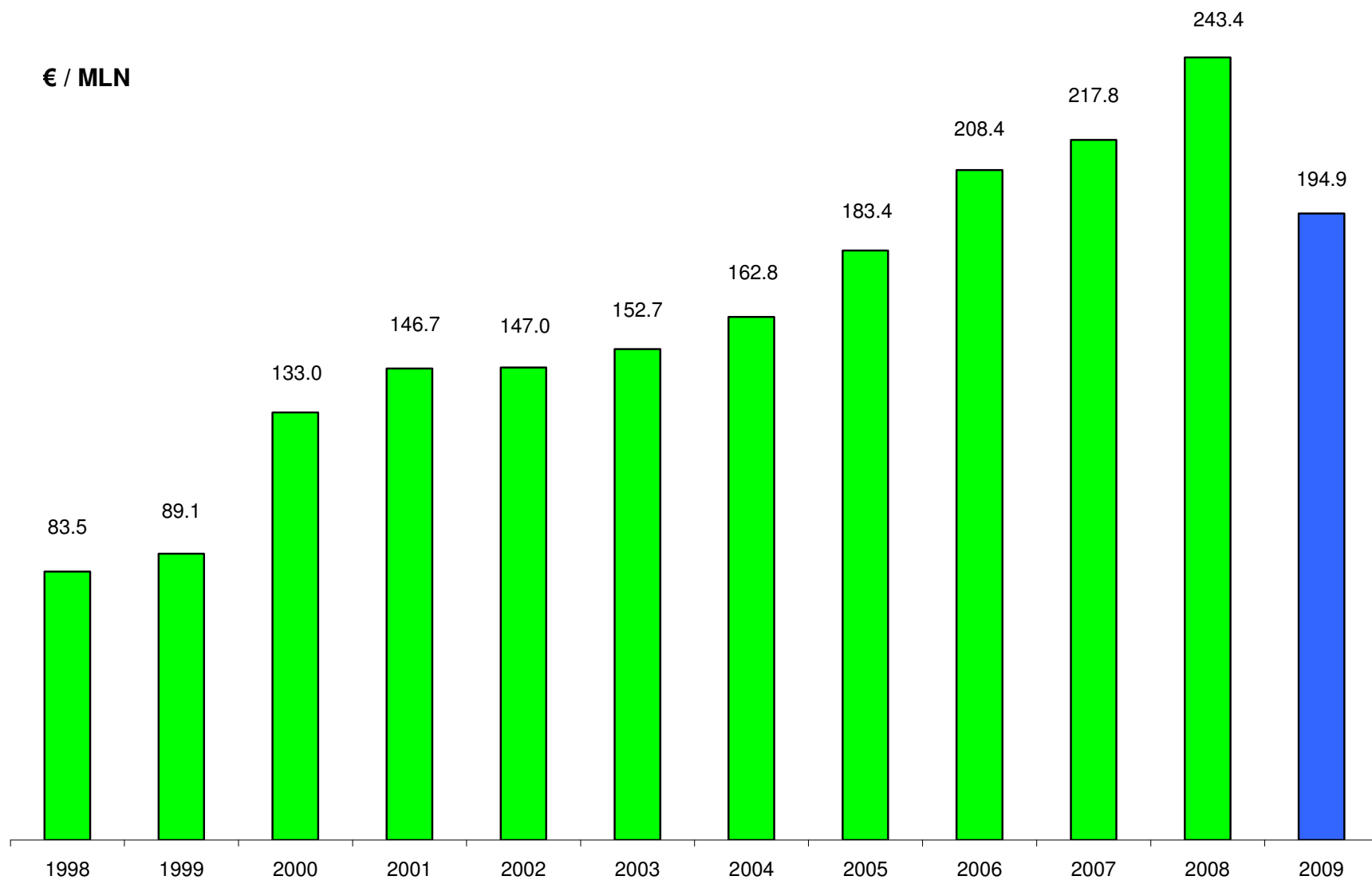
efficiency in Europe through the European branches; new spare parts logistic center;

### Acquisitions

focus on product or distribution synergies.

## HISTORICAL TURNOVER

€ / MLN



# Economic and Financial Results



## FINANCIAL HIGHLIGHTS

FY 2009	€/mln	1H 2010	1H 2009	Δ %
194.9	<b>Turnover</b>	126.2	119.7	5.4%
21.7	<b>Ebitda</b>	20.1	15.9	26.5%
11.1%	<i>Margin %</i>	15.9%	13.3%	
14.9	<b>Ebit</b>	16.5	12.4	33.0%
7.6%	<i>Margin %</i>	13.1%	10.3%	
9.4	<b>Group Net Profit</b>	12.4	7.5	65.4%
4.8%	<i>Margin %</i>	9.8%	6.2%	



## COMMENTS ON 1H RESULTS

### SALES BY PRODUCT LINE

€/mln	1H 2010	%	1H 2009	%	Δ %
Agriculture & Forestry	35.8	28.4%	31.4	26.3%	13.6%
Construction & Industry	6.2	4.9%	2.1	1.8%	191.7%
Lawn & Garden	67.9	53.8%	69.5	58.0%	-2.2%
Spare parts & Accessories	16.3	12.9%	16.7	13.9%	-2.2%
<b>Total</b>	<b>126.2</b>	<b>100%</b>	<b>119.7</b>	<b>100%</b>	<b>5.4%</b>

**Agriculture&Forestry:** continued growth in the sales of products associated with forestry activities and a constant increase in demand for those products used for working the land;

**Construction&Industry:** sales continued to benefit from the new line of products and a slight recovery in the building sector;

**Lawn&Garden:** after a good start to the year the segment was heavily penalized by the late start to the spring season;

**Spare Parts and Accessories:** sales were affected at the late start of the season, although they registered a recovery in the second quarter..

### SALES BY GEOGRAPHICAL AREA

€/mln	1H 2010	%	1H 2009	%	Δ %
Italy	23.0	18.2%	25.6	21.4%	-10.4%
Europe	80.3	63.7%	77.6	64.8%	3.5%
Rest of world	22.9	18.1%	16.5	13.8%	38.6%
<b>Total</b>	<b>126.2</b>	<b>100%</b>	<b>119.7</b>	<b>100%</b>	<b>5.4%</b>

**Italy:** the core business remained at the same levels as in 2009, the decrease was caused by the disposal of a product line relating to an OEM business

**Europe:** The increase in turnover in the European market was driven by the recovery of sales in Russia and in Germany;

**Rest of the World:** the good performance in the Turkish market continued.

### Improved EBITDA margin

#### *Positive effects*

- higher sales and production volumes
- favourable product mix
- extraordinary items (capital gain of €2.2 million for the sale of an industrial building)

#### *Negative effects*

- increase in staff costs, due to the different geographical distribution of the most used production plants and the wage trend
- increase in operating costs associated with higher sales and production volumes

### Better financial results

- activities on exchange rates related to hedging policies
- decrease in the net debt
- lower interest rates.



## CONSOLIDATED ASSETS AND LIABILITIES

€/mln	30.06.2010	31.12.2009	30.06.2009
Net fixed assets	59.5	59.7	59.4
Net working capital	88.6	82.9	104.9
<b>Net capital employed</b>	<b>148.1</b>	<b>142.6</b>	<b>164.3</b>
<b>Net equity</b>	<b>115.0</b>	<b>104.1</b>	<b>101.7</b>
Minority interests	0.5	0.5	0.5
<b>Net financial debt</b>	<b>32.5</b>	<b>37.9</b>	<b>62.1</b>
<b>Debt/Equity</b>	<b>0.3</b>	<b>0.4</b>	<b>0.6</b>

The change of the **net working capital** is consistent with the seasonality of the sales. It has to be pointed out, at 30 June 2010, the further reduction in inventories for € 3,479 compared to 31 December 2009, after the significant cut of € 19,544 thousand in the first half 2009.

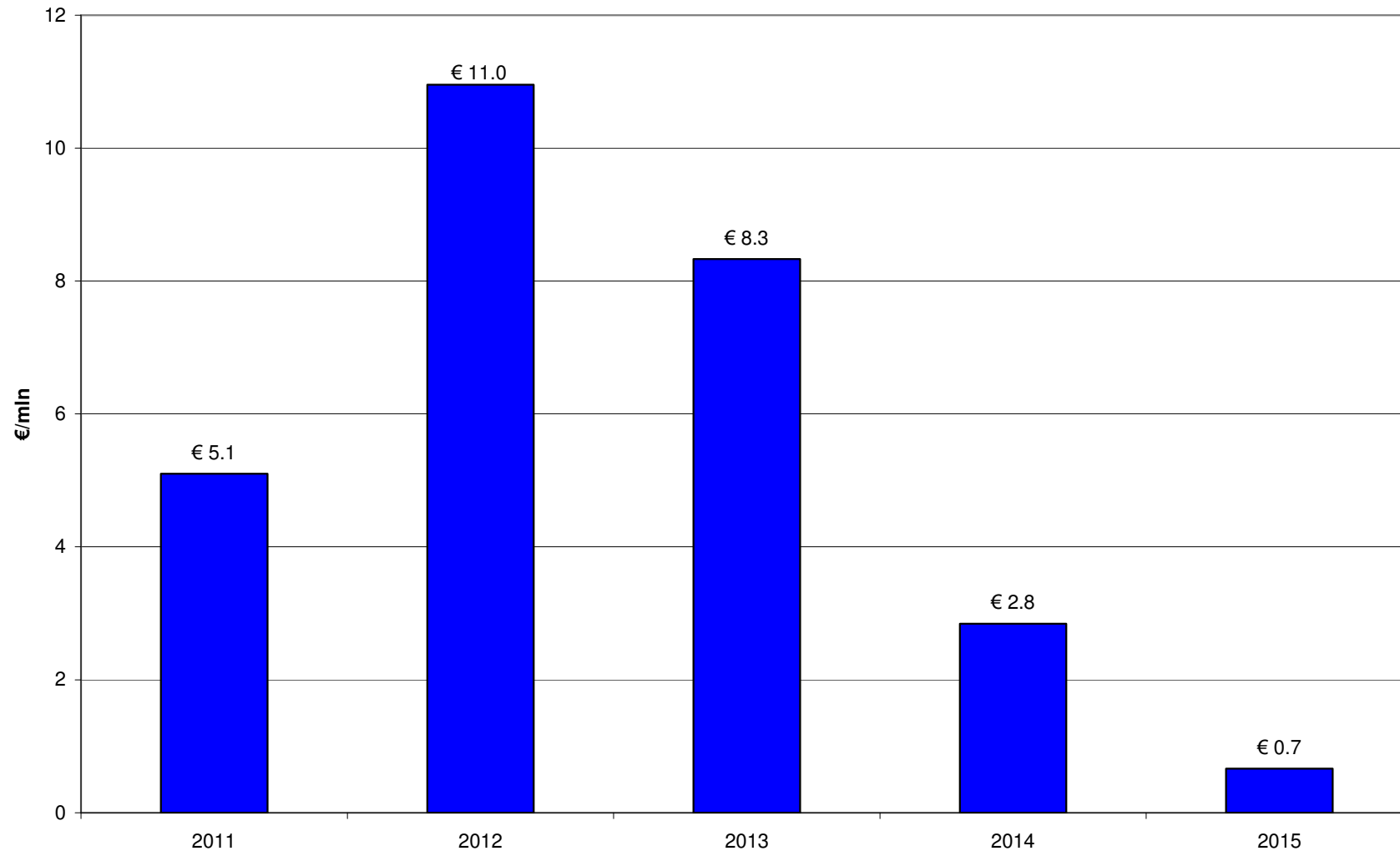
The reduction of the **net financial debt** is mainly due to the good cash flow generated during the first half

## CASH FLOW STATEMENT

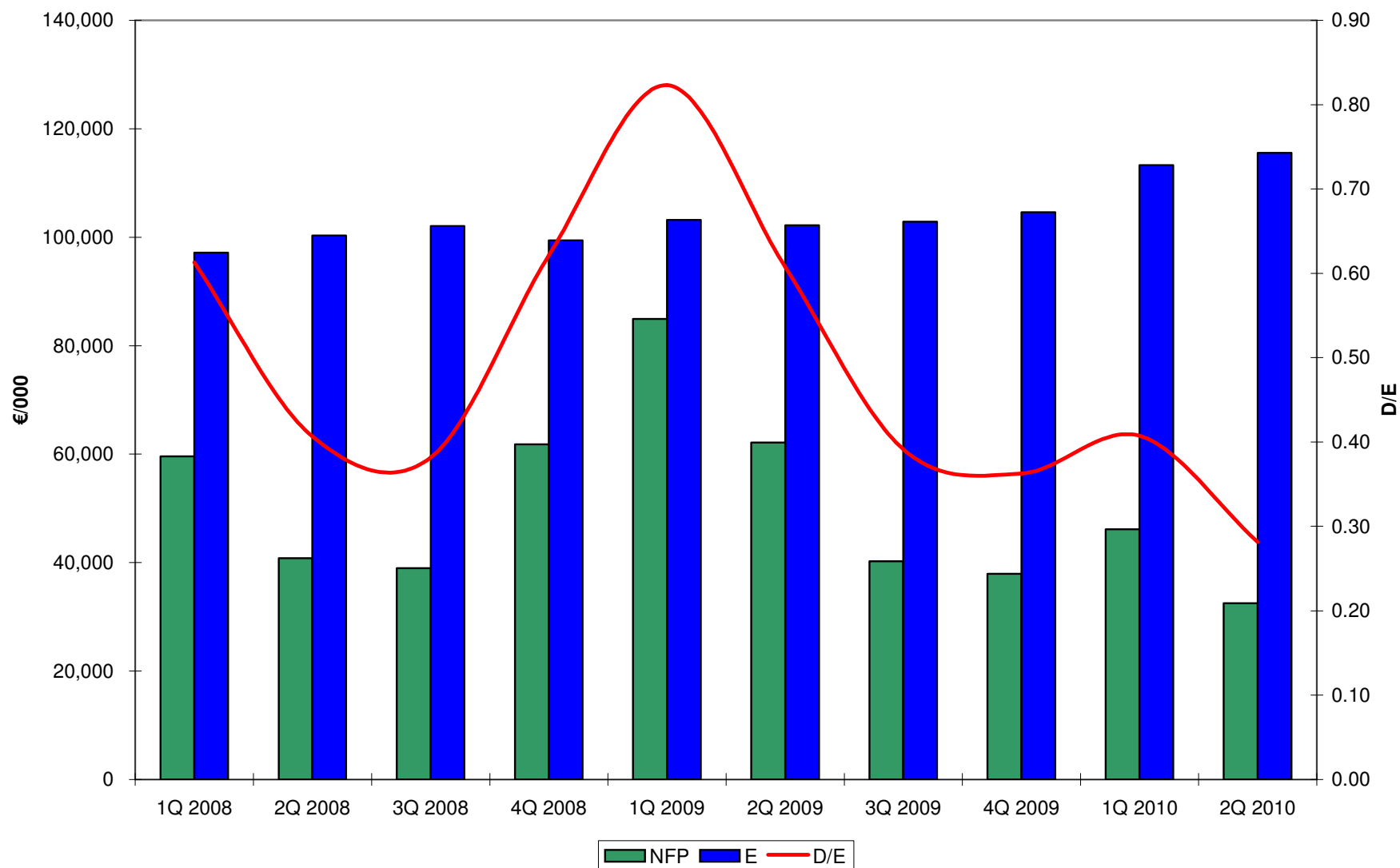
31.12.2009 €/mln		30.06.2010	30.06.2009
<b>-61.8</b>	<b>Opening financial debt</b>	<b>-37.9</b>	<b>-61.8</b>
16.2	Cash flow from operations	14.5	11.0
20.3	Change in net working capital	-5.7	-1.7
19.9	- Inventories	3.5	19.6
13.4	- Receivables	-16.5	-2.8
-14.0	- Payables	4.6	-21.2
1.1	- Others	2.8	2.7
-8.4	Net capital expenditure	-1.6	-5.0
-	Net capital gain	1.5	-
-4.2	Equity and other changes	-3.3	-4.6
<b>-37.9</b>	<b>Net financial debt at the end of the period</b>	<b>-32.5</b>	<b>-62.1</b>

## Funding maturity structure, June 2010

At 30 June 2010 long-term loans and borrowings amount to € 28 million.

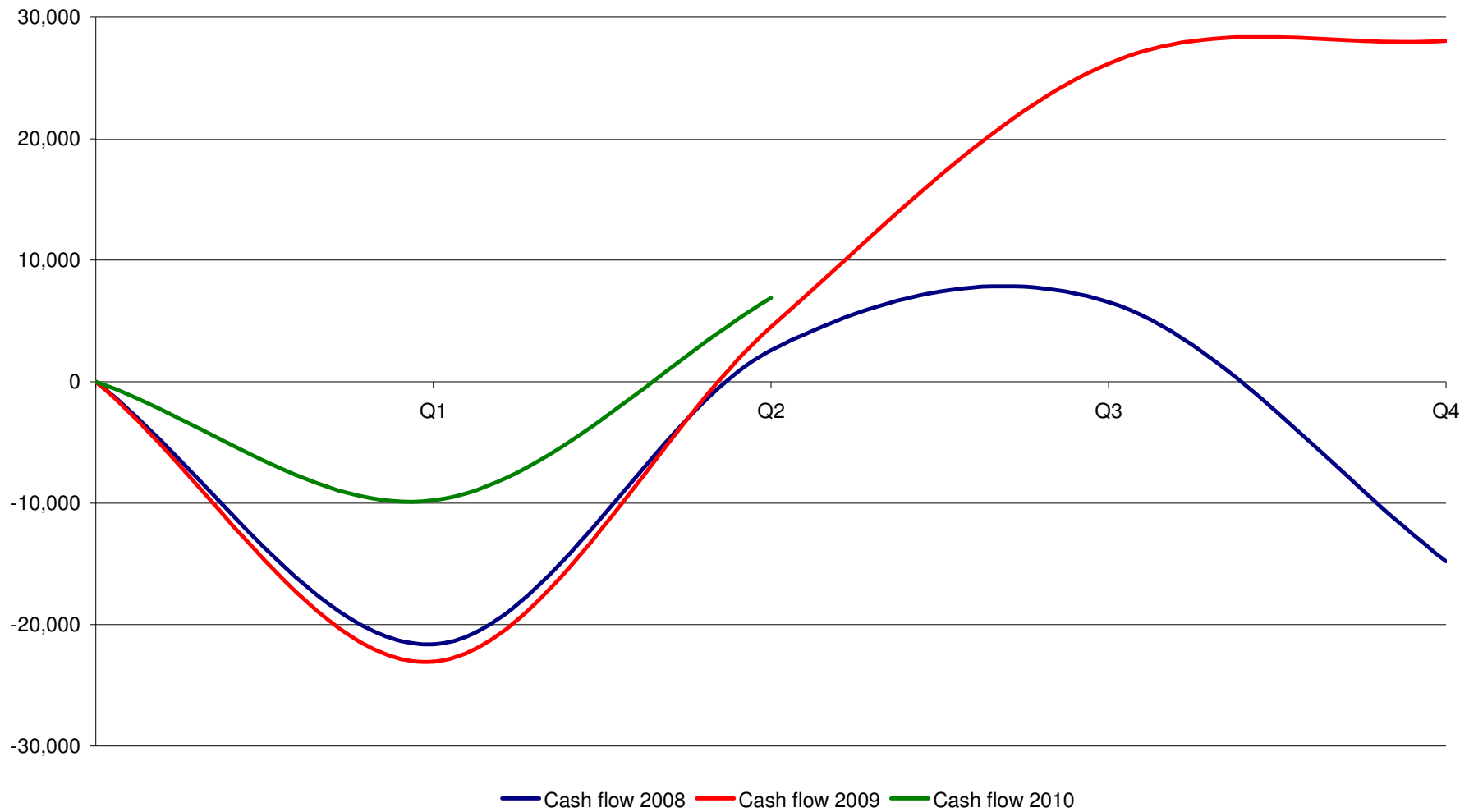


## NET DEBT AND EQUITY



## CASH FLOW

From operations and investments, excl. payments for acquisitions



## KEY RATIOS

FY 2009		1H 2010	1H 2009
10.4%	ROI*	11.1%	7.5%
9.0%	ROE*	10.7%	7.3%
42.5%	Nwc / Sales**	44.0%	49.5%
0.36	Debt / Equity *	0.28	0.61
1.75	Debt / Ebitda*	1.61	3.90

\* non annualized data

\*\* annualized sales: 12 months rolling



# Outlook



- The late start to the spring season penalised sales in the first half
- Dealers continue to keep stock levels low due to uncertainty on the macro economic scenario
- Overall the Group confirms its forecast for an improvement in turnover of 3-5% in 2010.

The main risks that could influence the achievement of the expected results are: the uncertainty on how long it will take to recover from the economic crisis, the increase in the costs of raw materials and currency trends.

- ➡ Fausto Bellamico – Chairman and CEO
- ➡ Aimone Burani – Vice President and CFO
- ➡ Andrea La Fata – IR  
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