



our power, your passion

Investor Presentation – 1H 2014

✓ COMPANY PROFILE

✓ 1H 2014 RESULTS

✓ THE SHARE



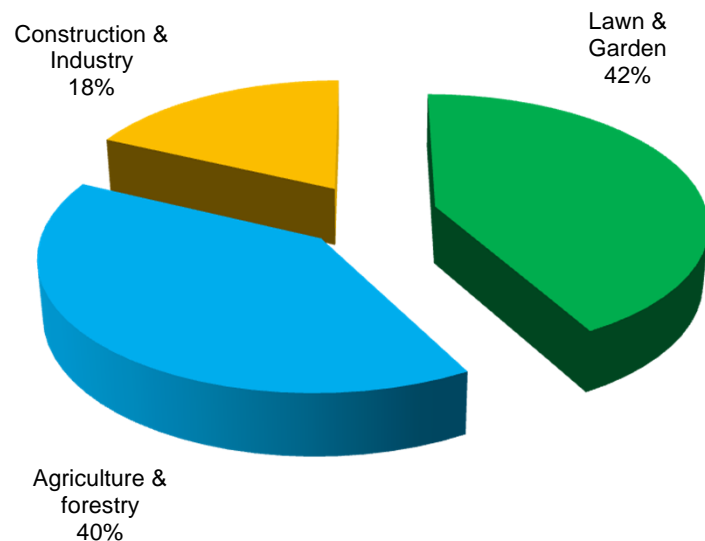
our **power**, your **passion**

✓ COMPANY PROFILE



- ✓ Emak Group is a global leading player in the production and distribution of machines, components and accessories for gardening, forestry, agriculture and industry
- ✓ The Group operates worldwide and currently has a direct presence in Italy and in other 11 markets: France, Germany, Spain, UK, Poland, Ukraine, USA, China, South Africa, Brazil and Mexico. In addition the Group serves more than 85 countries through independent distributors
- ✓ The company closed FY2013 with a consolidated turnover of € 355 million and a Net Profit of € 10.5 million

Sales breakdown FY2013



- ✓ **Lawn & Garden:** products are hand-held and wheeled machines with internal combustion or electrical motors. The group's range covers all the main products including trimmers, lawnmowers, blowers and garden tractors
- ✓ **Agriculture & Forestry:** Emak's presence in the sector is focused on the production of chainsaws, rotary tillers, flail mowers, rotary cultivators and diaphragm pumps
- ✓ **Construction & Industry:** the company operates in the industrial sector, particularly in power cutters, industrial pumps and high pressure washers
- ✓ The Group also produces and distributes a wide range of components and accessories for all three product lines.

Lawn & Garden

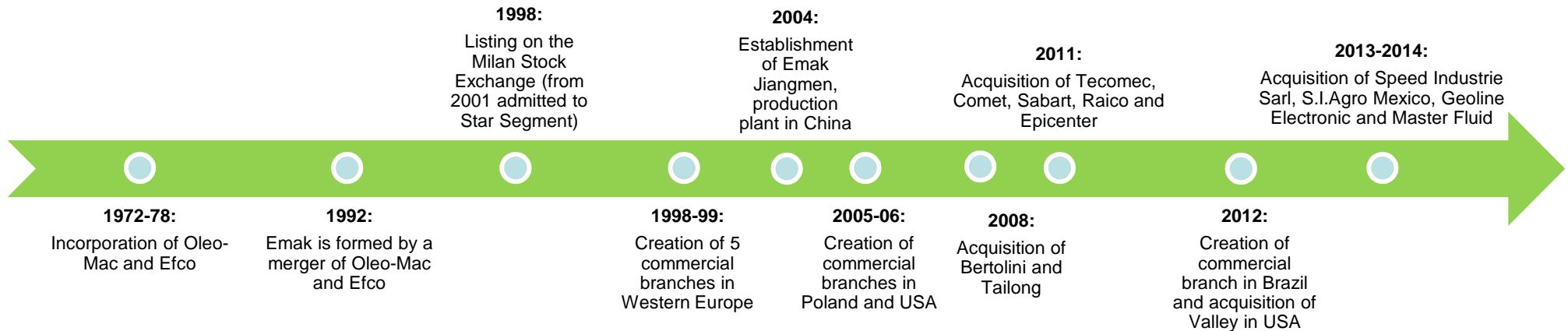


Agriculture & Forestry

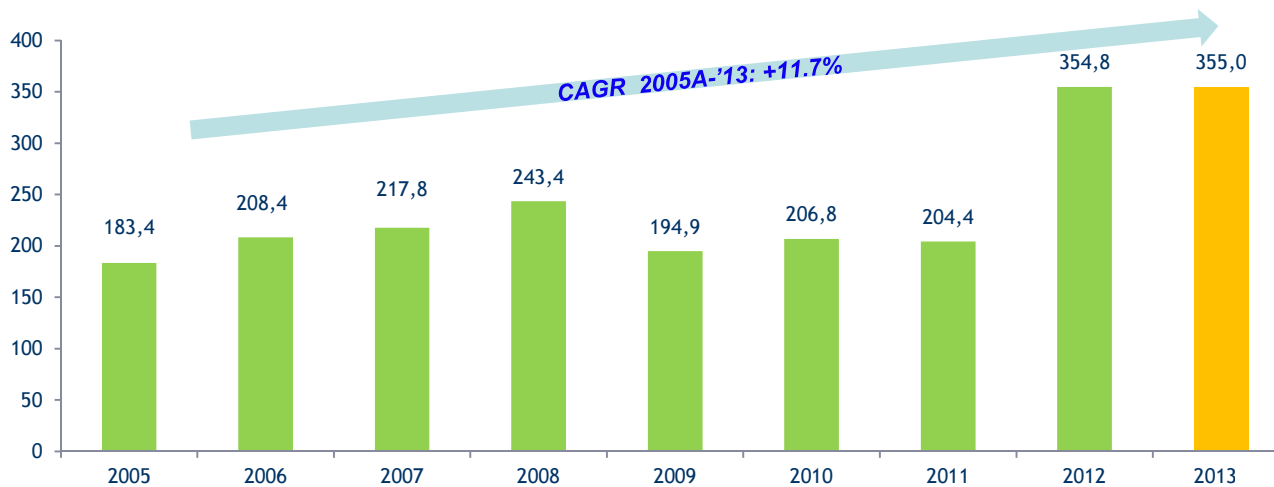


Construction & Industry

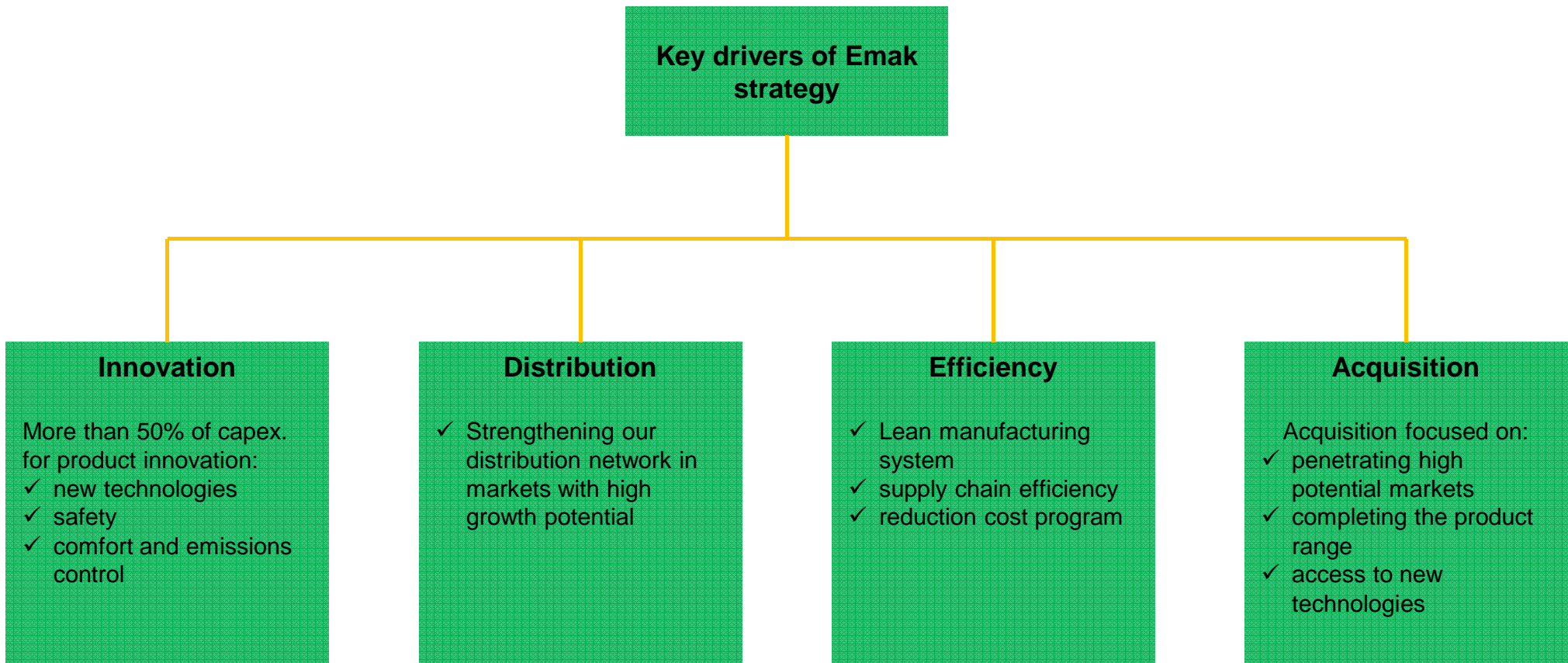




Sales FY 2005-2013E



A well balanced mix of organic and external growth



Geoline Electronic S.r.l. - January 2014

A company newly established, that develops and produces electronic control systems for applications in Agriculture.

Speed Industrie Sarl – January 2014

Moroccan company that carries out packaging for nylon line for trimmers.

S.I. Agro Mexico – January 2014

Increased shareholding in the Mexican company that distributes products for Agriculture and Construction and Industry.

Master Fluid – June 2014

The company develops and manufactures special equipment for the Construction and Industry segment.

Access to new technology

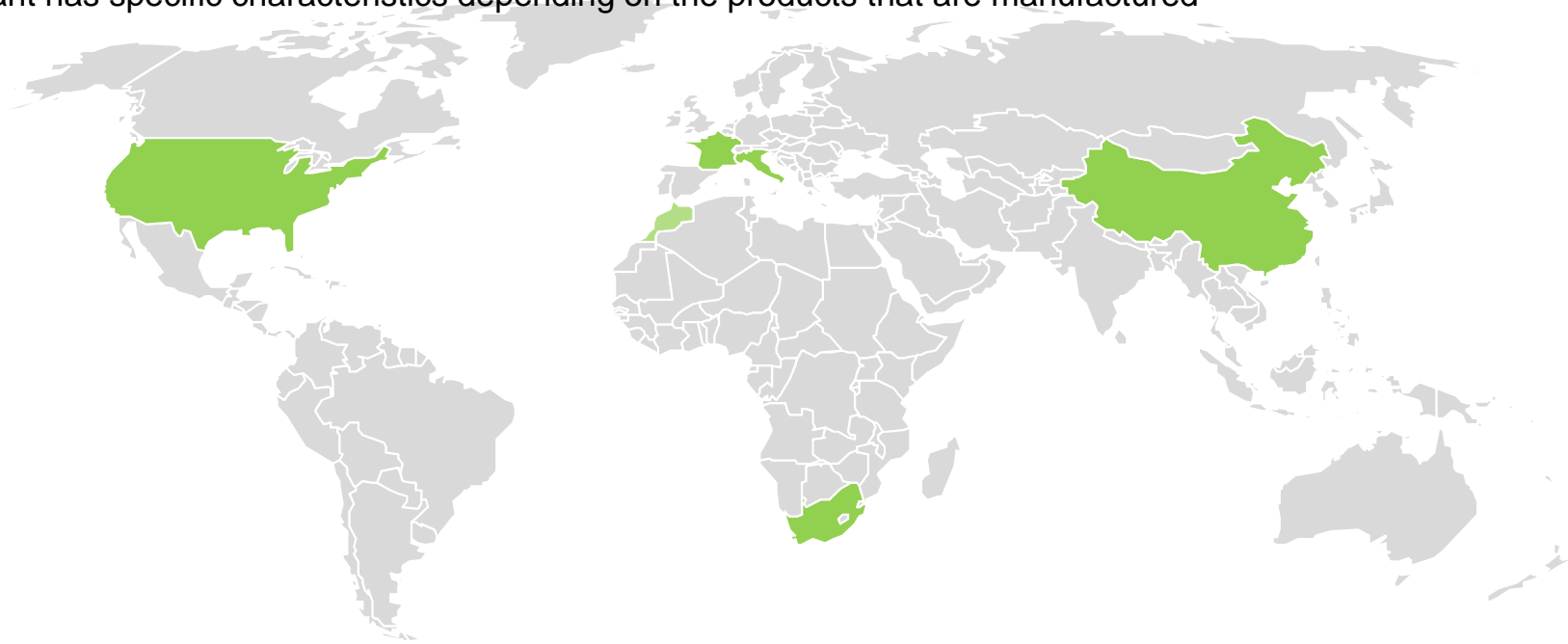
Production process optimization

Penetration of high potential market

Complete product range

Flexible production model

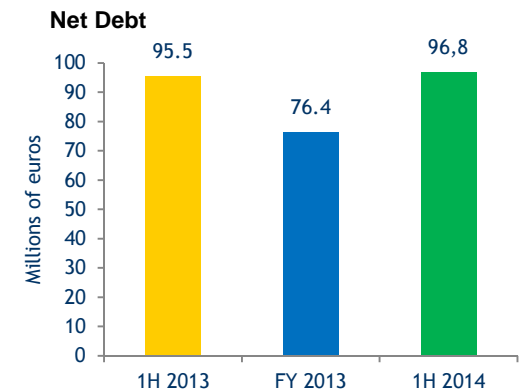
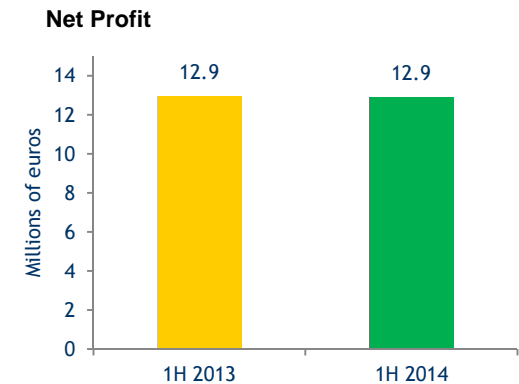
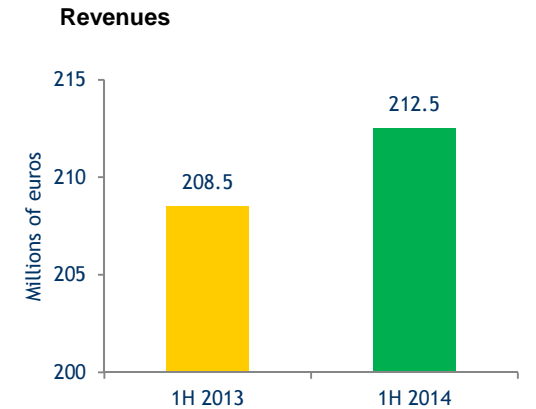
- ✓ The production model is flexible, due to the Group's focus on high value-added phases of engineering and assembly
- ✓ Production is based on the integration between the Group's internal structures and its supply chain
- ✓ The Group's production facilities are oriented to the lean manufacturing. Volumes can be easily modified according to fluctuations in demand operating on direct personnel.
- ✓ Group's capacity could even double by simply adding work shifts, fully exploiting the available space and modifying logistics
- ✓ Each plant has specific characteristics depending on the products that are manufactured



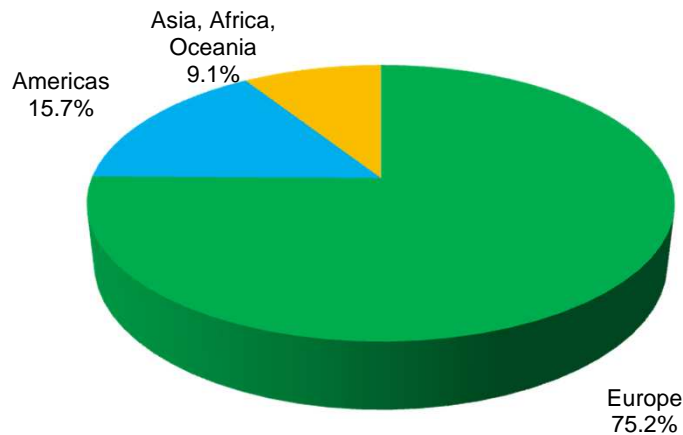
A scenic mountain landscape featuring a river flowing through a rocky stream bed. A hiker is standing on the rocks, looking towards the snow-capped mountains in the distance. The sky is blue with light clouds, and the trees on the right are in autumn colors.

✓ 1H 2014 RESULTS

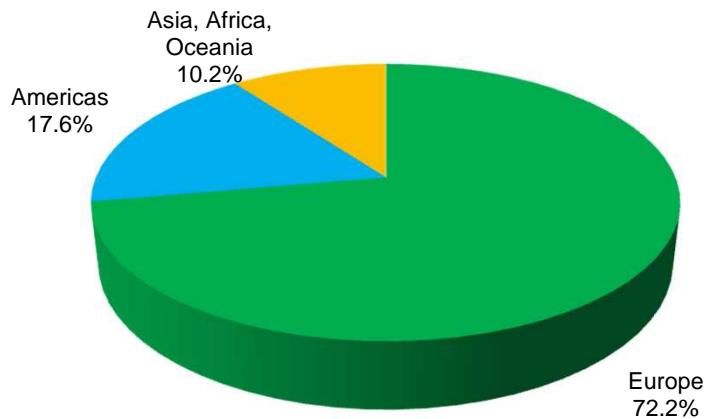
- ✓ **Revenues** amounted to € 212.5mln
- ✓ **EBITDA** moved to € 27.4mln (from € 26.9mln in 1H 13) with a margin on the sales equal to 12.9%
- ✓ **Forex** negative for € 0.4mln mainly due to the devaluation of the Ukraine currency
- ✓ **Tax rate** of 34.9% (33.4% in 1H 2013)
- ✓ **Net Profit** was € 12.9mln (€ 12.9mln in the 1H 2013)
- ✓ **Net Debt** stands at € 96.8mln, compared to € 76.4mln at 31/12/13 and € 95.5mln at 30/06/2013.
- ✓ **Capex (excluding acquisitions)**: was € 4.7mln



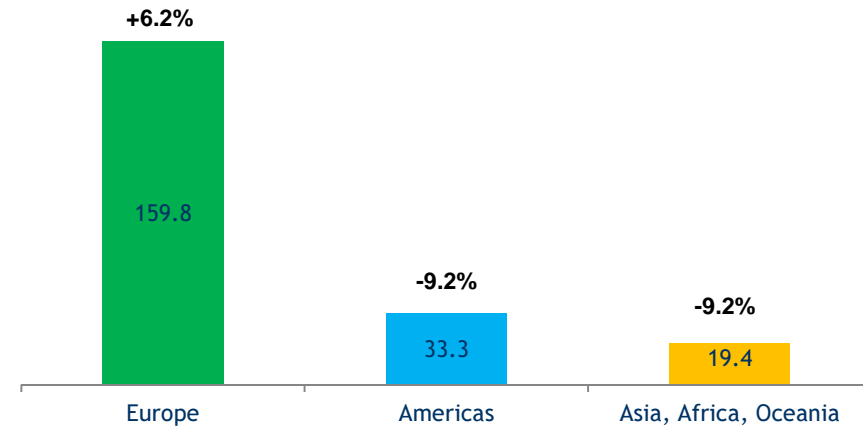
1H 2014 € 212.5 million



1H 2013 € 208.5 million

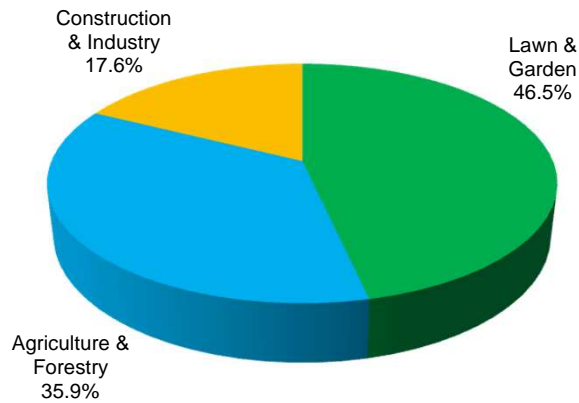


Total revenues €/mln and YoY change

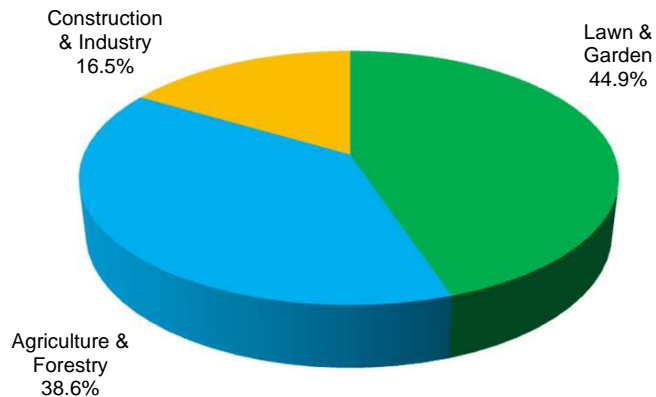


- ✓ Europe: sales benefited from the good performance recorded in Italy and in the countries where the Group has a direct presence.
- ✓ Americas: sales were affected by delayed start of the season for the products of gardening and the difficulties in the Venezuelan market, only partially offset by the good results of accessories for washing. Good results in the Brazilian market
- ✓ Asia, Africa and Oceania: the result was penalized by loss of sales related to discontinued business division (2.5 €/mln in 1H 2013), the delay for the persistent weaknesses in the Turkish market, as well as the decline in the Indian market .

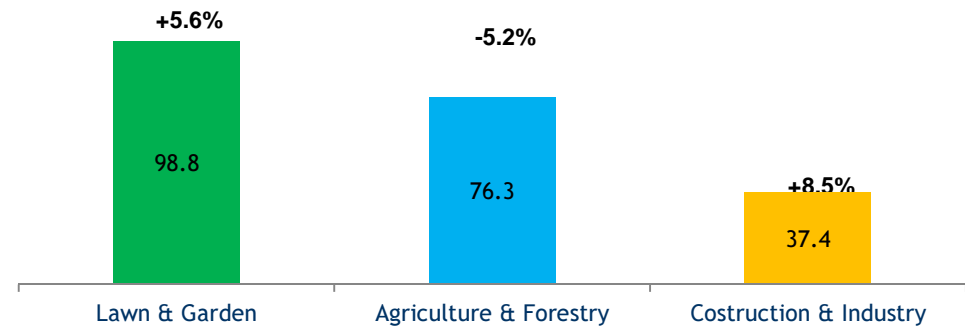
1H 2014 € 212.5 million



1H 2013 € 208.5 million



Total revenues €/mln and YoY change



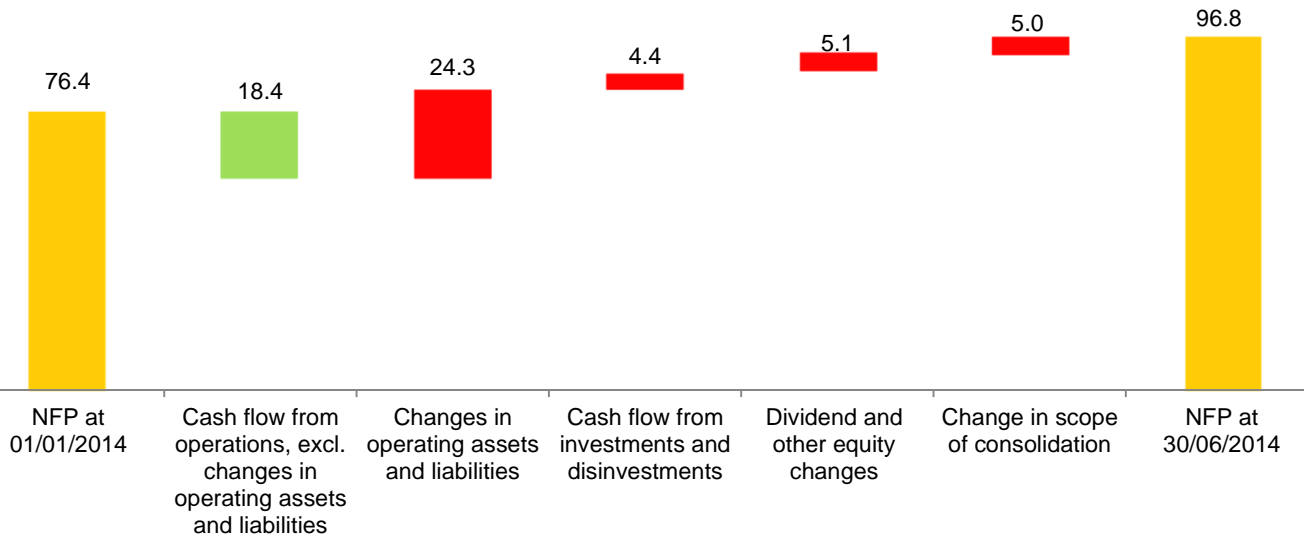
- ✓ Lawn & Garden: sales of all products were up compared to the same period due to favorable weather conditions, especially in the early months of the year.
- ✓ Agriculture & Forestry: decrease due for the most part to the disposal, in November, 2013, of a non-strategic business unit.
- ✓ Construction & Industry: good growth, with a strong recovery in the second quarter.

Volumes and efficiency offset overhead costs

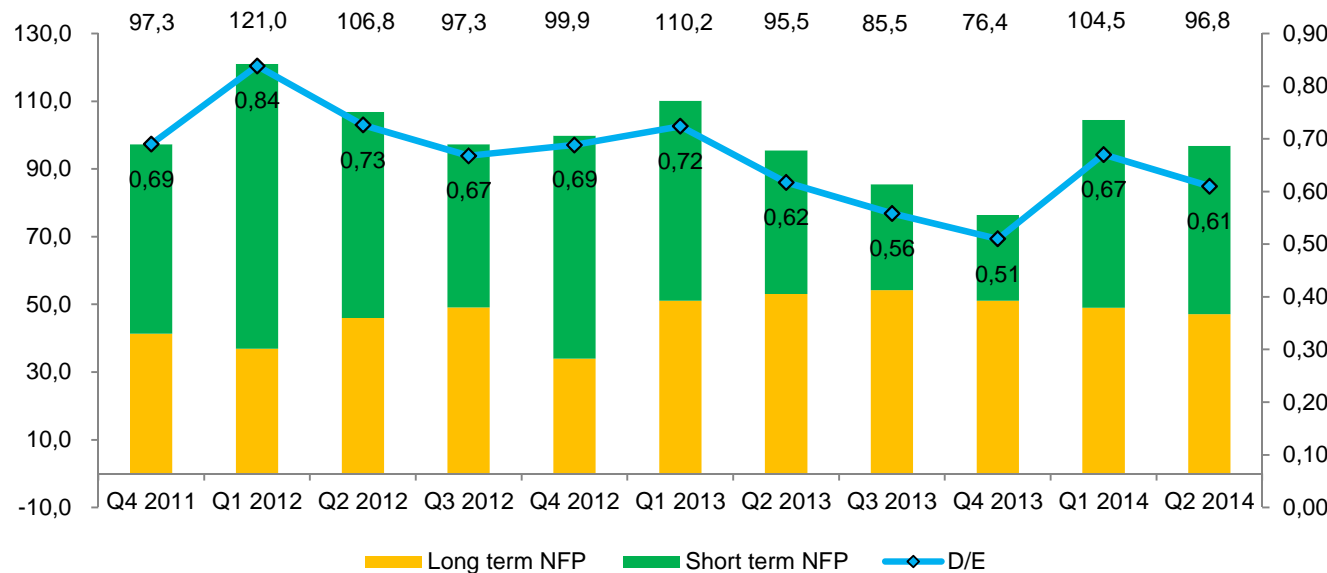


- ✓ Higher sales volumes
- ✓ Efficiencies achieved on direct materials
- ✓ Higher structure costs due to the widening of the scope of consolidation
- ✓ The average number of employees, including temporary workers, amounts to 1,805 (1,733 in 1H 2013)

Net financial position



- ✓ The trend in net working capital in the first half is related to the seasonality of sales and a tactical management of inventories.
- ✓ Change in the scope of consolidation includes financial investment of € 3 million for acquisitions.



- ✓ Net financial position varies substantially during the year due to the seasonality of the business

FY 2013	Income statement (€/mln)	1H 2014	1H 2013
355.0	Net sales	212.5	208.5
34.2	EBITDA	27.4	26.9
22.4	EBIT	21.9	21.2
10.5	Net profit	12.9	12.9

31.12.2013	Balance sheet (€/mln)	30.06.2014	30.06.2013
85.0	Net fixed assets	89.0	87.3
142.2	Net working capital	167.0	162.9
227.2	Net capital employed	256.0	250.2
(76.4)	Net debt	(96.8)	(95,5)
150.8	Total equity	159.2	154.7

FY 2013	Investment and free cash flow (€/mln)	1H 2014	1H 2013
9.1	Capex	4.8	3.7
22.4	Free cash flow from operations*	18.4	18.7

* Net profit + D&A

FY 2013	Ratios	1H 2014	1H 2013
9.6%	EBITDA / Net sales (%)	12.9%	12.9%
6.3%	EBIT/ Net sales (%)	10.3%	10.1%
3.0%	Net profit / Net sales (%)	6.1%	6.2%
9.8%	EBIT / Net capital employed (%)	8.6%	8.5%
0.51	Net Debt / Equity	0.61	0.62
2.2	Net Debt / EBITDA	3.5*	3.5*

* Not annualized

FY 2013	€'000	1H 2014	1H 2013	Variation
355,033	Sales	212,471	208,487	1.9%
2,405	Other operating incomes	1,111	906	
(1,019)	Change in inventories	3,175	(3,886)	
(193,162)	Raw and consumable materials and goods	(118,255)	(109,712)	
(62,746)	Salaries and employee benefits	(34,162)	(32,968)	
(66,315)	Other operating costs	(36,928)	(35,899)	
34,196	EBITDA	27,412	26,928	1.8%
9.6%	<i>% on sales</i>	12.9%	12.9%	
(11,821)	D&A	(5,516)	(5,769)	
22,375	EBIT	21,896	21,159	3.5%
6.3%	<i>% on sales</i>	10.3%	10.1%	
917	Financial income	329	587	
(4,472)	Financial expenses	(2,014)	(2,350)	
(1,393)	Exchange gains and losses	(450)	27	
17,427	EBT	19,761	19,423	1.7%
4.9%	<i>% on sales</i>	9.3%	9.3%	
(6,894)	Income taxes	(6,898)	(6,487)	
10,533	Net profit	12,863	12,936	-0.6%
3.0%	<i>% on sales</i>	6.1%	6.2%	

31.12.2013	€/000	30.06.2014	30.06.2013
	Non-current assets		
56,079	Property, plant and equipment	55,079	57,163
4,555	Intangible assets other than goodwill	5,846	5,044
30,229	Goodwill	33,814	30,615
230	Equity investments	230	233
18	Equity investments in related company	0	18
7,621	Deferred tax assets	7,659	7,339
178	Other non current financial assets	152	213
2,464	Other receivables	2,470	2,522
101,374	Total	105,250	103,147
	Current assets		
118,515	Inventories	122,992	116,927
98,541	Trade and other receivables	126,522	127,899
4,805	Current tax assets	4,160	4,313
1,503	Other financial assets	1	3
101	Derivative financial instruments	19	102
15,122	Cash and cash equivalents	10,691	21,183
238,587	Total	264,385	270,427
339,961	TOTAL ASSETS	369,635	373,574

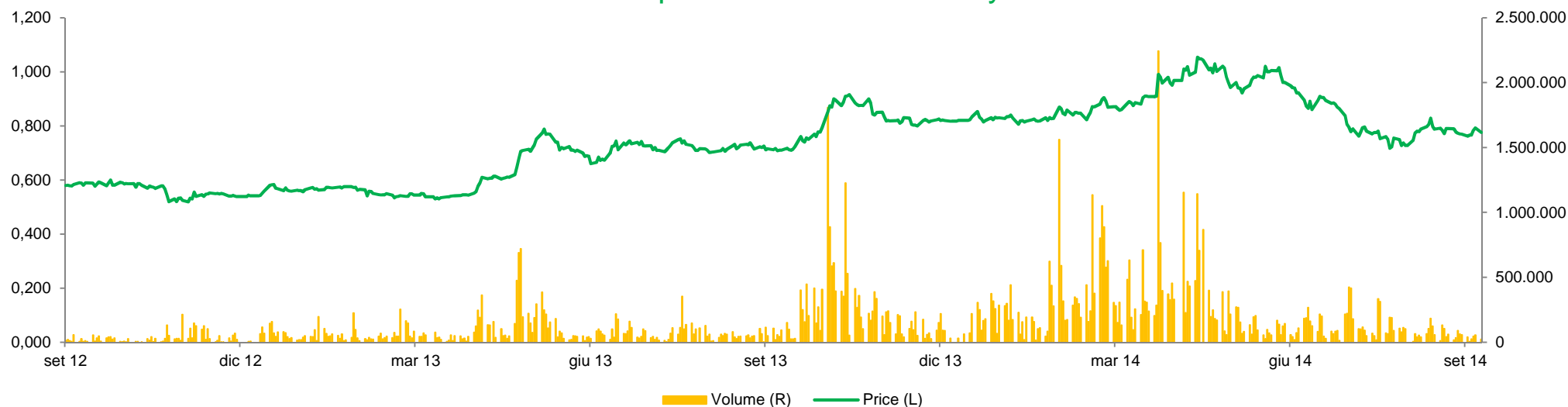
Balance sheet – Equity and Liabilities

31.12.2013	€'000	30.06.2014	30.06.2013
	Capital and reserves		
149,041	Total Group	157,330	152,752
1,753	Minorities interest	1,920	1,931
150,794	Total equity	159,250	154,683
	Non-current liabilities		
51,240	Loans and borrowings	47,214	53,300
3,881	Deferred tax liabilities	3,744	3,987
9,490	Provisions for employee benefits	9,617	8,883
1,762	Provisions	1,753	1,722
1,039	Other non-current liabilities	984	1,095
67,412	Total	63,312	68,987
	Current liabilities		
74,699	Trade and other payables	78,957	79,895
3,419	Current tax liabilities	5,976	5,061
41,197	Loans and borrowings	59,730	62,762
848	Derivative financial instruments	695	926
1,592	Provisions	1,715	1,260
121,755	Total	147,073	149,904
339,961	TOTAL EQUITY AND LIABILITIES	369,635	373,574



✓ The share

Share performance – last two years



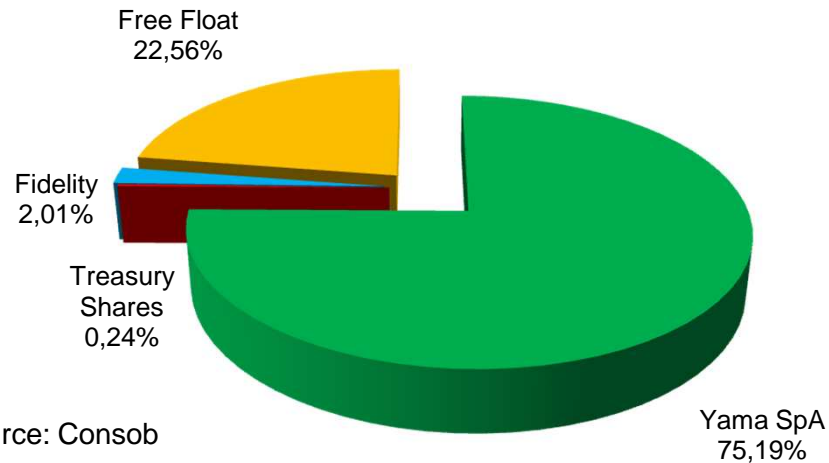
Stock info

Emak	Info
Numbers of shares	163,934,835
Free Float	22.56%
Main Shareholder	Yama S.p.A. (75.19%)
Treasury Shares	397,233
Price at 30/06/2014	€ 0.894
Market Cap at 30/06/14	€ 146.5 mln
Reuters/BBG Code	EM.MI / EM IM

Key statistics – last two years

Statistics	Price	Date	Volume
Average	0.737	-	151,489
Max	1.054	29/4/14	1,142,492
Min	0.519	26/11/12	29,071

Group's shareholder



Source: Consob

Executive directors

Fausto Bellamico
Chairman & CEO

Aimone Burani
Deputy Chairman & CFO

Stefano Slanzi
General Manager

Dividend policy

- ✓ The Group's dividend policy is to distribute 40% of net profit to shareholders
- ✓ Since the listing in 1998, the Group has distributed € 61.3 million in dividends

Aimone Burani, the executive responsible for the preparation of the corporate accounting documents, declares and certifies in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the financial statements contained in this presentation correspond to the underlying accounting documents, records and accounting entries.



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Speakers

Mr. Fausto Bellamico – Chairman and CEO

Mr. Aimone Burani – Deputy Chairman and CFO

Mr. Andrea La Fata – Investor Relator

alafata@emak.it

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