



STAR Conference 2010 Milan

March 17-18, 2010



Company overview



EMAK GROUP HISTORY

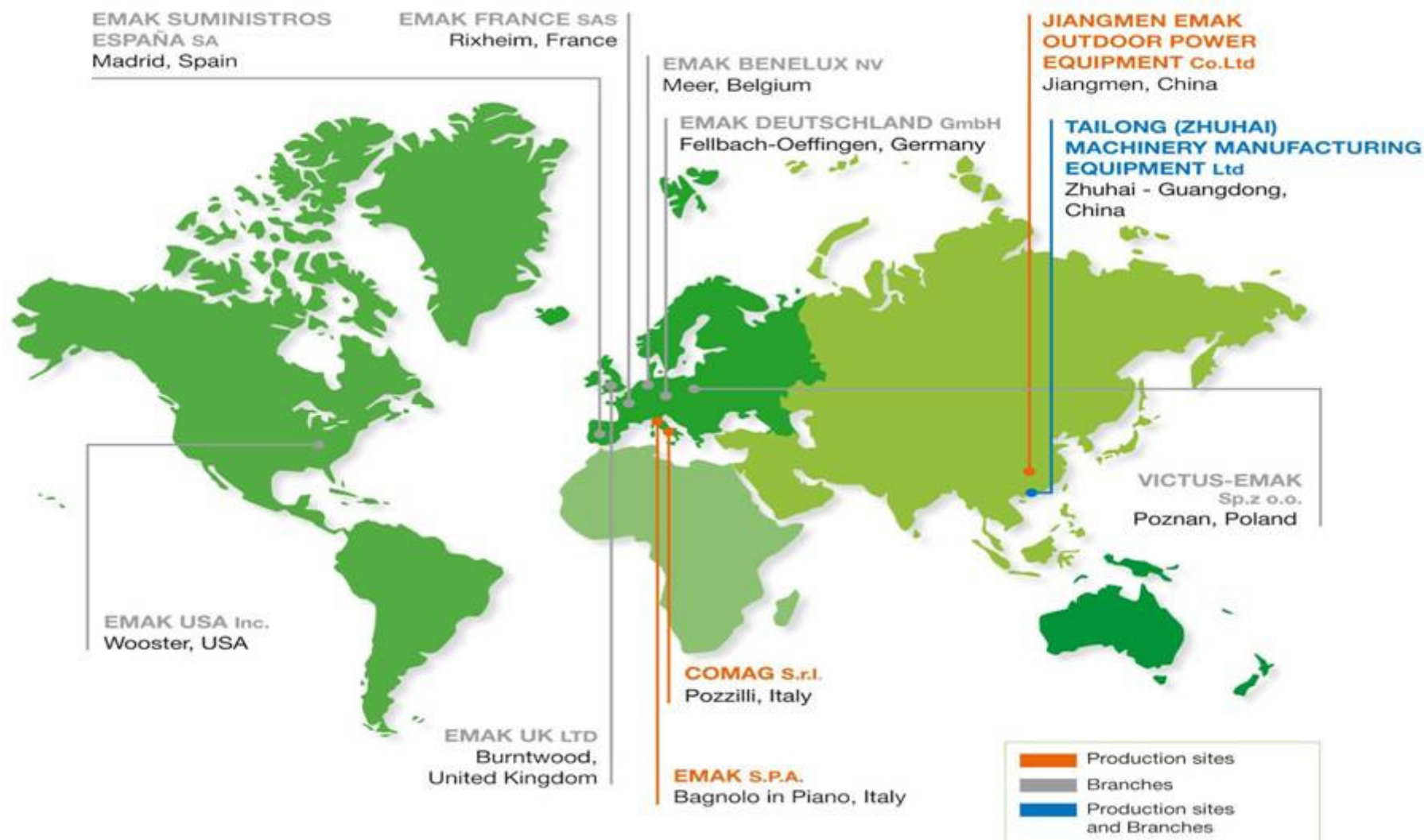
- **1972** Establishment of **Oleo-Mac**
- **1978** Establishment of **Efco**
- **1992** Establishment of **Emak**: merger of Oleo-Mac and Efco
- **1997** Establishment of **Comag**, production plant in southern Italy
- **1998** **Listing** on the Milan Stock Exchange
- **1998-1999** Establishment of **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



EMAK GROUP PRODUCTION PLANTS

Emak S.p.A.

Products for premium segment

Comag S.r.l.

Lawnmowers and Tillers Production

Jiangmen Emak

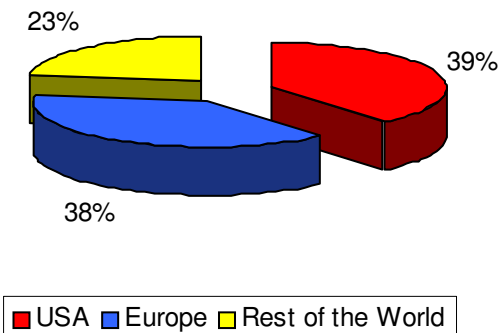
Hand held and electric products for price sensitive markets
(In 2009 completed additional 20,000 m² of plant's area)

Tailong (Zhuhai)

Cylinders for small internal combustion engines

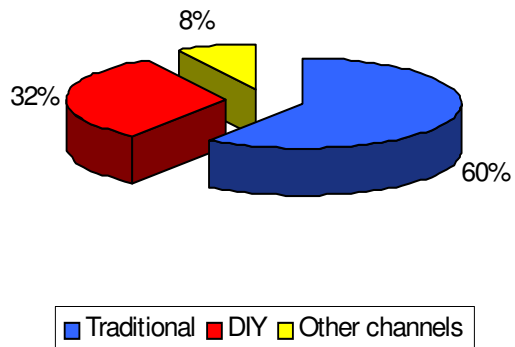


Breakdown by area
Value



- 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



Investments:

1. **Products:** investments on innovation (almost 10 new products per year);
2. **Distribution network:** development plans in the most important areas (BRIC countries);
3. **Logistic:** efficiency in Europe through the European branches; new spare parts logistic center;
4. **Acquisitions:** focus on product or distribution synergies.

SEVERAL NEW PRODUCTS FOR 2010

New chainsaw for homeowners.



New chainsaw for demanding consumers and farmers.

Equipped with state-of-the-art “E-jet” technology:

- Fuel consumption -40%
- Gas emission -75%

SEVERAL NEW PRODUCTS FOR 2010



New motor-tiller for small plots and gardens.

Featuring lightweight and versatility

New water pumps for garden and vegetable plot watering or cellar draining.

Featuring lightweight and low consumption.



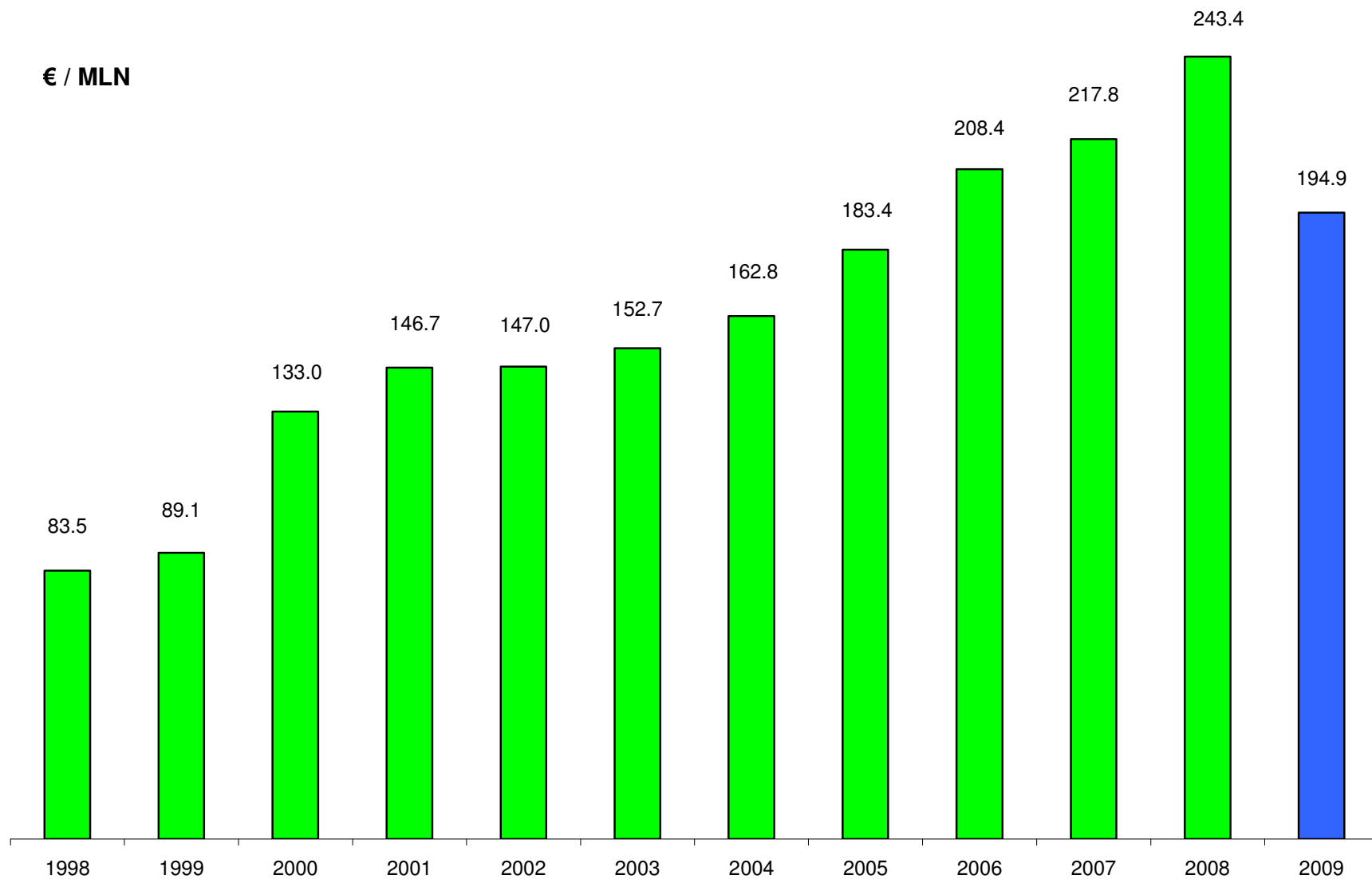
NEW SPARE PARTS LOGISTIC CENTER



- Opened on 1 January 2010
- Surface 5,000 m²
- Investment of € 8 million
- Modern warehouse management system: order taking, warehouse management; items positioning

HISTORICAL TURNOVER

€ / MLN



Economic and Financial Results



CONSOLIDATED P&L ACCOUNTS

€/mln	FY 2009	FY 2008	Δ %
Turnover	194.9	243.4	-19.9%
Ebitda	21.7	31.7	-31.6%
<i>Margin %</i>	<i>11.1%</i>	<i>13.0%</i>	
Ebit	14.9	24.9	-40.4%
<i>Margin %</i>	<i>7.6%</i>	<i>10.2%</i>	
Group Net Profit	9.4	14.9	-36.6%
<i>Margin %</i>	<i>4.8%</i>	<i>6.1%</i>	



SALES BY PRODUCT LINE

€/000	FY 2009	%	FY 2008	%	Δ %
Agriculture & Forestry	62.9	32.3%	77.6	31.9%	-18.9%
Construction & Industry	5.1	2.6%	6.6	2.7%	-23.2%
Lawn & Garden	96.9	49.7%	129.1	53.0%	-24.9%
Spare parts & Accessories	30.0	15.4%	30.2	12.4%	-0.5%
Total	194.9	100%	243.4	100%	-19.9%

Agriculture&Forestry: fall in sales of forestry machines higher than agriculture products;

Construction&Industry: decrease in sales of power cutters due to the collapse of the building sector; slight recovery in the last quarter thanks to the introduction of new products;

Lawn&Garden: segment negatively affected by high stocks in the distribution network and by weak demand;

Spare Parts and Accessories: sales in line with last years' : the consumption is linked to the use of the machines rather than to the sale of new models.

SALES BY GEOGRAPHICAL AREA

€/000	FY 2009	%	FY 2008	%	Δ %
Italy	42.1	21.6%	48.0	19.7%	-12.3%
Europe	122.6	62.9%	158.8	65.2%	-22.8%
Rest of world	30.2	15.5%	36.6	15.0%	-17.5%
Total	194.9	100%	243.4	100%	-19.9%

Italy: decrease in line with the local market

Europe: particularly influenced by the negative trend in Eastern European countries and in Russia.

Rest of the World: negative performance partially offset by good results in some emerging markets

€/mln	FY 2009	FY 2008	Δ %
Ebitda	21.7	31.7	-31.6%
<i>Margin %</i>	11.1%	13.0%	

- **Gross margin incidence** decreased by 1.2 points due to: higher sales prices (+1.5), lower raw materials prices (+0.6), foreign currencies trend (-2.8), product mix (-0.1), others (-0.4);
- **Personnel expenses** down from € 34 million to € 29.8 million (cost reduction of € 4.2 million);
- **Other operative costs** were reduced from € 41.9 million to € 31.9 million (cost reduction of €10 million);

EBIT

€/mln	FY 2009	FY 2008	Δ %
Ebit	14.9	24.9	-40.4%
<i>Margin %</i>	7.6%	10.2%	

Amortization and depreciation were in line with 2008.

The decrease of the percentage incidence is a consequence of the lower sales turnover

NET PROFIT

€/mln	FY 2009	FY 2008	Δ %
Group Net Profit	9.4	14.9	-36.6%
<i>Margin %</i>	4.8%	6.1%	

Financial management improves, reducing the negative balance from € 4 million to €2.1 million, mainly due to lower interest rates and a favourable trend of exchange rates during the fourth quarter;

Tax rate decrease from 28.9% in 2008 to **26.2%** in 2009 thanks to a tax relief on investments made in Italy.

2009 dividend: € 0.150 per share, in line with the previous year. **Pay out policy of ~ 40%**

CONSOLIDATED ASSETS AND LIABILITIES

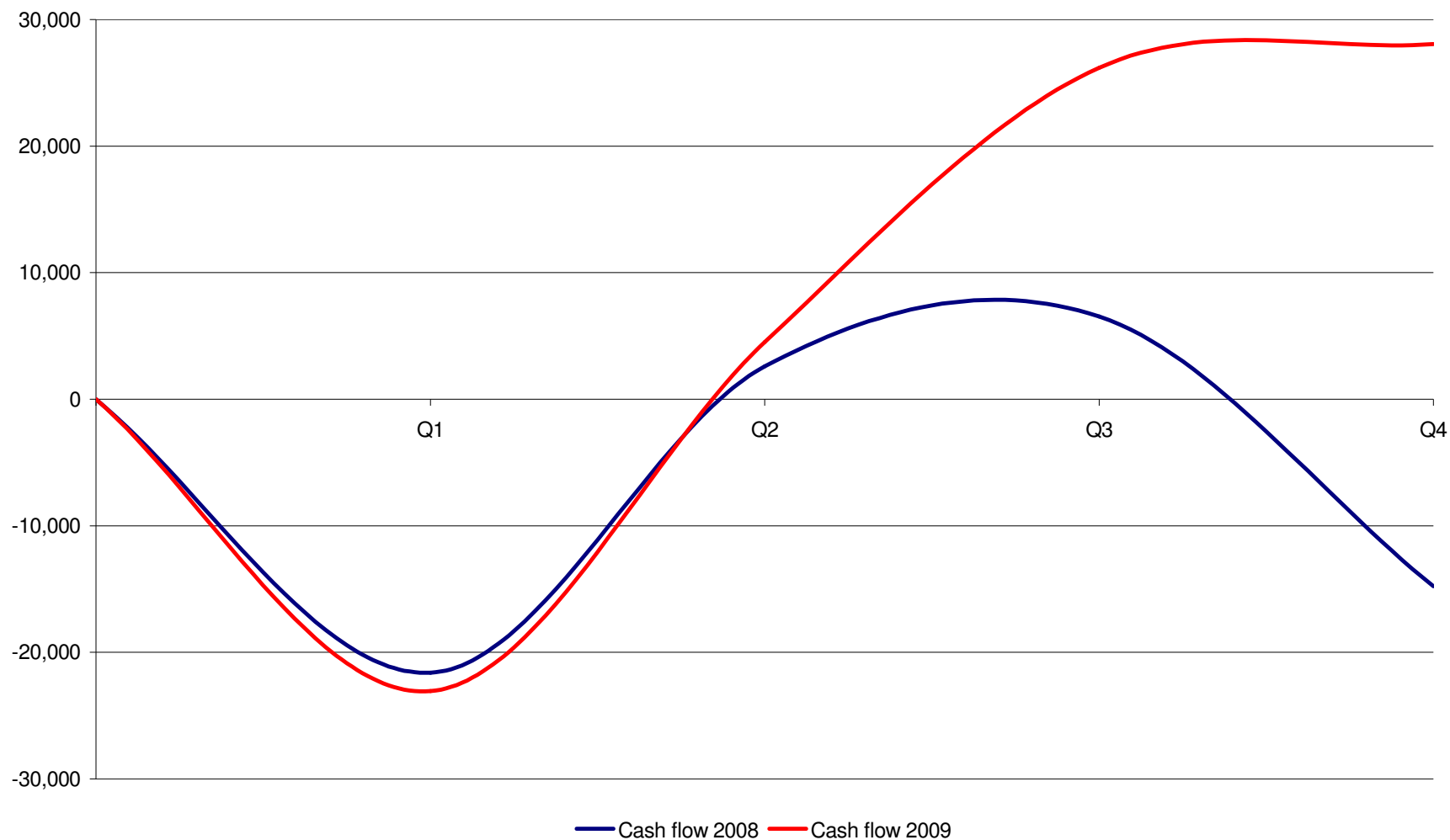
€/mln	31.12.2009	31.12.2008
Net fixed assets	59.7	58.0
Net working capital	82.9	103.2
Net capital employed	142.6	161.2
Net equity	104.1	99.4
Minority interests	0.5	0.5
Net financial debt	37.9	61.8
Debt/Equity	0.4	0.6

CASH FLOW STATEMENT

€/mln	31.12.2009	31.12.2008
Opening financial debt	(61.8)	(31.0)
Cash flow from operations	16.2	21.6
Change in net working capital	20.3	(22.1)
- <i>Inventories</i>	19.9	(22.8)
- <i>Receivables</i>	13.4	(9.9)
- <i>Payables</i>	(14.0)	11.8
- <i>Others</i>	1.0	(1.2)
Net capital expenditure	(8.4)	(23.4)
Dividend and other equity changes	(4.2)	(6.9)
Net financial debt at the end of the period	(37.9)	(61.8)

CASH FLOW

From operations and investments, excl. payments for acquisitions



INVESTMENTS

€/mln	2009	%	2008*	%
R&D/New Product	2,3	27%	5,0	33%
Process innovation	1,8	21%	2,7	18%
ICT	0,6	7%	1,3	9%
Buildings	3,7	44%	6,2	41%
TOTAL	8,4	100%	15,2	100%
Capex on sales	4,3%		6,2%	

*Financial investments are not included

KEY RATIOS

	FY 2009	FY 2008
ROI	10.4%	15.5%
ROE	9.0%	15.0%
Nwc / Sales	42.5%	42.4%
Debt / Equity	0.36	0.62
Debt / Ebitda	1.75	1.95



2010 Outlook



- ✓ Demand will remain somewhat weak
- ✓ Low levels of stock in the distribution network
- ✓ Launch of new products in 2010
- ✓ Sales growth in the range of 3-5%.
- ✓ 1Q 2010 is in line with the full year forecast

- ➔ Giacomo Ferretti - President
- ➔ Fausto Bellamico – CEO
- ➔ Aimone Burani – Vice President and CFO
- ➔ Andrea La Fata – IR
alafata@emak.it
0039-0522.956.332
www.emak.it