



**Investor Presentation March 2012**



**Emak®**



✓ EMAK AT A GLANCE



### Emak S.p.A.

Headquarter: Bagnolo in Piano, Reggio Emilia, Italy

Emak is one of the main global players in the production and distribution of machines, components and accessories for gardening, agriculture, forestry and industry such as chainsaws, brushcutters, lawnmowers, garden tractors, motor hoes and power cutters.

#### Business sectors

##### Gardening

##### Agriculture & Forestry

##### Construction&Industry

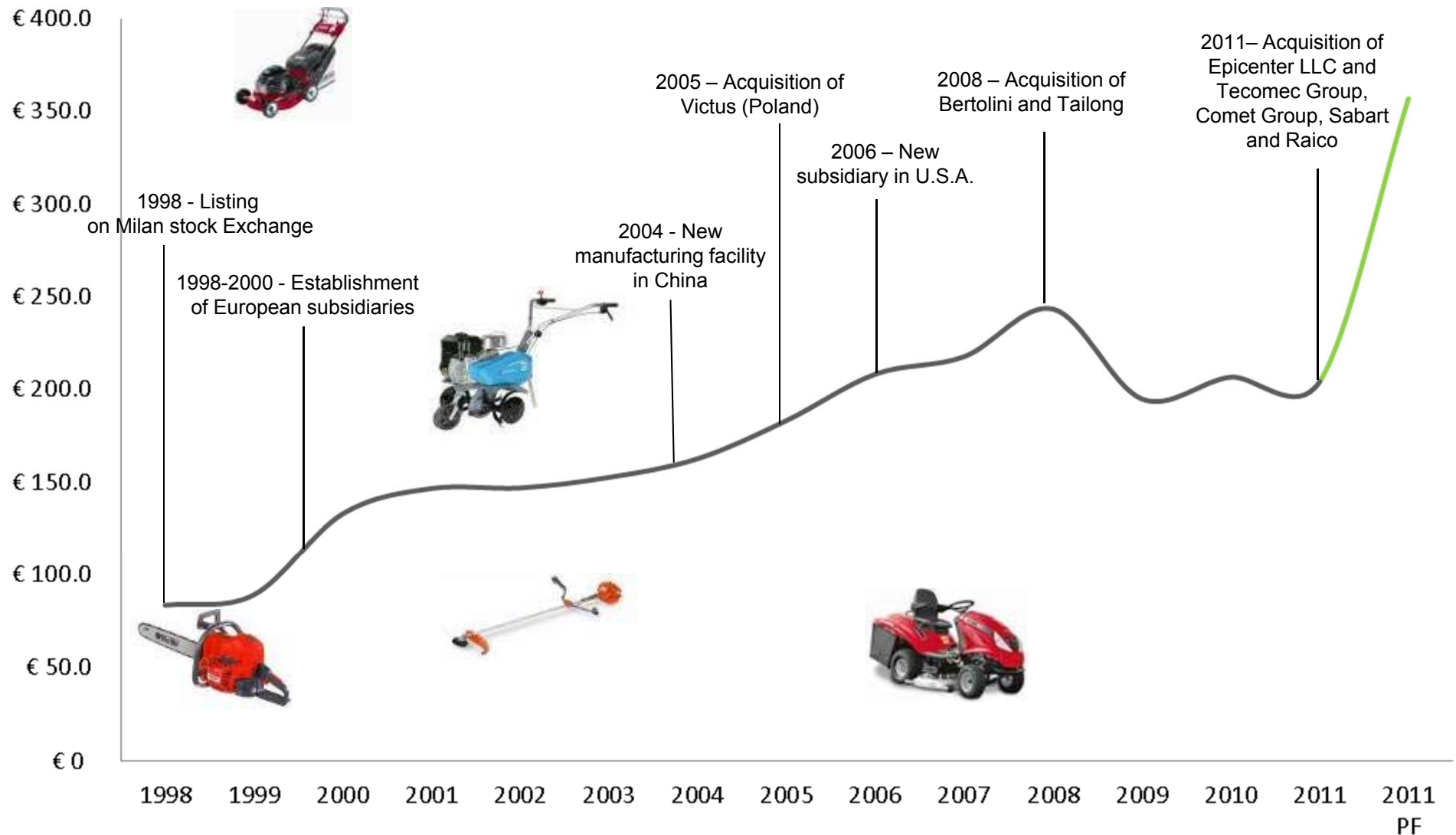
#### Products

Brushcutters  
Lawn mowers  
Garden tractors  
Blowers

Chain saws  
Tillers  
Transporters

Powerrr cutters  
High pressure washers





## Strategic rationale of 2011 main acquisitions

From the listing to 2008 Emak has grown at an average rate of 11.3%. In the last few years, the economic crisis has determined a stagnation in the market and brought to a consolidation of the players.

In order to keep on growing and to successfully compete Emak needed to

**Increase in the Group's size**

**Widen the product/service offering**

**Develop the distribution network worldwide**

**Greenfield acquisition**



## Greenfield acquisition - Companies' overview

**Tecomec**, is one of the market leaders in the production and sale of accessories for gardening & forestry, agriculture and cleaning industry (high pressure washers).

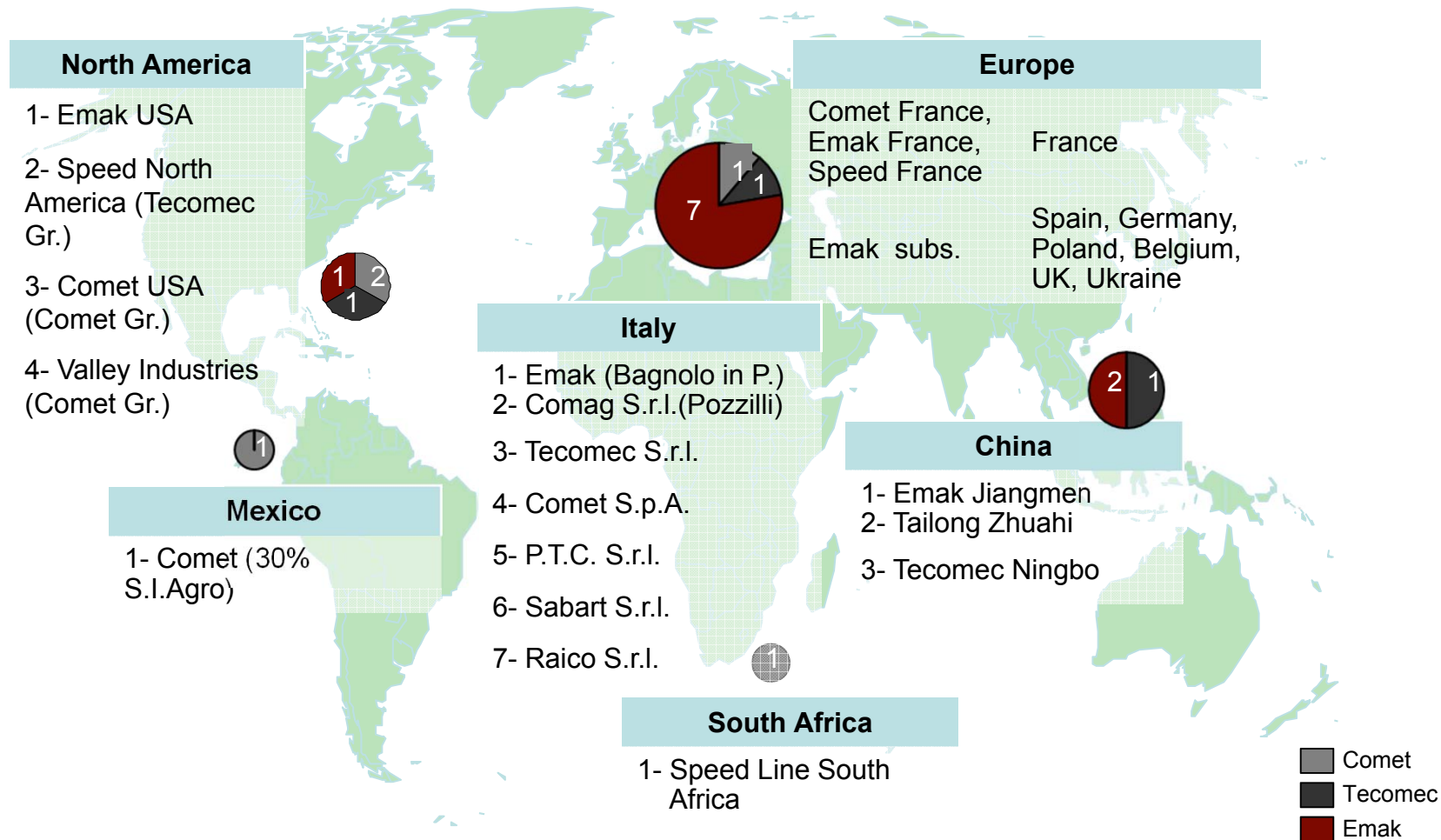
**Comet Group**, manufactures and sells diaphragm pumps for agriculture, piston pumps for industrial and high pressure washers for professional and hobby users.

**Sabart**, is an Italian distributor of spare parts and accessories for agriculture, forestry and gardening equipment.

**Raico** is an Italian distributor of technical spare parts and components for tractors and agriculture equipment



## The reinforced global presence



### Valley Industries

On 7 February 2012 Comet U.S.A finalized the acquisition of the 90% of the share capital of Valley Industries, for a consideration price of \$ 15 million.

Valley Industries distributes a wide range of products, components and accessories for Industrial and Agriculture sectors, including Comet's diaphragm pumps, with a widespread distribution network in the entire area of North America.

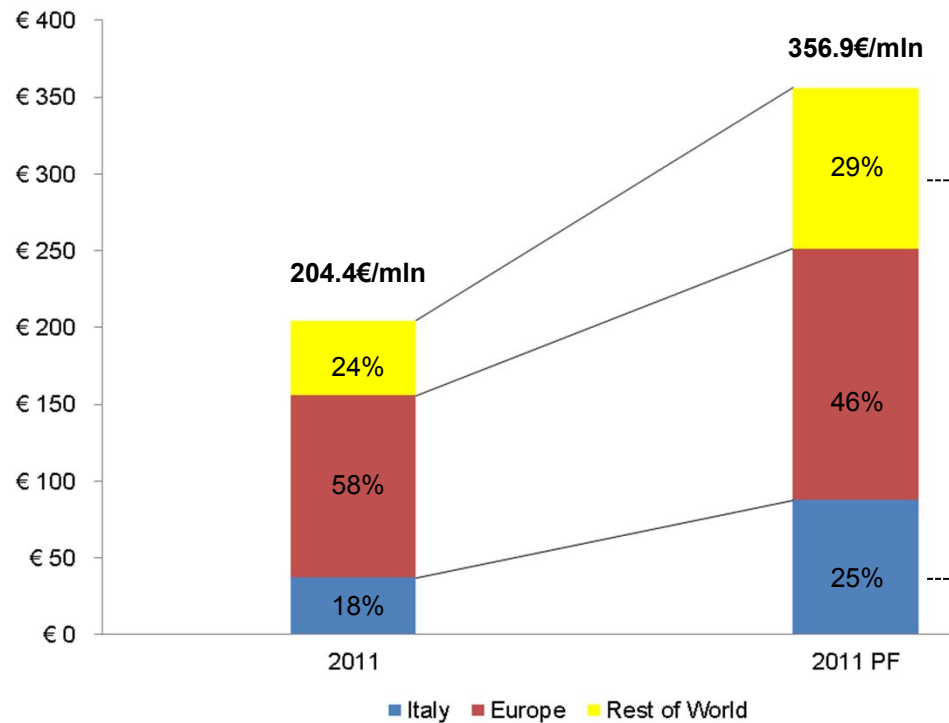
Valley Industries closed the financial year 2011 with a turnover of around \$ 19 million, an EBITDA of around \$ 2.9 and a net financial position of around \$1.9 million.

Valley will help Emak pursuing its global strategy through an acceleration in the development of the North American business via the achievement of operating and commercial synergies.



## 2011 Sales breakdown

### by Geography



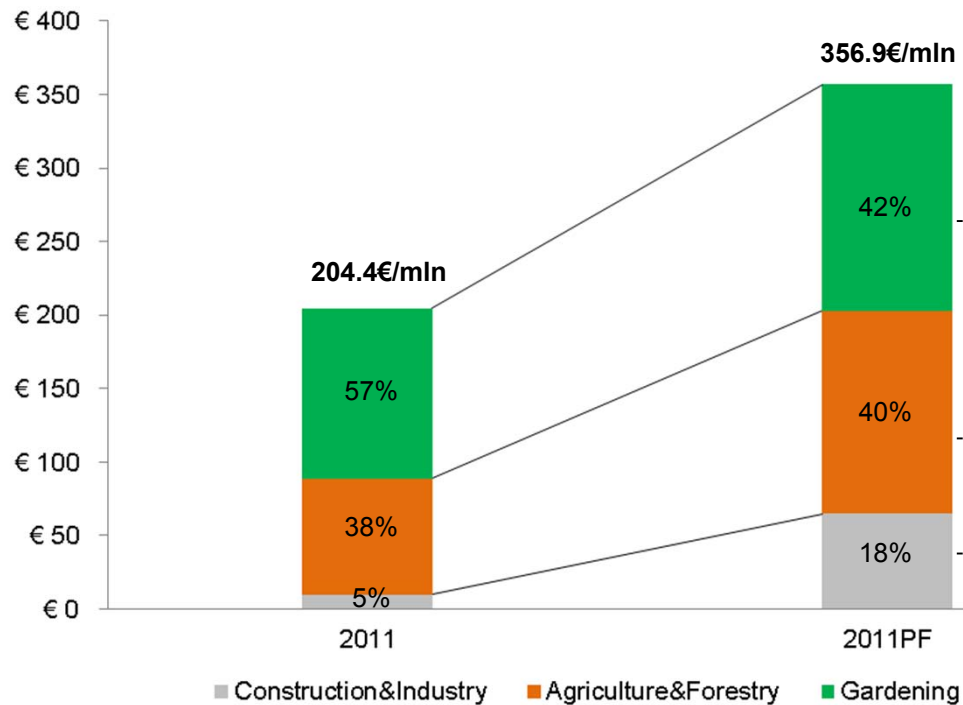
2011 PF revenues include Tecomec Group, Comet Group, Sabart and Raico as if acquired January 1, 2011

- Higher penetration in the overseas markets

- Reinforcement of the distribution network on the domestic market

## 2011 Sales breakdown

### by Product line



2011 PF revenues include Tecomec Group, Comet Group, Sabart and Raico as if acquired January 1, 2011

- Lower incidence of Gardening

- Higher contribution of Forestry&Agriculture and Industry, more stable businesses

**Lower risks deriving from weather conditions and macro economic uncertainty**

## 2011 consolidated and pro forma income statement

| €/mln                   | 2011  | 2010  | Δ      | 2011 PF (1) | 2010 PF (1) | Δ      |
|-------------------------|-------|-------|--------|-------------|-------------|--------|
| Sales                   | 204.4 | 206,8 | -1.2%  | 356.9       | 348.9       | 2.3%   |
| EBITDA adjusted (2)     | 19.6  | 21.3  | -8.0%  | 37,8        | 37,4        | 1.1%   |
| <i>% on sales</i>       | 9.6%  | 10.3% |        | 10.6%       | 10.7%       |        |
| EBITDA                  | 17.5  | 23.5  | -25.5% | 35.7        | 39.6        | -9.7%  |
| <i>% on sales</i>       | 8.6%  | 11.4% |        | 10.0%       | 11.4%       |        |
| Net profit adjusted (2) | 7.2   | 10.1  | -28.8% | 14.5        | 16.4        | -11.4% |
| Net profit              | 5.8   | 11.6  | -50.4% | 13          | 18.2        | -28.3% |

(1) Pro forma figures include Tecomec Group, Comet Group, Sabart and Raico as if acquired January 1

(2) Adjustments regard for 2011 M&A costs amounting to € 2.1 million and for 2010 the capital gain from the sale of property amounting to € 2.2 million.



## Consolidated assets and liabilities

| €/mln                       | 31.12.2011   | 31.12.2010   |
|-----------------------------|--------------|--------------|
| Net fixed assets            | 79.9         | 57.7         |
| Net working capital         | 157.5        | 83.7         |
| <b>Net capital employed</b> | <b>237.4</b> | <b>141.4</b> |
| <b>Net equity</b>           | <b>140.1</b> | <b>114.0</b> |
| <b>Net financial debt</b>   | <b>97.3</b>  | <b>27.4</b>  |
| Debt/Equity                 | 0.69         | 0.24         |

### ✓ **Net working capital**

The trend in NWC reflects the economic cycle of the company's business. The increase was influenced by the new scope of consolidation

### ✓ **Net equity**

The figure was influenced by the application of the accounting principle OPI 1, regarding the "accounting treatment of business combination of entities under common control" (see appendix #20). The figure includes minority interests for €1.7mln in 2011 and €0.5mln in 2010.

### ✓ **Net debt**

The companies acquired in 2011 contributed for € 34.5mln.  
The figure includes discounted deferred payment for €13.8mln.



✓ Target 2013



### Top line growth

- Distribution network development in the most important markets
- Full consolidation of new acquisitions ( Epicenter , Valley and P.T.C.)
- Launch of several new and innovative products
- Commercial synergies

### Cost optimization

- Lean production project to drive efficiency
- Cost reduction deriving from synergies

### Capex

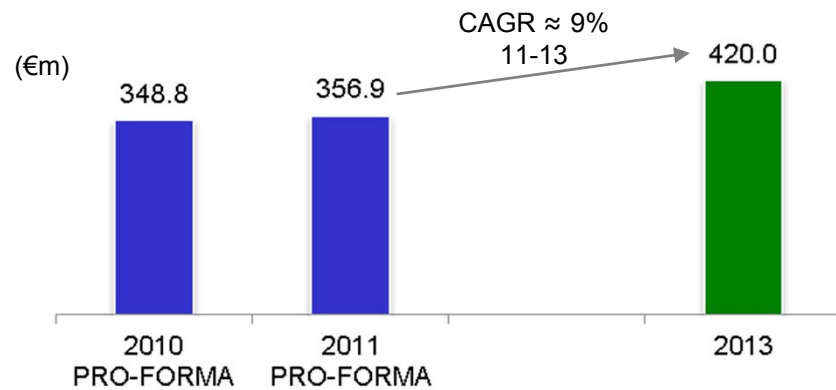
- Yearly spending for approx. 3.5% of revenues

### Pay-out

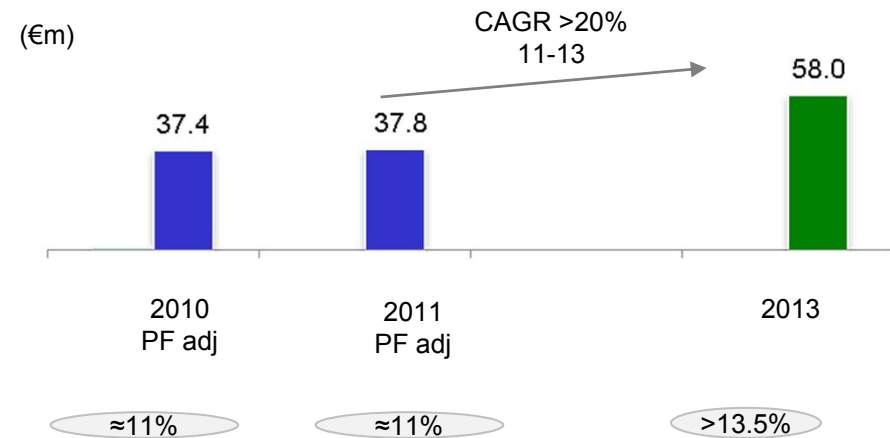
- Dividend for approx. 40% of consolidated net income



## Revenues target 2013 (€m)



## EBITDA target 2013 (€m)





✓ Appendix

## 2011 Income statement

| €/000                                            | 2011           | 2010           |
|--------------------------------------------------|----------------|----------------|
| <b>Sales</b>                                     | <b>204,359</b> | <b>206,785</b> |
| Other operating income                           | 1,485          | 3,765          |
| Change in inventories                            | (1,230)        | 227            |
| Raw and consumable materials and finished goods  | (116,257)      | (117,926)      |
| Salaries and employee benefits                   | (32,288)       | (32,467)       |
| Other operating costs                            | (38,552)       | (36,875)       |
| <b>EBITDA</b>                                    | <b>17,517</b>  | <b>23,509</b>  |
| Amortization, depreciation and impairment losses | (7,117)        | (7,378)        |
| <b>EBIT</b>                                      | <b>10,400</b>  | <b>16,131</b>  |
| Financial income                                 | 791            | 535            |
| Financial expenses                               | (1,777)        | (1,756)        |
| Exchange gains and losses                        | (370)          | 1,648          |
| <b>EBT</b>                                       | <b>9,044</b>   | <b>16,558</b>  |
| Income taxes                                     | (3,277)        | (4,939)        |
| <b>Net profit</b>                                | <b>5,767</b>   | <b>11,619</b>  |



## 2011 Balance sheet

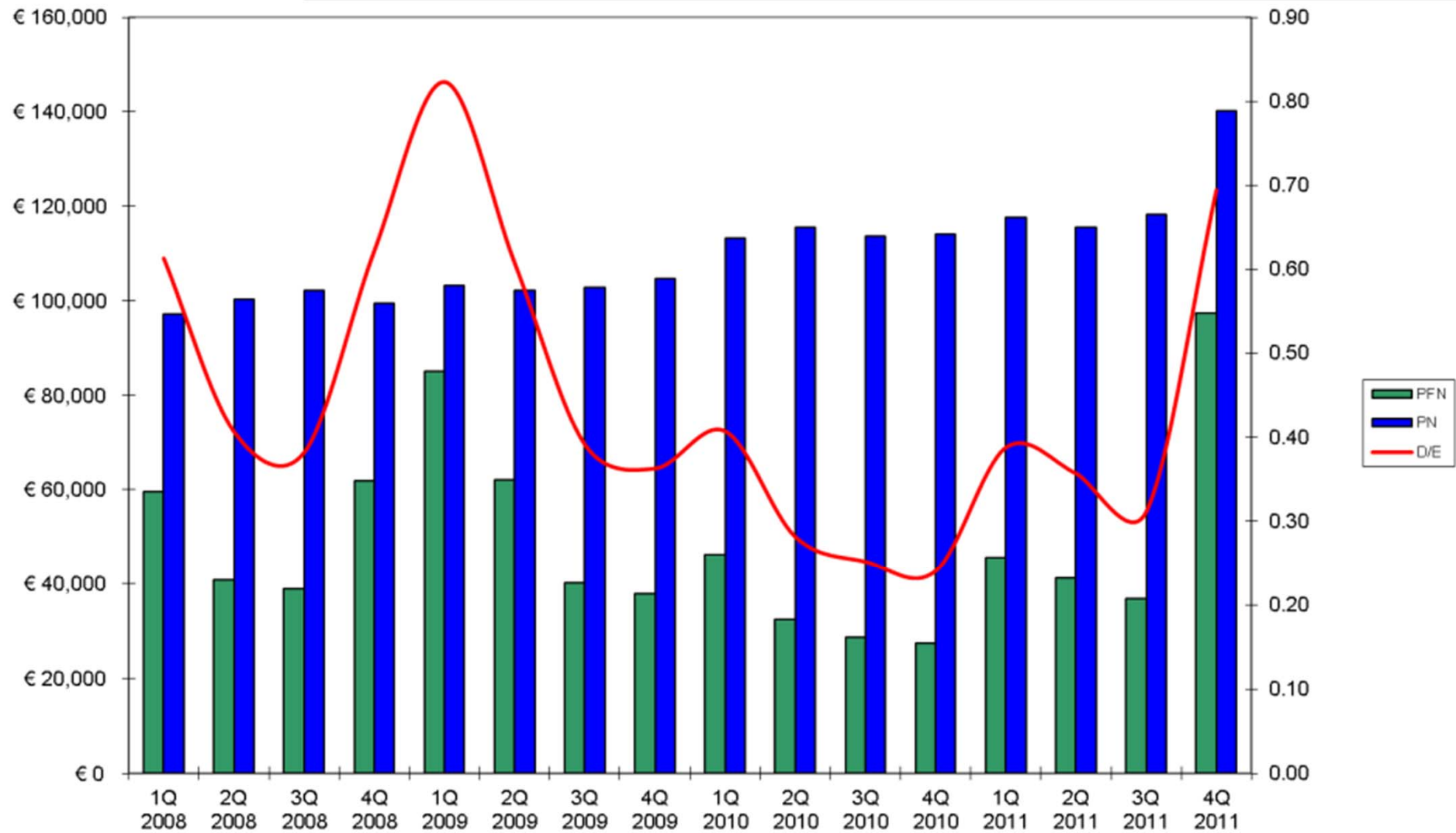
| €/000                               | 31.12.2011     | 31.12.2010     |
|-------------------------------------|----------------|----------------|
| Non current assets                  | 95,569         | 68,222         |
| Inventories                         | 125,474        | 70,665         |
| Trade and other receivables         | 103,521        | 58,210         |
| Cash and cash equivalents           | 10,901         | 7,339          |
| Other current assets                | 4,315          | 2,557          |
| <b>Total assets</b>                 | <b>340,780</b> | <b>206,993</b> |
| <br>                                |                |                |
| Total equity                        | 140,141        | 114,030        |
| Long term borrowings                | 41,398         | 22,741         |
| Other non current liabilities       | 16,584         | 10,545         |
| Short term borrowings               | 65,866         | 12,330         |
| Trade and other payables            | 70,780         | 44,269         |
| Other current liabilities           | 6,011          | 3,078          |
| <b>Total equity and liabilities</b> | <b>340,780</b> | <b>206,993</b> |

## 2011 Cash flow

| €/000                                                                               | 31.12.2011      | 31.12.2010      |
|-------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Opening net financial position</b>                                               | <b>(27,395)</b> | <b>(37,950)</b> |
| <i>Cash flow from operations, excl. changes in operating assets and liabilities</i> | 14,952          | 16,786          |
| <i>Changes in operating assets and liabilities</i>                                  | (15,381)        | (529)           |
| <b>Cash flow from operations</b>                                                    | <b>(429)</b>    | <b>16,257</b>   |
| <b>Cash flow from investments and disinvestments excl. acquisitions</b>             | <b>(4,976)</b>  | <b>(3,482)</b>  |
| <b>Other equity changes</b>                                                         | <b>(3,257)</b>  | <b>(2,220)</b>  |
| <b>Adjusted net financial position (excl. Greenfield)</b>                           | <b>(36,057)</b> | <b>(27,395)</b> |
| Extraordinary M&A costs                                                             | (2,069)         | -               |
| Capital increase                                                                    | 56,840          | -               |
| Net debt deriving from the Greenfield companies                                     | (34,557)        | -               |
| Cash flow for Greenfield acquisition                                                | (67,700)        | -               |
| Discounted Greenfield deferred payment                                              | (13,755)        | -               |
| <b>Closing net financial position</b>                                               | <b>(97,298)</b> | <b>(27,395)</b> |

|                                 |                |
|---------------------------------|----------------|
| €/000                           |                |
| <b>Net equity at 31/12/2010</b> | <b>114,030</b> |
| Capital increase                | 56,840         |
| Other equity changes            | (2,878)        |
| Acquisitions in 2011            | (82,805)       |
| Goodwill                        | 10,390         |
| Net equity from acquisitions    | 38,797         |
| Net profit of the period        | 5,767          |
| <b>Net equity at 31/12/2011</b> | <b>140,141</b> |

## Net debt and equity







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