

STAR Conference 2008 London

October 9th, 2008





Company profile

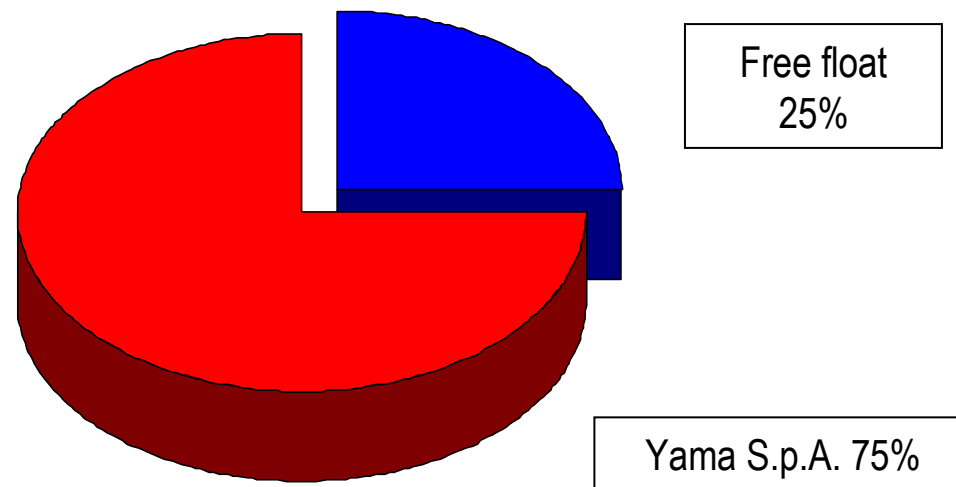
EMAK GROUP HIGHLIGHTS



- **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)
- **4 production plants** (2 in Italy and 2 in China)

EMAK GROUP HIGHLIGHTS

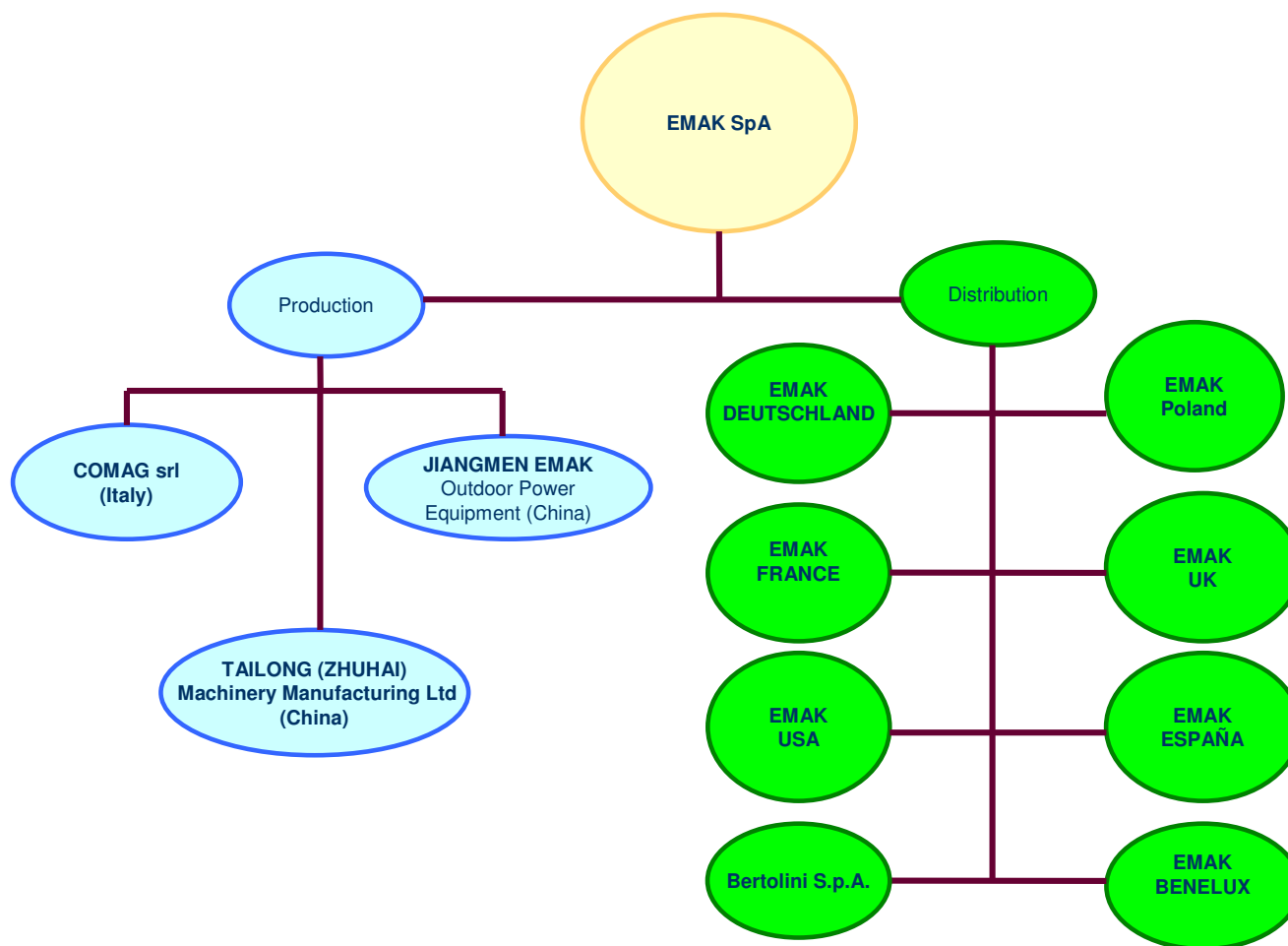
- Listed at the Milan Stock Exchange (1998). “STAR” segment for high performing shares



- **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: € 419 mln (consolidated 2007)
- 2,000 employees

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

80 Countries – 20.000 Dealers

EMAK GROUP PRODUCTION PLANTS

Emak S.p.A.

Hand held products for premium segment

New investments: spare parts logistic center

Comag S.r.l.

Lawnmowers and Tillers Production

New investments: increased capacity by 50%

Jiangmen Emak

Hand held and electric products for price sensitive markets
Management, Engineering and Quality Control by Emak Staff

New investments: additional 20,000 m² of plant's surface

Tailong (Zhuhai)

Cylinders for small internal combustion engines

Management, Engineering and Quality Control by Emak Staff

New investments: doubling of production capacity

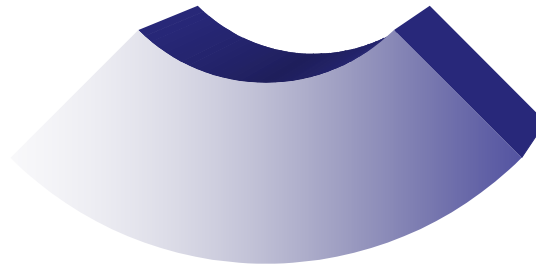
MISSION

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



Customer satisfaction

Value creation



STRATEGY



STRENGTH & OPPORTUNITIES

- Technological know how in engine development
- Production capacity (4 plants) and localization: flexibility, competitiveness and vertical system to support demand increase
- One of the most complete product range in the sector
- Innovative products
- Direct control of the dealer network in 8 strategic markets (representing 65% of global demand and 50% of Emak turnover)
- Business development plans in the most important areas (North America, Brasil, India, China)
- The financial structure (debt/equity ratio 0.41) 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**

BERTOLINI ACQUISITION

Bertolini was **acquired in January 2008** for € 6.5mln.

Aims of the transaction:

- product synergies
- production synergies
- distribution synergies

In 2007 Bertolini reported the following results:

€/mln	31.12.2007
Net sales	21.4
EBITDA	1.3
EBIT	0.9
Net profit	0.2
Total equity	4.5
Net debt	(7.8)
Net non-current assets	0.8
Net working capital	11.4

Incorporated starting from **November 2008**.

Aim of the incorporation:

- strong impact on products and marketing development;
- cost efficiency: recover € 1mln in 2009 at EBITDA level.

TAILONG ACQUISITION

Tailong was acquired in July 2008 for € 2.5 mln.

Aims of the transaction:

- technology control;
- vertical production system;
- organizational synergies:
 - R&D;
 - quality;
 - supply chain.

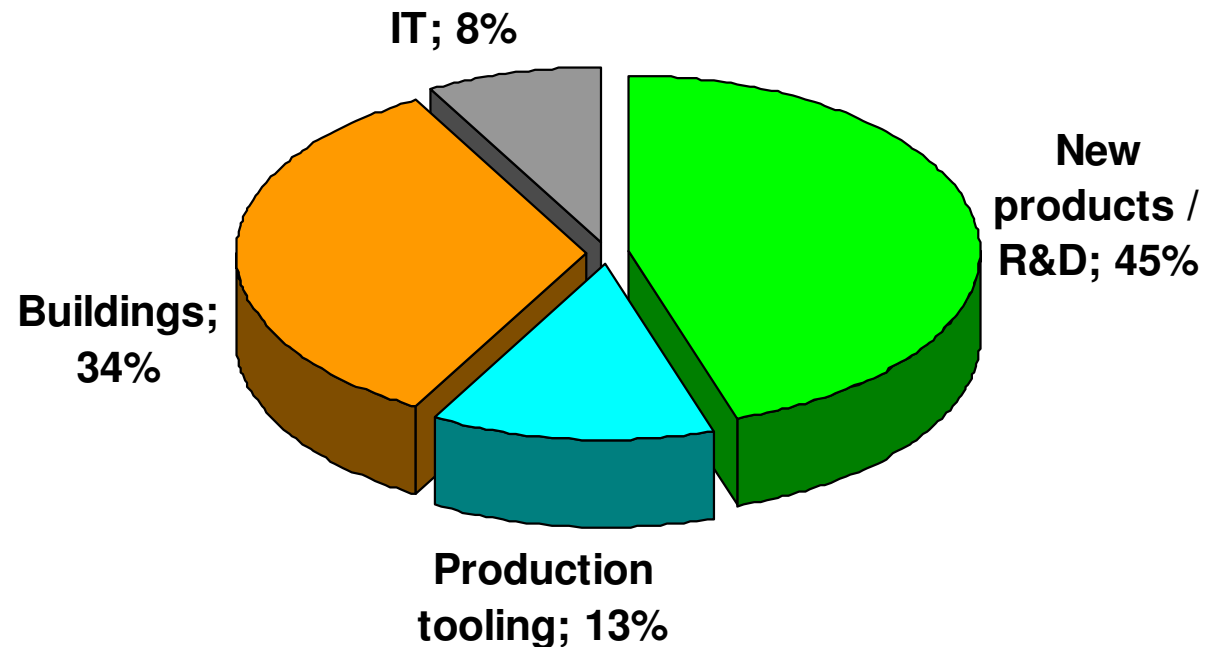
The following are the expected profit and loss accounts for 2008:

€/mln	FY 2008e
Net sales	4.6
EBITDA	0.5
EBIT	0.3
Net profit	0.2

70% of the
production for Emak
Jiangmen

€ 0.7mln contribution to
consolidated turnover

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



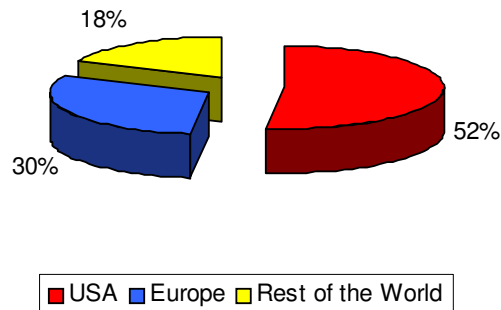
45% of total company investments
addressed to new product development



The market

MARKET

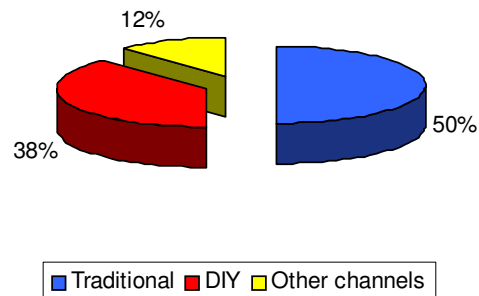
Breakdown by area
Value



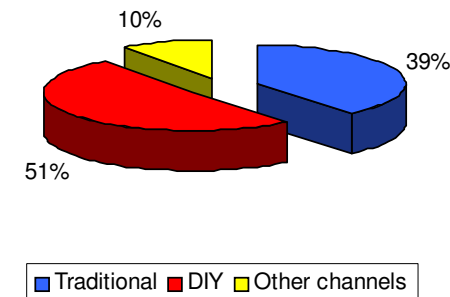
Global market value (sell-in): €15-16 billion
 Traditional channel market value: € 7-8 billion
 Emak market share (traditional channel):

- Global ~ 3%;
- Europe (85% of total turnover) ~ 8%.

Breakdown by distribution channel
Value



Breakdown by distribution channel
Quantity





Economic and Financial Results

CONSOLIDATED P&L ACCOUNTS

€/mln	Half Year 2008	Half Year 2007	Change%
Turnover	151.1	130.2	16.1%
Ebitda	24.1	21.7	11.1%
<i>Margin %</i>	<i>16.0%</i>	<i>16.7%</i>	
Ebit	21.0	19.0	10.7%
<i>Margin %</i>	<i>13.9%</i>	<i>14.6%</i>	
Group Net Profit	14.7	12.4	18.6%
<i>Margin %</i>	<i>9.8%</i>	<i>9.6%</i>	
EPS (€)	0.538	0.449	19.8%

TAX RATE

FY 2007	projection	FY 2008e
32.6%		30%
1H 2007	7.3 percentage points	1H 2008
33%		25.7%

Due to:

- 3.5 points reduction in the tax rate in Italy;
 - 1.6 points fiscal release (one off);
 - 2.2 points more favourable country mix.

TURNOVER BREAKDOWN BY PRODUCT LINE

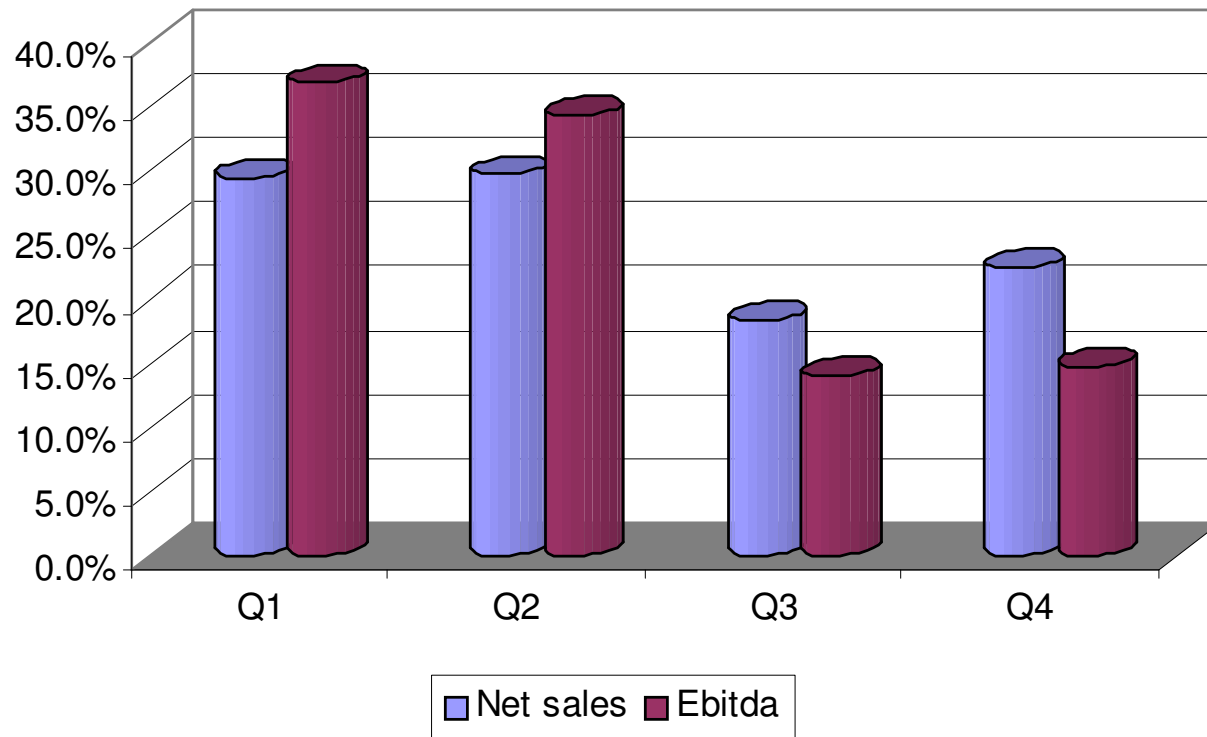
€/mln	30.06.2008	%	30.06.2007	%	% Change
Agriculture & Forestry	41.1	27.2%	27.2	20.9%	51.2%
Construction & Industry	6.7	4.4%	3.4	2.6%	95.1%
Lawn & Garden	88.0	58.2%	87.6	67.3%	0.4%
Spare parts & Accessories	15.3	10.2%	12.0	9.2%	28.1%
Total	151.1	100.0%	130.2	100.0%	16.1%

TURNOVER BREAKDOWN BY GEOGRAPHICAL AREA

€/mln	30.06.2008	%	30.06.2007	%	% Change
Italy	27.7	18.4%	23.2	17.8%	19.9%
Europe	105.5	69.8%	89.6	68.8%	17.7%
Rest of world	17.9	11.8%	17.4	13.4%	2.6%
Total	151.1	100.0%	130.2	100.0%	16.1%

SEASONALITY

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



CONSOLIDATED ASSETS AND LIABILITIES

€/mln	30.06.2008	31.12.2007	30.06.2007
Net fixed assets	48.2	41.4	39.7
Net working capital	93.0	81.1	80.7
Net capital employed	141.2	122.5	120.4
Net Equity	99.9	91.0	89.6
Minority interests	0.5	0.5	0.5
Net financial debt	40.8	31.0	30.3
Debt/Equity	0.41	0.34	0.34

CASH FLOW STATEMENT

€/mln	30.06.2008	30.06.2007	31.12.2007
Opening financial debt	-31	-37.9	-37.9
Cash flow from operations	17.8	14.1	18.9
Change in operating assets and liabilities	-11.9	1.5	1.3
- Inventories	-8.2	4.4	1.8
- Receivables	-23.8	-12.0	-0.4
- Payables	14.6	6.9	0.5
- Others	5.5	2.2	-0.6
Net capital expenditure in tangible and intangible fixed assets	-9.2	-3.8	-7.8
Dividend and others equity changes	-6.5	-4.2	-5.6
Net financial debt at the end of the period	-40.8	-30.3	-31

€/mln	30.06.2008
Change due to the change in the scope of consolidation	-13.3
- Inventories	-8.2
- Receivables	-10.4
- Payables	4.6
- Others	0.7

€/mln	30.06.2008
Net capital expenditure in tangible and intangible fixed assets	-9.2
- Emak's investments & others	-5.9
- Goodwill Bertolini	-2.0
- Bertolini's assets	-1.3

CONTACTS

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