

Quarterly report at 31.03.2013

Emak Group financial highlights

Income statement (€/000)

Year 2012		1Q 2013	1Q 2012
354,780	Net sales	102,654	106,444
28,807	EBITDA (1)	12,526	11,408
16,647	EBIT	9,738	8,409
8,640	Net profit	6,501	3,920

Investment and free cash flow (€/000)

Year 2012		1Q 2013	1Q 2012
7,769	Investment in property, plant and equipment	1,520	2,010
1,481	Investment in intangible assets	369	355
20,800	Free cash flow from operations (2)	9,289	6,919

Balance sheet (€/000)

31.12.2012		31.03.2012	31.03.2011
244,907	Net capital employed	262,380	265,294
(99,866)	Net debt	(110,185)	(120,993)
145,041	Total equity	152,195	144,301

Other statistics

Year 2012		1Q 2013	1Q 2012
8.1%	EBITDA / Net sales (%)	12.2%	10.7%
4.7%	EBIT/ Net sales (%)	9.5%	7.9%
2.4%	Net profit / Net sales (%)	6.3%	3.7%
6.8%	EBIT / Net capital employed (%)	3.7%	3.2%
0.69	Debt / Equity	0.72	0.84
1,576	Number of employees at period end	1,587	1,601

Share information

Year 2012		1Q 2012	1Q 2011
0.051	Earnings per share (€)	0.039	0.024
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

CONSOLIDATED INCOME STATEMENT

FY 2012	€/000	1Q 2013	1Q 2012
354,780	Sales	102,654	106,444
3,506	Other operating income	438	559
(8,410)	Change in inventories	5,960	1,112
(193,035)	Raw and consumable materials and finished goods	(61,800)	(61,820)
(61,196)	Salaries and employee benefits	(16,442)	(16,364)
(66,838)	Other operating costs	(18,284)	(18,523)
(12,160)	Amortization, depreciation and impairment losses	(2,788)	(2,999)
16,647	Ebit	9,738	8,409
882	Financial income	217	69
(5,086)	Financial expenses	(1,049)	(1,204)
(387)	Exchange gains and losses	620	(672)
12,056	EBT	9,526	6,602
(3,416)	Income taxes	(3,025)	(2,682)
8,640	Net profit	6,501	3,920
(219)	(Profit)/loss attributable to minority interests	(66)	(46)
8,421	Net profit attributable to the group	6,435	3,874
0.051	Basic earnings per share	0.039	0.024
0.051	Diluted earnings per share	0.039	0.024

Comprehensive income statement

FY 2012	Figures in thousands of euros	1Q 2013	1Q 2012
8,640	Net profit (A)	6,501	3,920
154	Profits/(losses) deriving from the conversion of foreign company accounts	653	58
(295)	Profits/(losses) deriving from employee benefits	-	-
81	Tax effect relating to other components	-	-
(60)	Total other components to be included in the comprehensive income statement (B):	653	58
8,580	Comprehensive net profit (A)+(B)	7,154	3,978
(181)	Comprehensive net profit attributable to minority interests	(65)	(46)
8,399	Comprehensive net profit attributable to the group	7,089	3,932

Schedule showing consolidated assets-liabilities-financial situation

ASSETS			
31.12.2012	€/000	31.03.2013	31.03.2012
Non-current assets			
59,155	Property, plant and equipment	58,386	61,659
4,823	Intangible assets other than goodwill	5,071	5,158
30,809	Goodwill	31,047	29,579
232	Equity investments	232	232
18	Equity investments in related company	18	18
7,543	Deferred tax assets	7,941	7,482
320	Other non current financial assets	210	121
2,503	Other receivables	2,501	900
105,403	Total	105,406	105,149
Current assets			
120,958	Inventories	127,424	130,650
102,825	Trade and other receivables	136,692	140,528
6,023	Current tax assets	5,590	2,585
2	Other financial assets	1	1
61	Derivative financial instruments	65	22
16,229	Cash and cash equivalents	10,919	7,252
246,098	Total	280,691	281,038
351,501	TOTAL ASSETS	386,097	386,187
EQUITY AND LIABILITIES			
31.12.2012	€/000	31.03.2013	31.03.2012
Capital and reserves			
143,226	Total Group	150,315	142,614
1,815	Non-controlling interest	1,880	1,687
145,041	Total equity	152,195	144,301
Non-current liabilities			
34,326	Loans and borrowings	51,262	36,911
4,182	Deferred tax liabilities	4,215	4,282
9,071	Provisions for employee benefits	8,993	8,945
1,696	Provisions	1,732	1,847
0	Derivative financial instruments	0	90
1,150	Other non-current liabilities	1,122	1,275
50,425	Total	67,324	53,350
Current liabilities			
69,111	Trade and other payables	90,323	88,968
3,488	Current tax liabilities	4,872	6,146
80,822	Loans and borrowings	68,953	90,168
1,330	Derivative financial instruments	1,165	1,220
1,284	Provisions	1,265	2,034
156,035	Total	166,578	188,536
351,501	TOTAL EQUITY AND LIABILITIES	386,097	386,187

Consolidated net financial position

(€/000)	31.03.2013	31.12.2012	31.03.2012	31.12.2011
Cash and banks	10,919	16,229	7,252	10,901
Securities and derivative financial instruments	65	61	22	174
Other financial assets	1	2	1	1
Financial liabilities	(68,953)	(80,822)	(90,168)	(65,866)
Derivative financial instruments	(1,165)	(1,330)	(1,219)	(1,156)
Short-term net debt	(59,133)	(65,860)	(84,112)	(55,946)
Other financial assets	210	320	120	136
Financial liabilities	(51,262)	(34,326)	(36,911)	(41,398)
Derivative financial instruments	0	0	(90)	(90)
Long-term net debt	(51,052)	(34,006)	(36,881)	(41,352)
Cash and banks	10,919	16,229	7,252	10,901
Securities and derivative financial instruments	65	61	22	174
Other financial assets	211	322	121	137
Financial liabilities	(120,215)	(115,148)	(127,079)	(107,264)
Derivative financial instruments	(1,165)	(1,330)	(1,309)	(1,246)
Total net debt	(110,185)	(99,866)	(120,993)	(97,298)

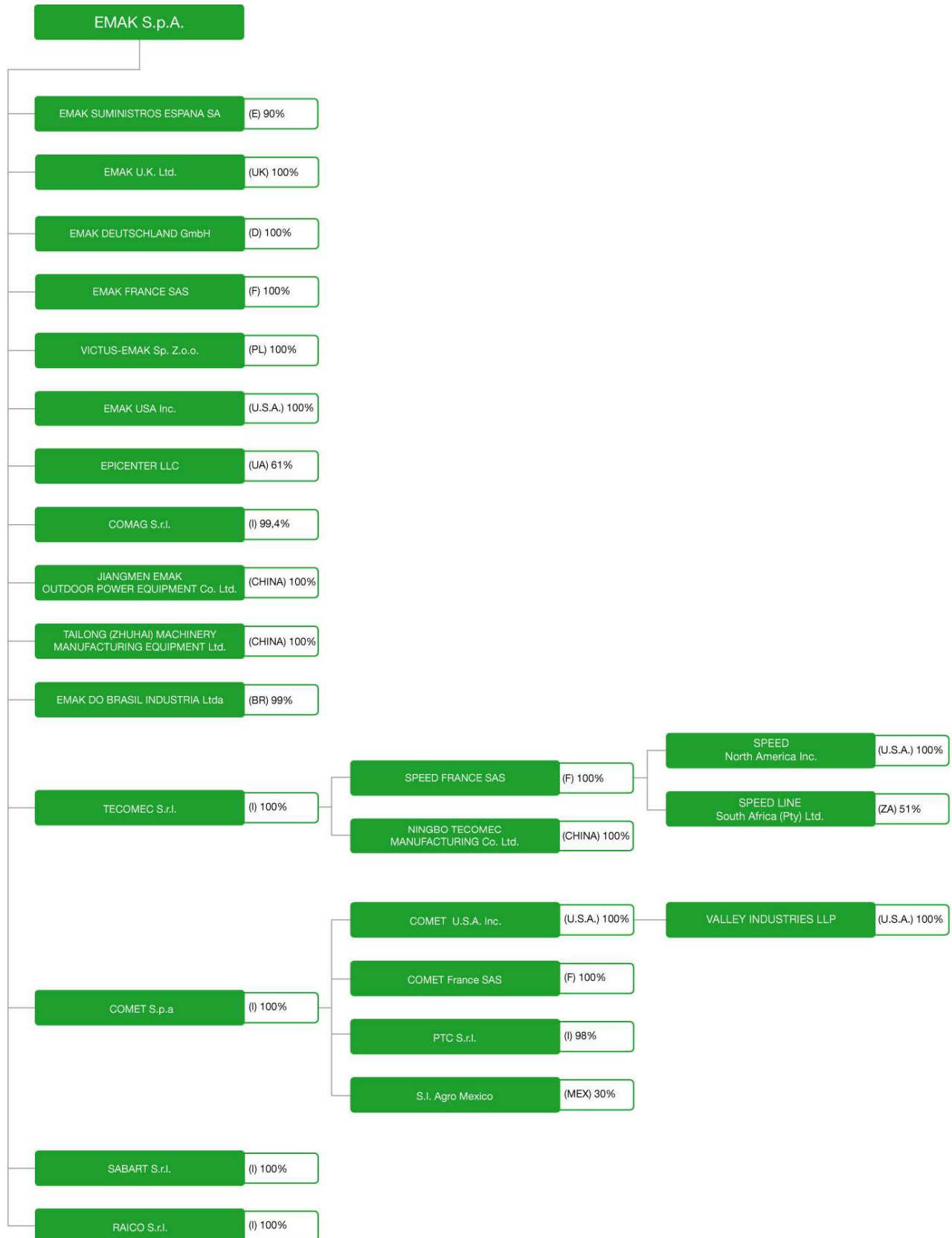
Changes in consolidated equity

The following table reports changes in consolidated equity between 31st December 2011 and 31st March 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	IAS 19 reserve	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												
Profit reclassification			262					1,405	(5,755)	(4,088)	(99)	(4,187)
Other changes								507		507		507
Net profit					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								8,421	(8,421)	0		0
Other changes										0		0
Net profit					654				6,435	7,089	65	7,154
Balance at 31.03.2013	40,594	42,454	1,700	1,138	2,765		27,733	27,710	6,435	150,315	1,880	152,195

*the share capital at 31.12.11 of € 42,623 is shown net of treasury shares of a value of € 2,029

Emak Group structure as of 31st March 2013



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 2011.

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.

Compared to the scope of consolidation at 31 March 2012, the newly incorporated company Emak do Brasil Industria Ltda became part of the Group since 1 July 2012, and from October 1, 2012 is deconsolidated the company Emak Benelux NV

Significant, non-recurring transactions or atypical, unusual transactions

During the first quarter of the year, there were no transactions of this nature.

Treasury shares

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

From 01.01.2013 to 31.03.2013 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

Income Statement

1. Sales

The consolidated turnover for the first quarter 2013 amounted to €102,654 thousand compared to €106,444 thousand for the same period of the previous year, a decrease of 3.6%.

The following table shows the breakdown by segment of the sales in the first quarter 2013 and in the same period of the previous year.

€/000	31.03.2013	%	31.03.2012	%	% Change
Agriculture & Forestry	42,047	41.0%	44,449	41.8%	-5.4%
Construction & Industry	18,501	18.0%	17,024	16.0%	8.7%
Lawn & Garden	42,106	41.0%	44,971	42.2%	-6.4%
Total	102,654	100%	106,444	100%	-3.6%

The first quarter of the year was characterized by particularly adverse weather conditions: specifically, the late start to the spring season resulted in a drop in demand for most products of the segments "Agriculture and Forestry" and "Gardening", with a consequent impact on Group sales.

The good sales of machines and accessories for washing contributed to the increase in segment "Construction and Industry".

The following table shows the breakdown by geographic area of the sales in the first quarter 2012, compared to the same period of the previous year.

€/000	31.03.2013	%	31.03.2012	%	% Change
Europe	73,010	71.1%	74,500	70.0%	-2.0%
Americas	18,959	18.5%	17,680	16.6%	7.2%
Asia, Africa and Oceania	10,685	10.4%	14,264	13.4%	-25.1%
Total	102,654	100%	106,444	100%	-3.6%

Sales in Europe were affected by the adverse weather conditions that have characterized the first months of the year and the persistence of macroeconomic uncertainty that had a negative impact on the demand for the Group's products. The decline in most Western European countries, and especially in Italy, was only partially offset by the good results achieved in some markets of Eastern Europe, particularly in Russia and the Czech Republic.

The increase in sales in the "Americas" is related to the good results obtained thanks to favorable market conditions and commercial initiatives undertaken by the Group.

The decrease in "Asia, Africa and Oceania" was mainly due to lower sales achieved in Turkey, due to the high levels of dealer inventories.

2. EBITDA

EBITDA for the first quarter 2013 amounts to €12,526 thousand, compared to €11,408 thousand for the corresponding quarter of the previous year, an increase of 9.8%.

The result for the first quarter of 2012 was negatively impacted by two non-recurring items for a total amount of €2,226 thousand: the economic effect of the reversal of intercompany margins consequent to the widening of the

scope of consolidation in the amount of €2,036 thousand and advisory fees for M&A transactions in the amount of €190 thousand.

Adjusting the data for these effects, EBITDA in the first quarter of 2013 would have decreased by 8, 1% over the same period.

EBITDA benefited during the quarter of the adjustment of selling prices and the decrease in the cost of raw materials and components.

It has also to be pointed out a decrease in other operating costs, with particular reference to the provision of services, as a result of a accurate policy of rationalization adopted by the Group.

The average number of employees in the workforce, including temporary workers in the first quarter of 2013 was 1,776 against 1,703 in the same period of the previous year. During the quarter, the group made use of social welfare.

Ebitda as a percentage of revenues was 12.2%, compared to 10.7% in the same period last year..

3. EBIT

EBIT for the first quarter 2013 is € 9,738 thousand, compared to € 8.409 million for the same quarter of last year.

Depreciation and amortization are € 2,788 thousand, compared to € 2,999 thousand in the same period of the previous year.

EBIT as a percentage of sales stands at 9.5% compared to 7.9% of the first quarter 2012.

Non-annualized EBIT as a percentage of net invested capital is 3.7% compared to 3.2% in the same period of the previous year.

4. Net profit

Net profit for the first quarter 2013 is € 6,501 million, against € 3,920 million for the same quarter of the previous year.

The improvement of financial management mainly reflects the decrease in the net financial position compared to the same period last year.

Currency management is positive for € 620 thousand due to the performance of the exchange rate of the U.S. dollar / Euro, against the negative balance amounting to € 672 thousand in the same period.

The tax rate of 31.7%, decreased compared to 40.6% in the same period of the previous year, due mainly to the lower incidence of taxable IRAP and the different distribution of taxable income between countries where the Group operates.

Balance sheet and financial position

1. Net non-current assets

During the first quarter 2013 Emak Group invested € 1,889 thousand in property, plant and equipment and intangible assets, as follows:

- € 423 thousand for product innovation;
- € 841 thousand for adjustment of production capacity and for process innovation;
- € 239 thousand for upgrading the computer network;
- € 115 thousand for adjustment of industrial buildings;
- € 271 thousand for other managerial working investments.

Investments broken down by geographical area are as follows:

- € 1,264 thousand in Italy;
- € 345 thousand in Europe;
- € 280 thousand in the Rest of the World.

2. Net working capital

The net working capital, compared to December 31, 2012, increased of € 17,322 thousand, passing from €155,922 thousand to € 173,244 thousand. The following movements are shown in detail below:

€/000	1Q 2013	FY 2012
Net working capital at 01 January 2013	155.922	157.500
increase/(decrease) in inventories	6.466	560
increase/(decrease) in trade receivables	32.357	33.712
(increase)/decrease in trade payables	(19.349)	(15.481)
change in scope of consolidation (acquisition)	0	4.077
variation for acquisition line of business	0	147
other changes	(2.152)	(3.900)
Net working capital at 31 March 2013	173.244	176.615

The trend in net working capital at March 31, 2013 is mainly explained by the seasonality of sales.

3. Equity

Consolidated net equity stands at € 152,195 million, compared to € 145,098 million as of 31st December 2012. Earnings per share as of 31st March 2013 are € 0.029 compared to € 0.024 for the same period of the previous year.

4. Net financial position

Net negative financial position increased from € 99,866 thousand at 31.12.2012 to € 110,185 thousand at 31.03.2013. The increase is mainly attributable to the increase in net working capital, consistent with the seasonality of sales.

It should be noted that in the early months of 2013 the Group concluded operations to reposition the long-term maturities of its loans in order to achieve a better financial balance: impact of medium-long term debt position on the total net financial position in fact stood at 46% compared to 34% at 31 December 2012 and 30% in the same period of last year.

Free cash flow from operations after tax is € 9,289 thousand, compared with € 6,919 thousand in the same period of last year.

The following table shows the movements in the net financial position of the quarter:

€/000	1Q 2013	1Q 2012
Opening NFP	(99.866)	(97.298)
Cash flow from operations, excl. changes in operating assets and liabilities	9.289	6.919
Changes in operating assets and liabilities	(17.773)	(15.504)
Cash flow from operations	(8.484)	(8.585)
Cash flow from investments and disinvestments	(2.488)	(2.036)
Other equity changes	654	240
Change in consolidation area	0	(13.314)
Closing NFP	(110.184)	(120.993)

Long-term financial payables include not only the non-current portion of loan principal repayments but also the portion of finance leases falling due after more than 12 months.

Short-term financial payables mainly consist of:

- overdrafts;
- loan repayments falling due by 31.03.2014;
- amounts due to other providers of finance falling due by 31.03.2014.

Business outlook

The first quarter sales were penalized by unfavorable weather conditions, which led to a delayed start of the spring season, and a macro economic environment still characterized by high uncertainty. Based on the backlog and sales forecast the late start of the year is expected to be recovered in the second quarter .

Subsequent events

There are no significant events.

Bagnolo in Piano (RE), 14 May 2013

On behalf of the Board of Directors

Chairman

Fausto Bellamico

STATEMENT

Subject: Quarterly report at 31st March 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 24 February 1998

that, to the best of my knowledge, the Quarterly Report at 31st March 2013, examined and approved today by the Board of Directors of the company, corresponds with the accounting documents, ledgers and records,

Yours faithfully,

Bagnolo in Piano (RE), 14 May 2013

Aimone Burani
executive in charge
of preparing the accounting statements