



# STAR Conference 2010 Milan

March 17-18, 2010



# Company overview



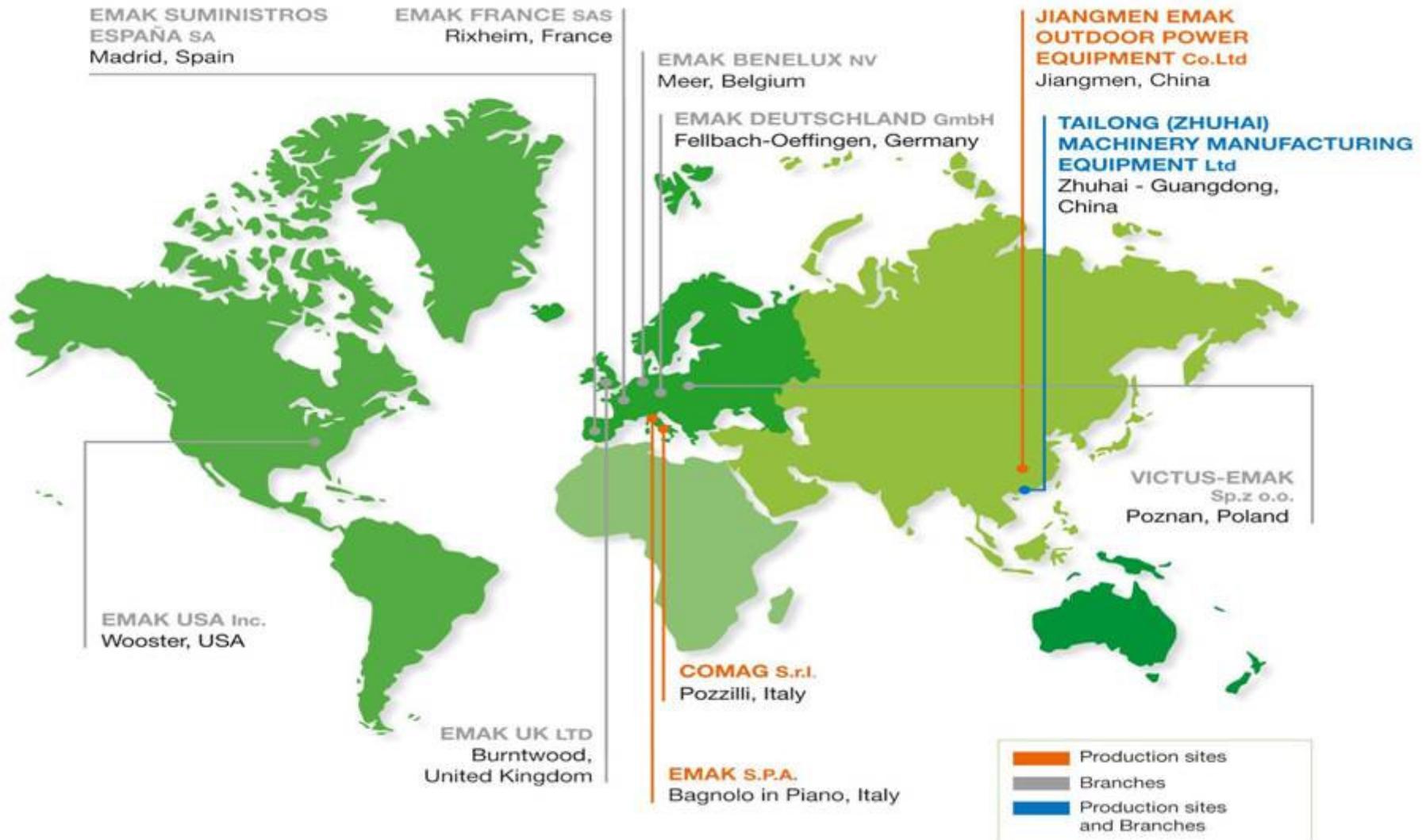
- **1972** Establishment of **Oleo-Mac**
- **1978** Establishment of **Efco**
- **1992** Establishment of **Emak**: merger of Oleo-Mac and Efco
- **1997** Establishment of **Comag**, production plant in southern Italy
- **1998** **Listing** on the Milan Stock Exchange
- **1998-1999** Establishment of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

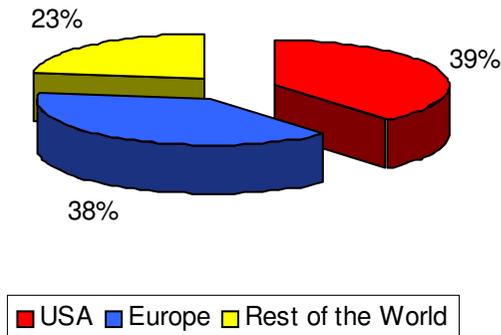
Hand held and electric products for price sensitive markets  
*(In 2009 completed additional 20,000 m<sup>2</sup> of plant's area)*

**Tailong (Zhuhai)**

Cylinders for small internal combustion engines

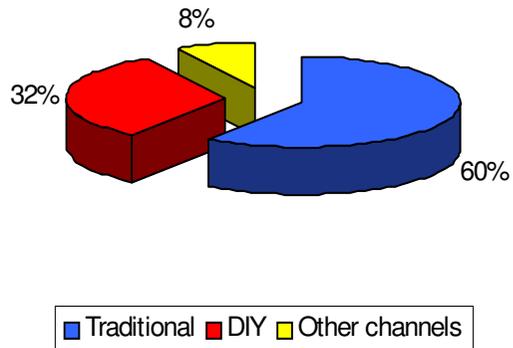


**Breakdown by area  
Value**



- 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 m<sup>2</sup>
- 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 %    |
|-------------------------|---------|---------|--------|
| <b>Turnover</b>         | 194.9   | 243.4   | -19.9% |
| <b>Ebitda</b>           | 21.7    | 31.7    | -31.6% |
| <i>Margin %</i>         | 11.1%   | 13.0%   |        |
| <b>Ebit</b>             | 14.9    | 24.9    | -40.4% |
| <i>Margin %</i>         | 7.6%    | 10.2%   |        |
| <b>Group Net Profit</b> | 9.4     | 14.9    | -36.6% |
| <i>Margin %</i>         | 4.8%    | 6.1%    |        |



## 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%         |
| <b>Total</b>              | <b>194.9</b> | <b>100%</b> | <b>243.4</b> | <b>100%</b> | <b>-19.9%</b> |

**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%        |
| <b>Total</b>  | <b>194.9</b> | <b>100%</b> | <b>243.4</b> | <b>100%</b> | <b>-19.9%</b> |

**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 %    |
|-----------------|---------|---------|--------|
| <b>Ebitda</b>   | 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);

| €/mln           | FY 2009 | FY 2008 | Δ %    |
|-----------------|---------|---------|--------|
| <b>Ebit</b>     | 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 %    |
|-------------------------|---------|---------|--------|
| <b>Group Net Profit</b> | 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

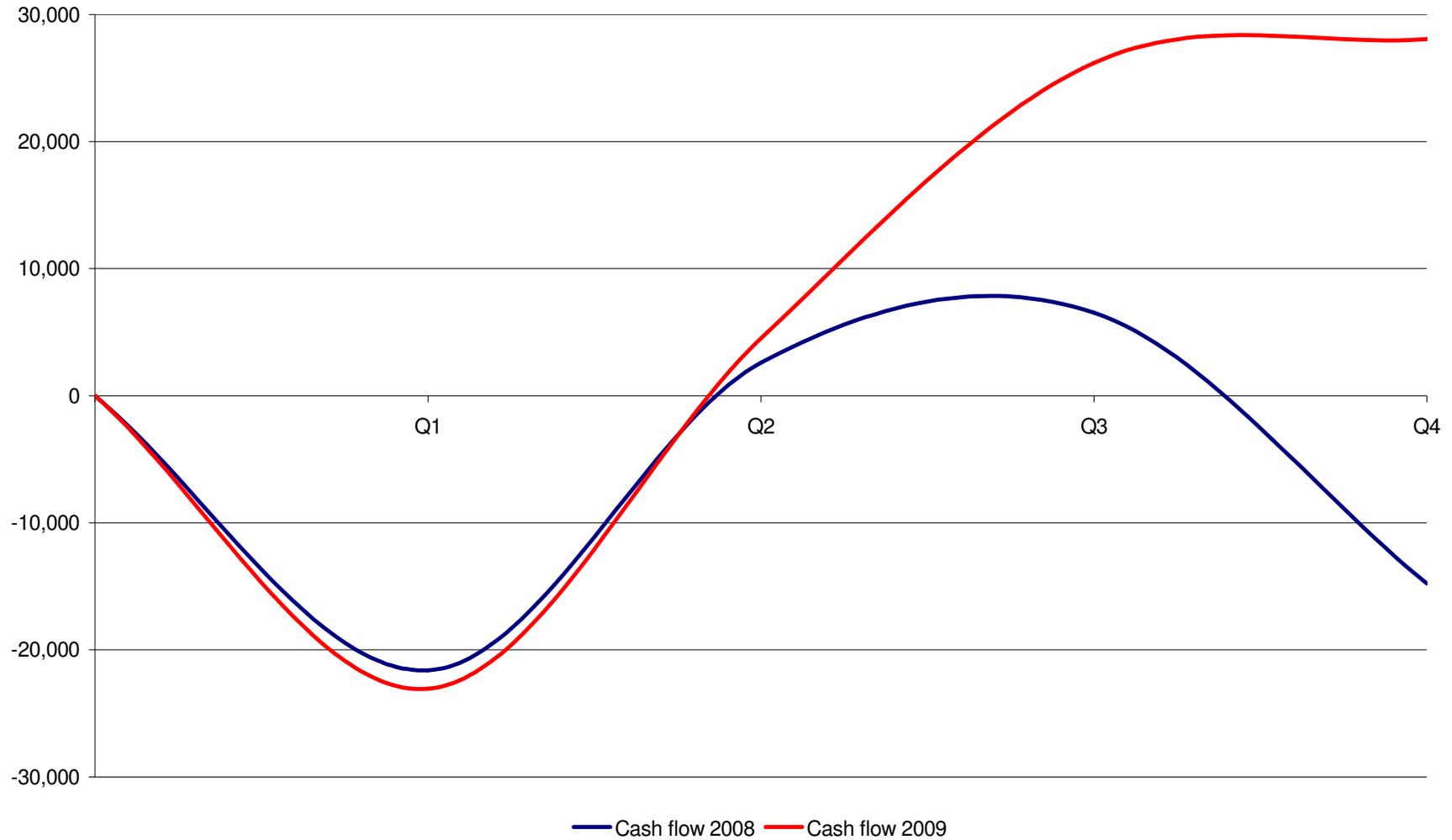
| €/mln                       | 31.12.2009 | 31.12.2008 |
|-----------------------------|------------|------------|
| <b>Net fixed assets</b>     | 59.7       | 58.0       |
| <b>Net working capital</b>  | 82.9       | 103.2      |
| <b>Net capital employed</b> | 142.6      | 161.2      |
| <b>Net equity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

## CASH FLOW STATEMENT

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

## CASH FLOW

From operations and investments, excl. payments for acquisitions



| €/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%         |
| <b>TOTAL</b>          | <b>8,4</b>  | <b>100%</b> | <b>15,2</b> | <b>100%</b> |
| <b>Capex on sales</b> | <b>4,3%</b> |             | <b>6,2%</b> |             |

\*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](mailto:alafata@emak.it)  
0039-0522.956.332  
[www.emak.it](http://www.emak.it)