

# Full year results 2007

STAR Conference - Milan

March 5<sup>th</sup> and 6<sup>th</sup>, 2008





# Economic and Financial Data

## CONSOLIDATED P&L ACCOUNTS

€/mln	Full Year 2007	Full Year 2006	Change%
<b>Turnover</b>	217.8	208.4	4.5%
<b>Ebitda</b>	30.2	25.1	20.3%
<i>Margin %</i>	<i>13.9%</i>	<i>12.0%</i>	
<b>Ebit</b>	24.7	19.8	24.7%
<i>Margin %</i>	<i>11.3%</i>	<i>9.5%</i>	
<b>Group Net Profit</b>	15.3	11.3	35.4%
<i>Margin %</i>	<i>7.0%</i>	<i>5.4%</i>	
<b>EPS (€)</b>	0.554	0.407	36.1%

- Improvement in product mix;
- Improvement in production efficiency.

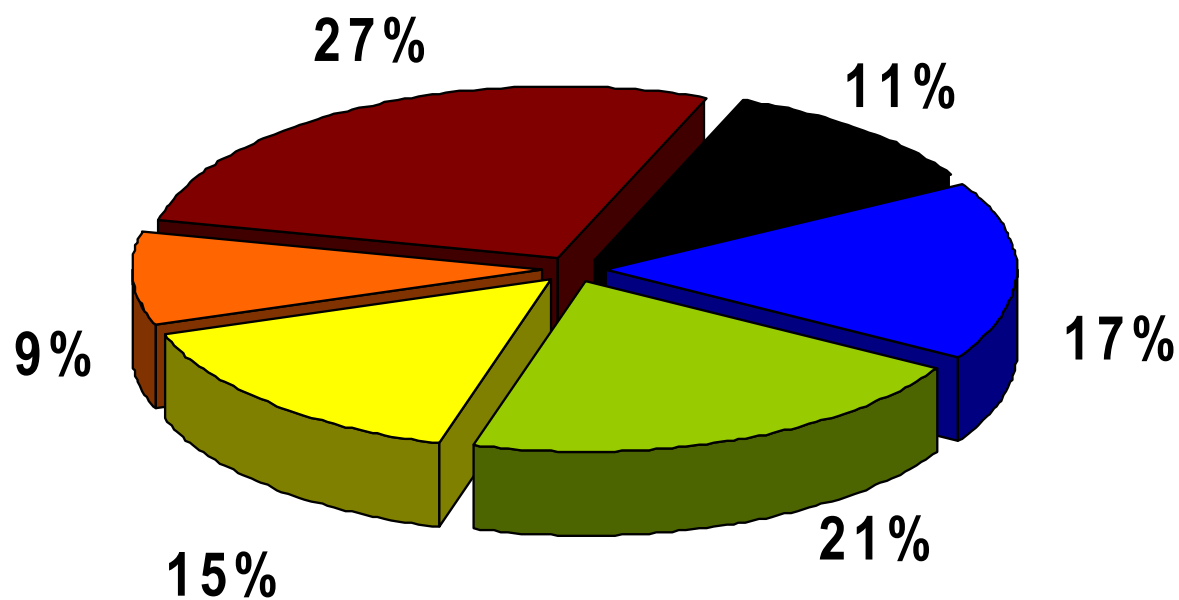
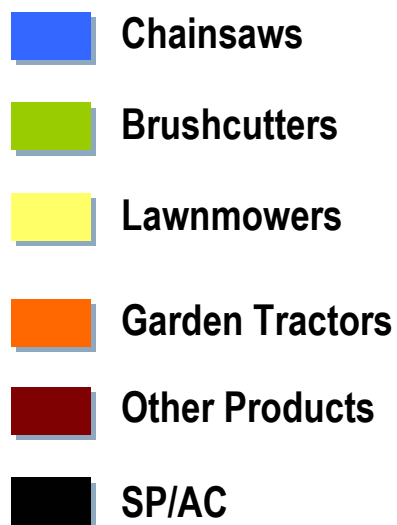


## TURNOVER BREAKDOWN BY PRODUCT LINE

€/mIn	Full Year 2007	Full Year 2006	Change%
<b>Brushcutters</b>	45.4	39.9	13.6%
<b>Chainsaws</b>	36.6	38.6	-5.2%
<b>Lawnmowers</b>	33.6	33.1	1.6%
<b>Garden tractors</b>	19.3	16.9	13.6%
<b>Other products</b>	59.2	57.3	3.4%
<b>Spare parts/accessories</b>	23.7	22.5	5.5%
<b>Total</b>	<b>217.8</b>	<b>208.4</b>	<b>4.5%</b>

- Launch and consolidation on the market of new products;
- All grass-cutting products benefited from favourable weather conditions;
- Decrease in sales of chainsaws as a result of cyclic trends in the sector and of unfavourable weather conditions.

## TURNOVER BREAKDOWN BY PRODUCT LINE

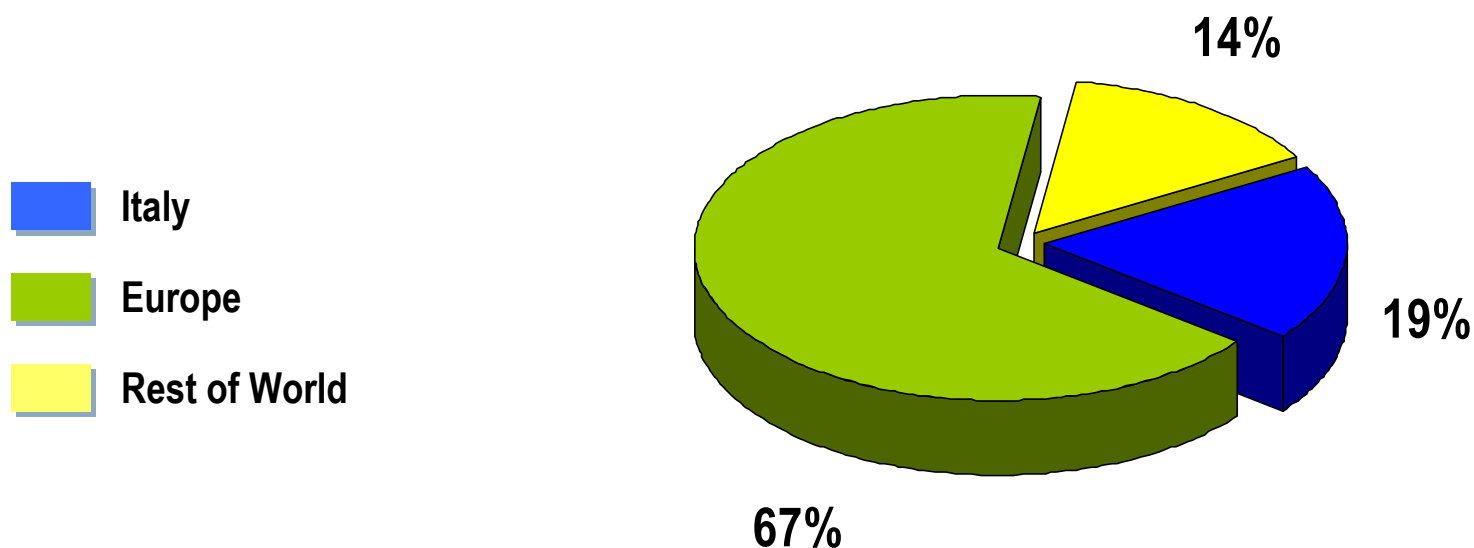


## TURNOVER BREAKDOWN BY GEOGRAPHICAL AREA

€/000	Full Year 2007	Full Year 2006	Ch.%
Italy	41.1	40.8	0.5%
Europe	145.2	134.7	7.8%
Rest of world	31.5	32.8	-3.7%
<b>Total</b>	<b>217.8</b>	<b>208.4</b>	<b>4.5%</b>

- Growth driven by sales in the European market, particularly in East Europe countries;
- Italian market affected by a serious macroeconomic situation;
- In the Rest of the World the growth in Latin America did not compensate the decrease in sales in the Middle East.

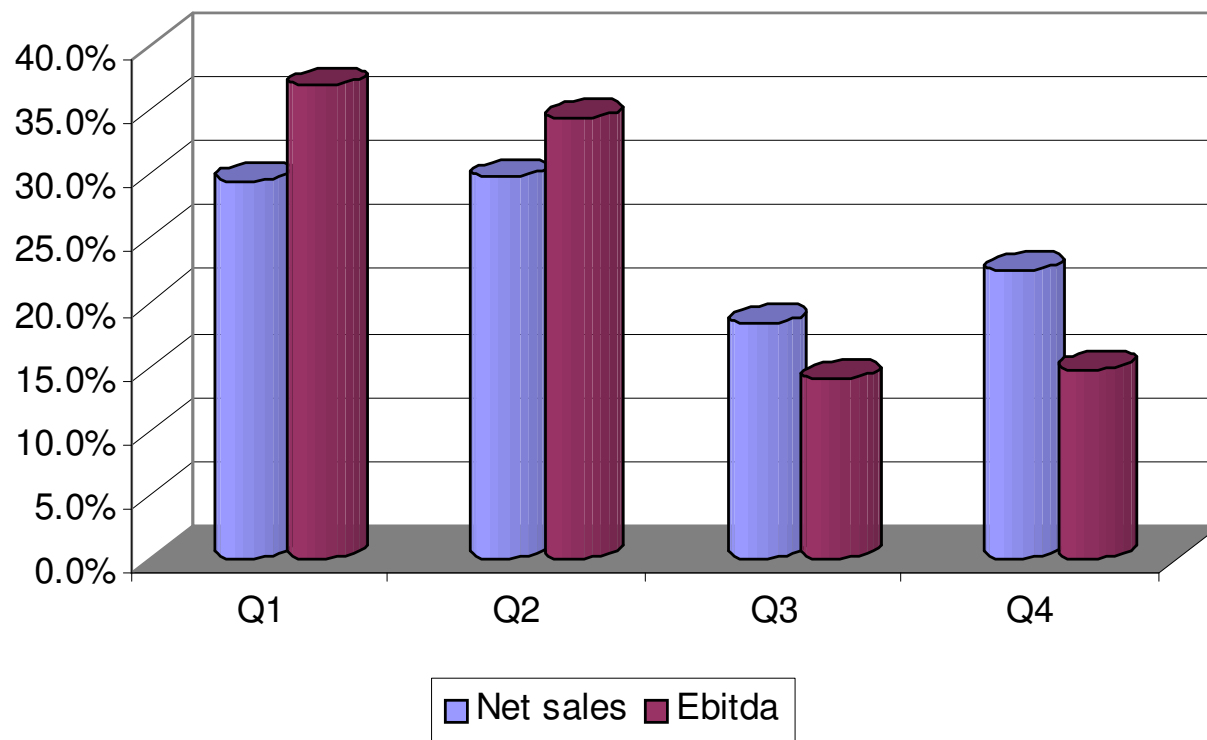
## TURNOVER BREAKDOWN BY GEOGRAPHICAL AREA



**80 Countries – 20.000 Dealers**

## SEASONALITY

First half normally represents approx. 60% of sales, 70% of Ebitda





## CONSOLIDATED ASSETS AND LIABILITIES

€/mln	31.12.2007	31.12.2006
Net fixed assets	42.6	38.0
Net current assets	80	81.7
<b>Net capital employed</b>	<b>122.6</b>	<b>119.7</b>
Net Equity	91.1	81.3
Minority interests	0.5	0.5
Net financial debt	31.0	37.9
<b>Debt/Equity</b>	<b>0.34</b>	<b>0.46</b>

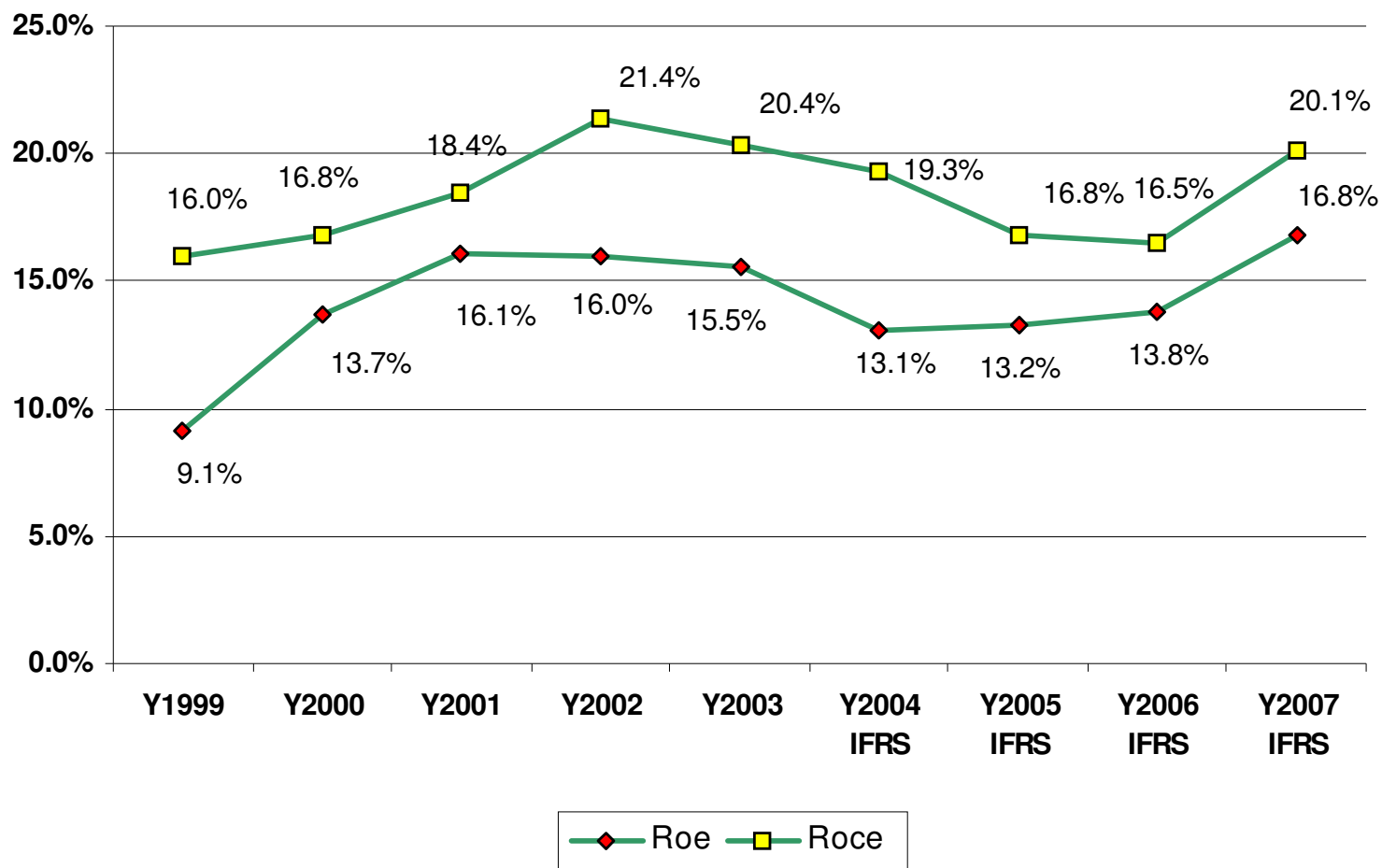
- Decrease in **net current assets**: reduction in inventories;
- Improvement in **net debt**: lower working capital requirements.

## CASH FLOW STATEMENT

€/mln	31.12.2007	31.12.2006
<b>Opening financial debt</b>	<b>-37.9</b>	<b>-25.8</b>
Cash flow from operations	19.1	16.3
Change in operating assets and liabilities	1	-15.4
Net capital expenditure in tangible and intangible fixed assets	-7.6	-8.2
Dividend and others equity changes	-5.6	-4.8
<b>Net financial debt at the end of the period</b>	<b>-31</b>	<b>-37.9</b>

€/mln	31.12.2007	31.12.2006
Inventories	2	-8.4
Receivables	-0.5	-2.4
Payables	-0.1	-5.2
Others	-0.4	0.6
<b>Detail of change in operating assets and liabilities</b>	<b>1</b>	<b>-15.4</b>

## ROE AND ROCE EVOLUTION



## CAGR 1999-2007

CAGR 1999-2007	
Turnover	11.8%
Ebitda	11.4%
Ebit	15.0%
Net Profit	18.6%
Cash flow	11.7%

## SHAREHOLDERS VALUE CREATION

Total Return to Shareholders									
Year	1999	2000	2001	2002	2003	2004	2005	2006	2007
Price at 31.12 (€)	1.790	2.041	2.350	2.380	3.220	3.818	4.773	4.844	5.3
Share Performance Y/Y		13.3%	15.1%	1.3%	35.3%	18.6%	25.3%	1.5%	9.4%
Distributed dividend (€ mln)		2.1	2.9	3.6	3.9	4.0	4.0	4.1	4.8
Dividend (€)		0.077	0.103	0.130	0.140	0.145	0.145	0.150	0.175
Yield Y/Y (%)		4.3%	5.0%	5.5%	6.0%	4.5%	3.8%	3.1%	3.6%
Pay out policy		55%	45%	44%	43%	42%	46%	44%	43%

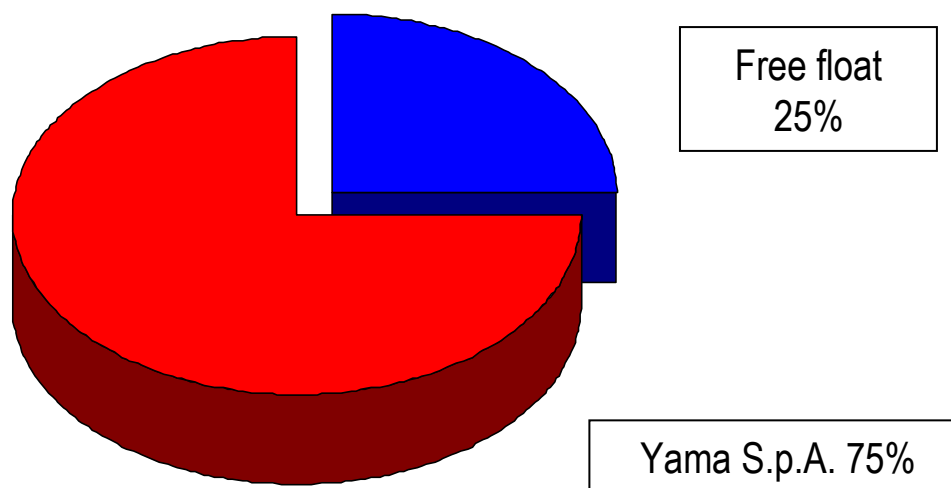


# 2008-2010 Plan



## EMAK GROUP HIGHLIGHTS

- Listed at the Milan Stock Exchange (1998). “STAR” segment for high performing shares



### •YAMA S.p.A.

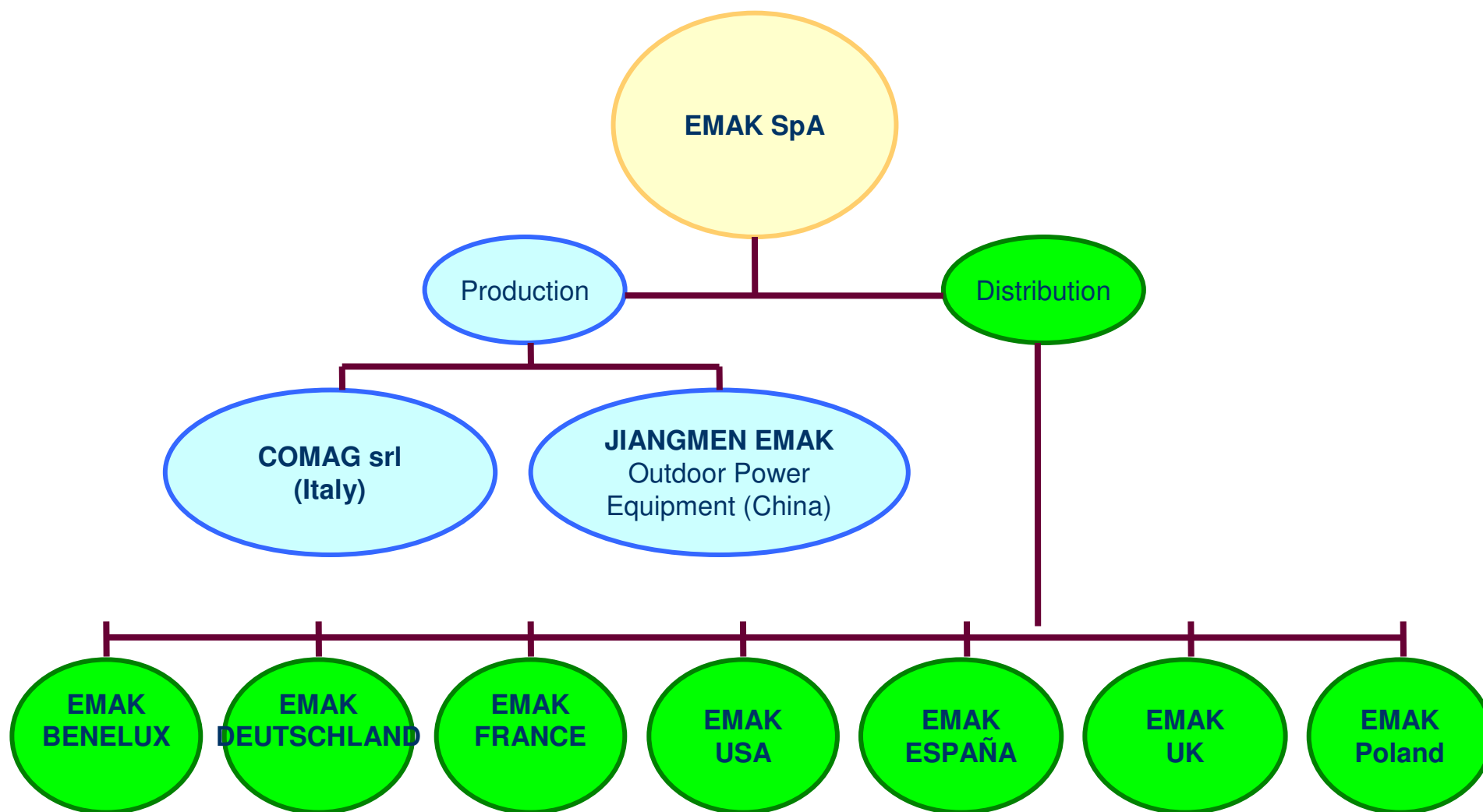
- Yama S.p.A. is an Italian industrial holding including more than 30 companies involved in agriculture, forestry and gardening business
- Turnover: € 405 mln (consolidated 2006)
- 2.000 employees

## EMAK GROUP HIGHLIGHTS



- **3rd largest european manufacturer** of chainsaws and brushcutters
- **€ 218 mln turnover** in 2007
- **1 million machines per year**
- **1.000 employees**
- **7 distribution branches** (6 in Europe and 1 in USA)
- **3 production plants** (2 in Italy and 1 in China)







## EMAK GROUP STRUCTURE



## BRANDS



## 17 PRODUCT FAMILIES – 130 MODELS

					
chainsaws	brushcutters	lawnmowers	hedgecutters	blowers	pressure cleaners
					
mistblowers	sprayers	waterpumps	tillers	tree-shakers	earth-borers
					
gardentractors	shredders	Scarifiers	transporters	Power cutters	

## EMAK GROUP PRODUCTION PLANTS



**Emak SpA**

*ITALY (Bagnolo in Piano - Reggio Emilia)*



**Comag Srl**

*ITALY (Pozzilli - Isernia)*



**Jiangmen Emak Outdoor Power Equipment Co. Ltd**

*CHINA (Jiangmen City)*



## EMAK GROUP PRODUCTION PLANTS

### **Emak Spa**

- Hand held products for premium segment

### **Comag Srl**

- Lawnmowers Production

### **Jiangmen Emak Outdoor Power Equipment Co. Ltd**

- Hand held and electric products for consumer segment
- Unit Controlled 100% by Emak
- Engineering and Quality Control Managed by Emak Staff

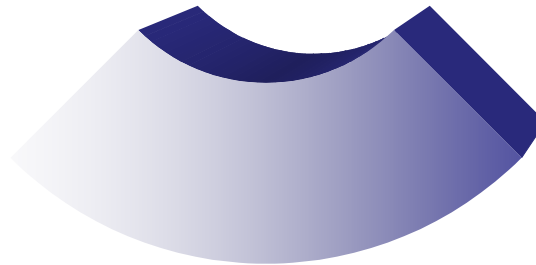
## MISSION

**“Leading edge solutions providing the best value for the Customer”**



**Customer satisfaction**

**Value creation**



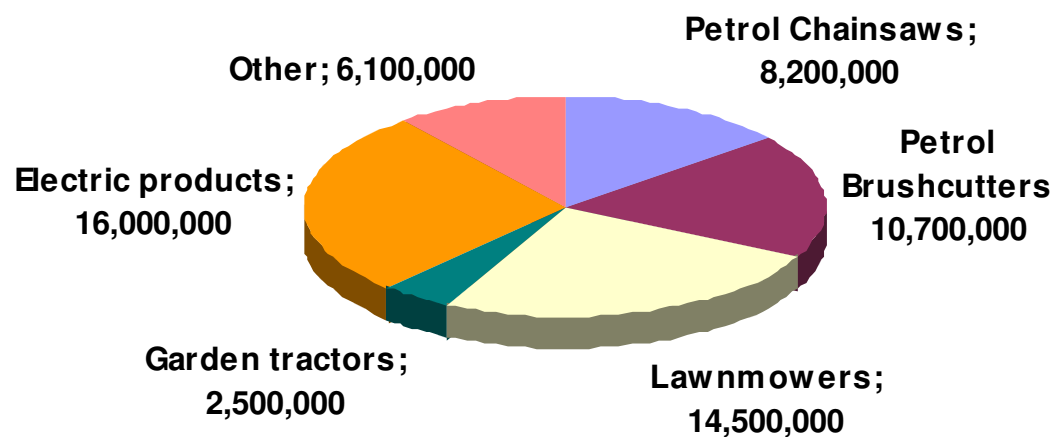
## STRATEGY



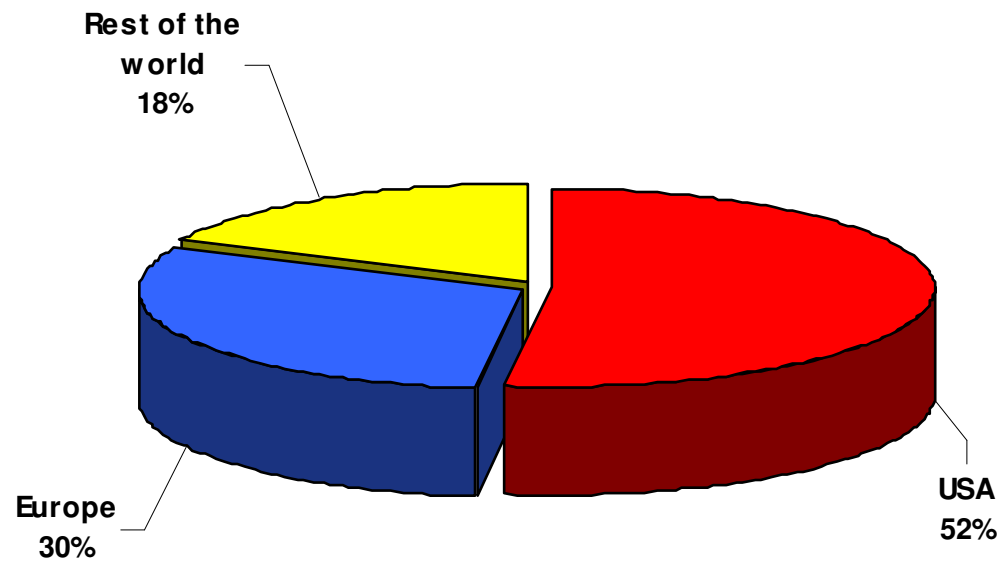
## OUR NEW PAY OFF



## MARKET – volume estimate Breakdown by product line



## MARKET – volume estimate Breakdown by area





## MARKET

### Breakdown by distribution channel

	<i><b>Traditional</b></i>	<i><b>DIY</b></i>	<i><b>Other channels</b></i>
Chainsaws	58%	32%	10%
Brushcutters	45%	48%	7%
Lawnmowers	33%	58%	9%
Garden tractors	41%	53%	6%
Electric products	19%	67%	14%
Other	68%	20%	12%
<b>Total quantity</b>	<b>39%</b>	<b>51%</b>	<b>10%</b>
<b>Total value</b>	<b>50%</b>	<b>38%</b>	<b>12%</b>

## EMAK MARKET SHARE (traditional channel)

<b>Areas</b>	<b><i>Chainsawas</i></b>	<b><i>Brushcutters</i></b>	<b><i>Lawnmowers</i></b>
Italy	14%	20%	13%
Europe (incl. Italy)	7,8%	12,1%	5,6%
North America	0,1%	0%	0%
Rest of the World	4,2%	2,6%	2,4%
<b>Global</b>	<b>4,7%</b>	<b>4,6%</b>	<b>2,8%</b>

## STRENGTH & OPPORTUNITIES

- Technological know how in engine development
- Production capacity (3 plants) and localization: flexibility and competitiveness to support demand increase
- One of the most complete product range in the sector
- Direct control of the dealer network in 8 strategic markets (70% of global demand and 60% of Emak turnover)
- Business development plans in the most important areas (North America, Brasil, India, China)
- The financial structure (debt/equity ratio 0.34) and the cash flow give the company a wide margin of action in terms of internal and external growth

## GROWTH DRIVERS

### Investments strategy:

1. **Products**
2. **Distribution network**
3. **Logistic**
4. **Acquisitions**

## INVESTMENTS ON PRODUCTS

- 30 new products scheduled for the next 3 years, 10 of which in 2008;
- Restyling of existing products;
- Development of solutions to meet the new emission regulations
- Products “fit for the use”.



**Hobby**



**Farmers**



**Professional**

## TECHNOLOGY FOR THE FUTURE

- Emak is ready to meet emission regulations imposed by

**European Community (EURO 2)**

**USA (EPA 2)**

- Emak solution is named BURN RIGHT
- The Emak technology will ensure:
  - Improvement of performance
  - drastic reduction of emissions (-80%)
  - drastic reduction of consumptions (-40%)





## PRIZE FOR MOST INNOVATIVE PRODUCT – GERMANY



## INVESTMENTS ON DISTRIBUTION NETWORK

- **Increase of marketing investments in Italy and in the foreign branches;**
- **More marketing investments in strategic area such as Russia and Turkey;**
- **Specific plans for overseas markets**
  - ✓ Brazil
  - ✓ China
  - ✓ India
- **Launch of new Victus line for alternative distribution channels**

## INVESTMENTS ON LOGISTIC

- **New advanced Spare Parts center**
- **Cooperation with premium logistic provider**

## ACQUISITION OF BERTOLINI

In January 2008 Emak acquired Bertolini for € 6.5 mln (equity value).

- FY 2007 turnover: € 21.4 mln

- Products:

- ✓ Motorhoes
- ✓ Tillers
- ✓ Transporters
- ✓ Power mowers

- Markets:

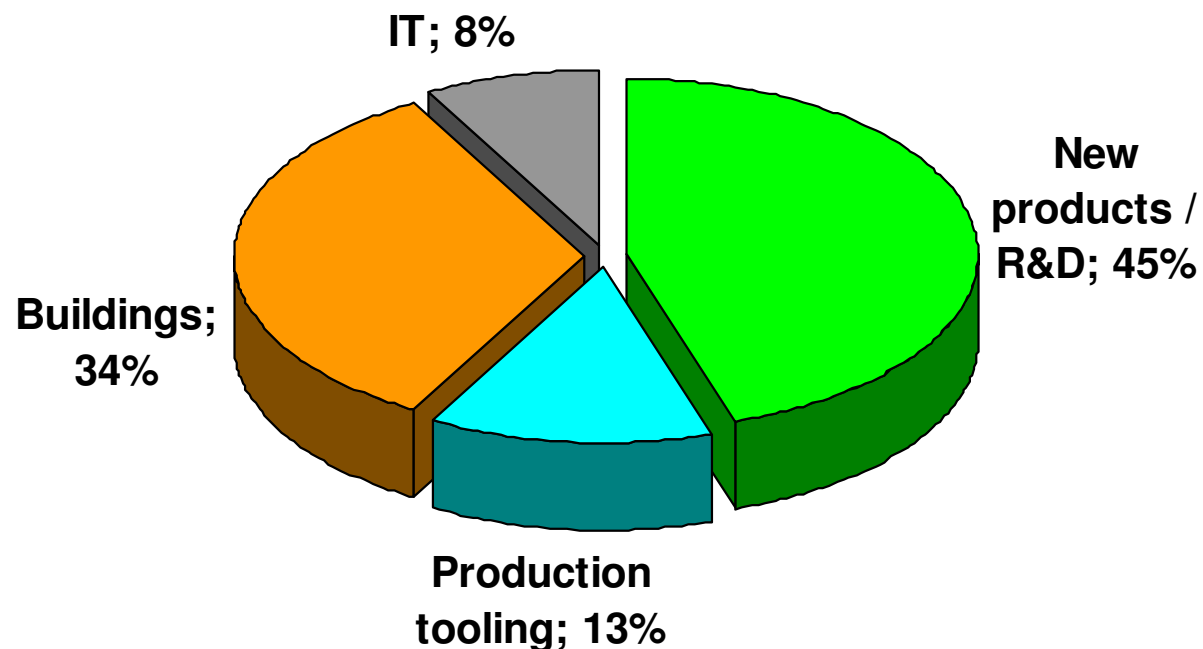
- ✓ 45% of sales in Italy
- ✓ 45% of sales in Europe
- ✓ 10% of sales in the Rest of the World

- Synergies:

- ✓ product;
- ✓ production;
- ✓ distribution



**TOTAL INVESTMENTS 2008 - 2010: €37 mln**  
**YEARLY CAPEX ON SALES: 4.6%**



45% of total company investments  
addressed to new product development

## ESTIMATED GROWTH PROJECTIONS 2008 - 2010

CAGR 2008-2010	
Turnover	12.0%
Ebitda	20.0%
Ebit	20.0%

## CONTACTS

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