

Emak Group 2008 Full Year Results

STAR Conference 2009 Milan

March 24th, 2009



Economic and Financial Results

CONSOLIDATED P&L ACCOUNTS

€/000	Full Year 2008	Full year 2007	Δ %
Turnover	243.4	217.8	11.8%
Ebitda	31.7	30.0	5.6%
<i>Margin %</i>	13.0%	13.8%	
Ebit	24.9	24.5	1.8%
<i>Margin %</i>	10.2%	11.2%	
Group Net Profit	14.9	15.2	-2.5%
<i>Margin %</i>	6.1%	7.0%	

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- *Agriculture&Forestry*: good performance of agricultural products; decrease of forestry products;
- *Construction&Industry*: positive trend of OEM business;
- *Lawn&Garden*: slight decrease due to the reduction in pre-seasonal orders as a consequence of the downturn in the global economy;
- *Spare parts&Accessories*: growth boosted by the new scope of consolidation.
- *Italy*: increase due to the new scope of consolidation;
- *Europe*: decrease in Western Europe; strong growth in Eastern Countries;
- *Rest of the World*: growth in South America, India and good performance of Emak USA

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EBITDA 2007	13.8%
Δ Gross Margin	1.7
Δ Personnel expenses	-1.2
Δ Operative costs	-1.3
EBITDA 2008	13.0%

Positive factors:

- greater sales volumes;
- selling price trend.

Negative factors:

- raw material costs' trend;
- extraordinary costs due to the new scope of consolidation

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Higher amortization:

- Integration of Bertolini and Tailong;
- Higher investments in the production plants

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Increase of financial costs:

- Increase of interest rate;
- Higher debt due to acquisitions and increase in working capital in Q4;
- exchange rates

Lower tax rate: from 32.6% in 2007 to 28.9% in 2008

- Favourable country mix;
- Lower tax rate in Italy

CONSOLIDATED ASSETS AND LIABILITIES

€/mln	31.12.2008	31.12.2007
Net fixed assets	58	41,4
Net working capital	103,2	81,1
Net capital employed	161,2	122,5
Net Equity	99,4	91,0
Minority interests	0,5	0,5
Net financial debt	61,8	31,0
Debt/Equity	0,62	0,34

CASH FLOW STATEMENT

€/mln	31.12.2008	31.12.2007
Opening financial debt	-31	-37.9
Cash flow from operations	21.6	18.9
Change in net working capital	-22.6	1.3
Net capital expenditure	-15.1	-7.8
Net capital expenditure due to acquisitions	-7.8	
Dividend and others equity changes	-6.9	-5.6
Net financial debt at the end of the period	-61.8	-31

DIVIDEND AND BUY BACK PROPOSAL

- ✓ **2008 dividend: € 0.150 per share**, compared to €0.220 of the previous year in order to further strengthen the equity structure of the Group.
- ✓ **Buy-back:** increased **maximum limit** of purchase from n.1,200,000 to **n.1,500,000 shares**.

	FY 2008	FY 2007
ROI	15.5%	20.0%
ROE	15.0%	16.7%
ROCE	11.7%	14.0%
Nwc / Sales	42.4%	36.6%
Debt / Equity	0.62	0.34
Debt / Ebitda	1.95	1.04
Ebitda / interest paid	10.1	15.5



OUTLOOK 2009

2009 MACRO ECONOMIC SCENARIO

	GDP Growth			
	2007	2008	2009e	2010e
Eurozone	2,6	1	-3,2	0,1
World	5,2	3,4	-0,6	2,3
USA	2	1,1	-2,6	0,2

Source: IMF, February 2009

CONSISTENT R&D INVESTMENTS

- Consolidation of sales of product launched in 2008:

- ✓ 10 new products;
- ✓ 10 restyled products.

- Launch of 30 new products in 2009:

- ✓ 14 new products;
- ✓ 16 restyled products.



2009 DRIVERS: NEW PRODUCTS

Multimate.

- **Versatility** → one engine for different applications
- **Easy to use** → **Rev&Go** system (patented system)
- **Performance** → high performance, low vibrations and noise.

Emissions -80% Fuel consumption -40%

- **Storage** → Studied in order to take up less room as possible
- **Convenience** → Lower purchase cost





CHAINSaws – POWERCUTTERS – MOTOR HOES



2009 DRIVERS: NEW PRODUCTS



✓BRUSHCUTTER-LAWNMOWERS-GARDEN TRACTORS



- ✓ China - Far East-Middle East: growth through the new sales organization in China
- ✓ Strengthening of distribution synergies with Bertolini
- ✓ Logistic efficiency in the distribution through the European branches: lower costs, higher level of service.

2009 SALES FORECAST

We estimate to partially offset the decline of 2009 sales, due to the macro economic scenario, to 10% and 15% compared to 2008, thanks to the launch of new products and investments on the distribution network.

COSTS REDUCTION PLAN

As a consequence of sales decline, Emak elaborated a cost reduction plan:

- ✓ Operative costs: ~ - 10% vs. 2008
- ✓ Personnel costs: ~ - 5% vs. 2008

INVENTORY REDUCTION PLAN

Following the unusual increase in 4Q '08 due to the demand downturn, Emak elaborated an inventory reduction plan, based on strict demand monitoring, higher production flexibility, supply chain's lead time reduction and strong inventory control.

Target

Inventory / sales 2009 :

31%

vs

37% in 2008.

IMPROVED CASH FLOW

Although 2009 will be a difficult year, the reduction of operative costs and of the inventory will improve the free cash flow of at least €10 million.

KEEP ON WORKING FOR THE FUTURE

- ✓ 2009 investments will be in line with 2008 (€15-16mln, ~7% of sales);
- ✓ investments focused on high value projects;
- ✓ reorganization of processes in order to have a greater efficiency;
- ✓ no slowdown in our long term development plan.

CONTACTS

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