

# 2005 EMAK Company Results



Milan, March 1<sup>st</sup> 2006

**Emak:**  
one of the top five  
European manufacturers  
of outdoor power equipment

Milan, March 1<sup>st</sup> 2006





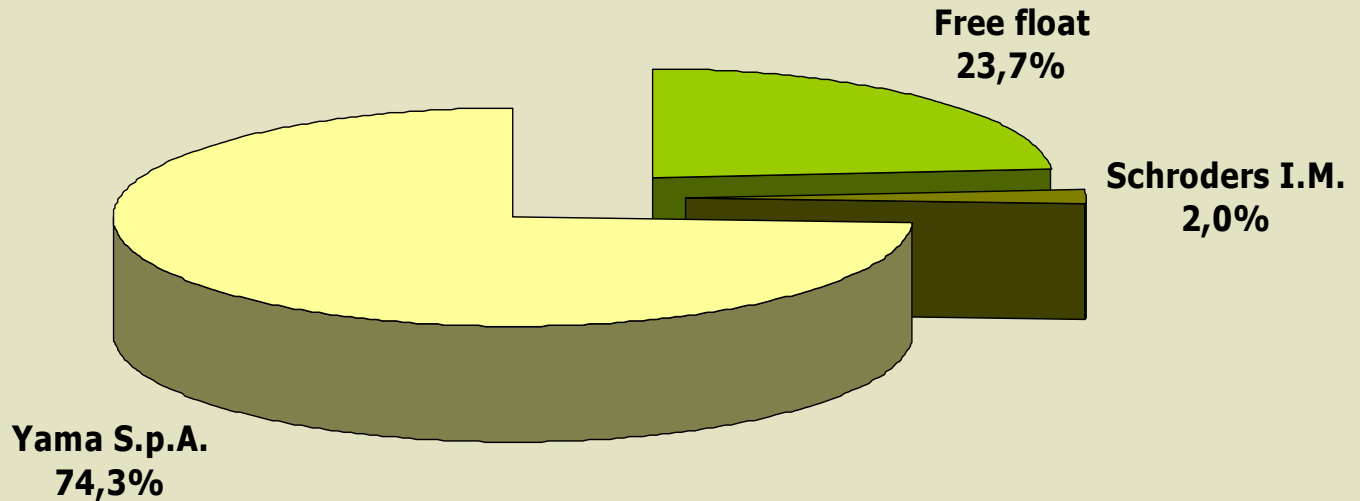


# Major Shareholders at December 31<sup>st</sup>, 2005

■ Free float

■ Schroders I.M.

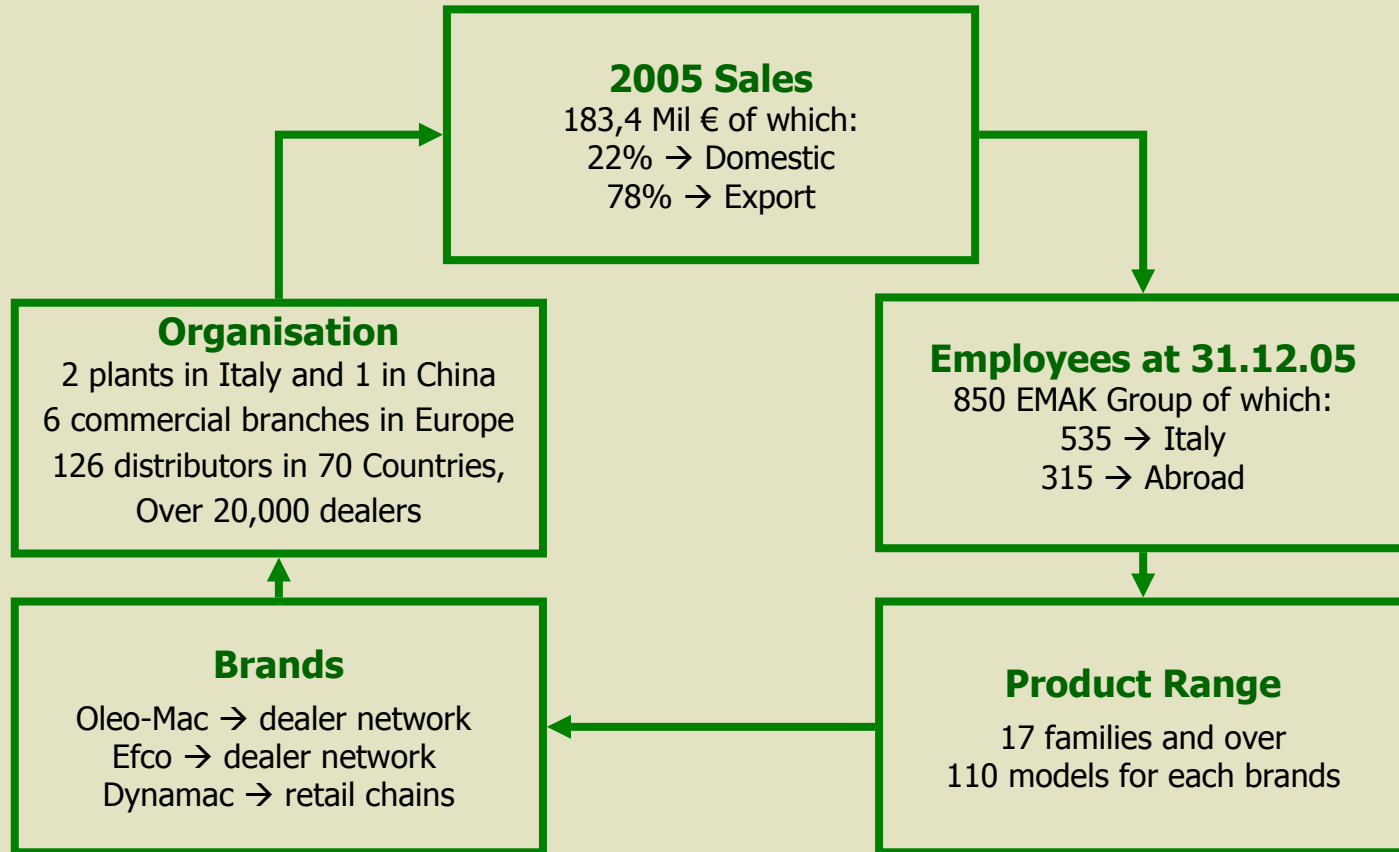
■ Yama S.p.A.





# Emak Highlights

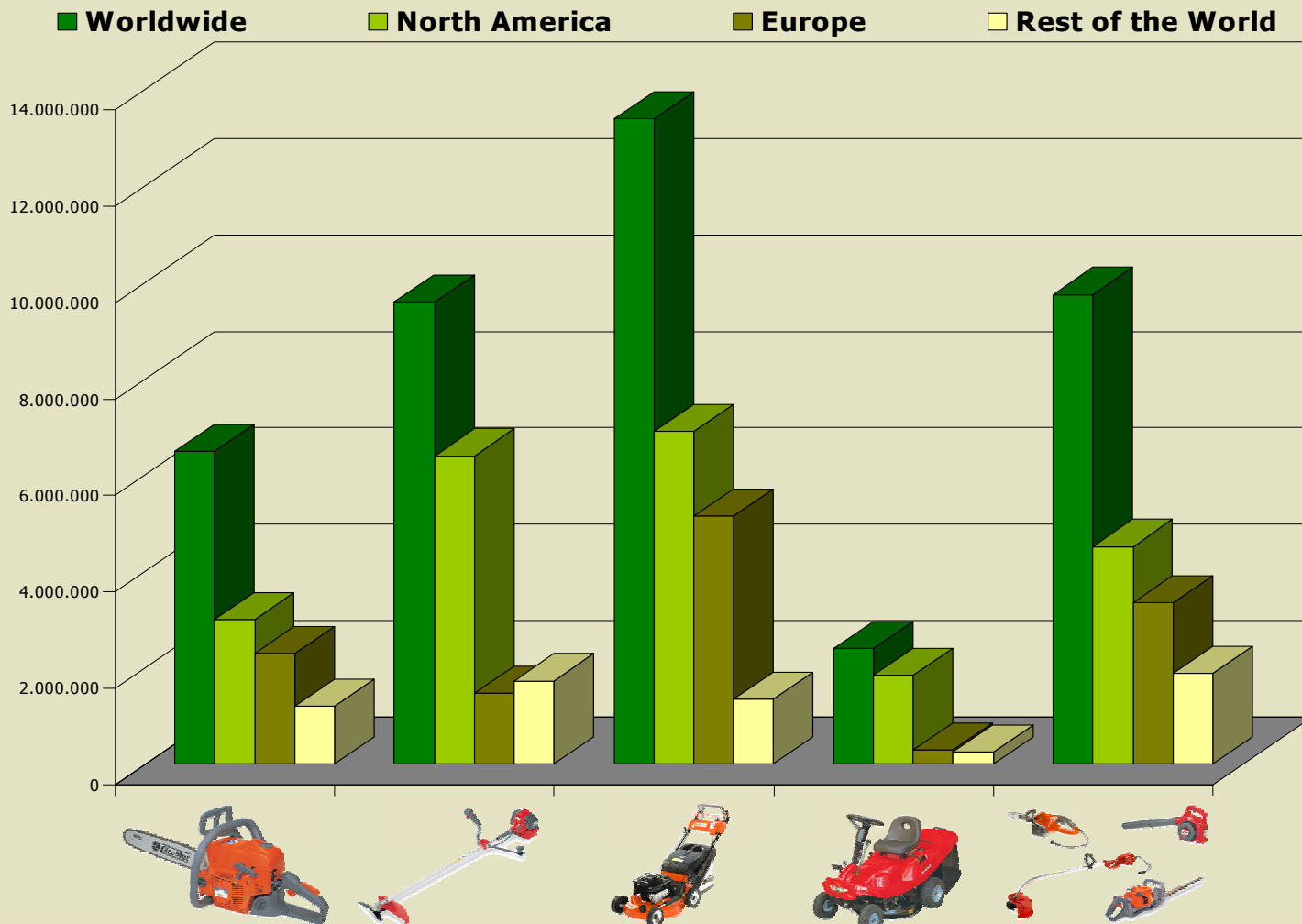
## **CORE BUSINESS:** gardening, landscaping and forestry equipment





# 2004/2005 Outdoor Power Equipment Market Size (volume)

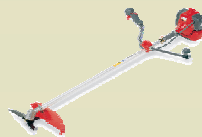
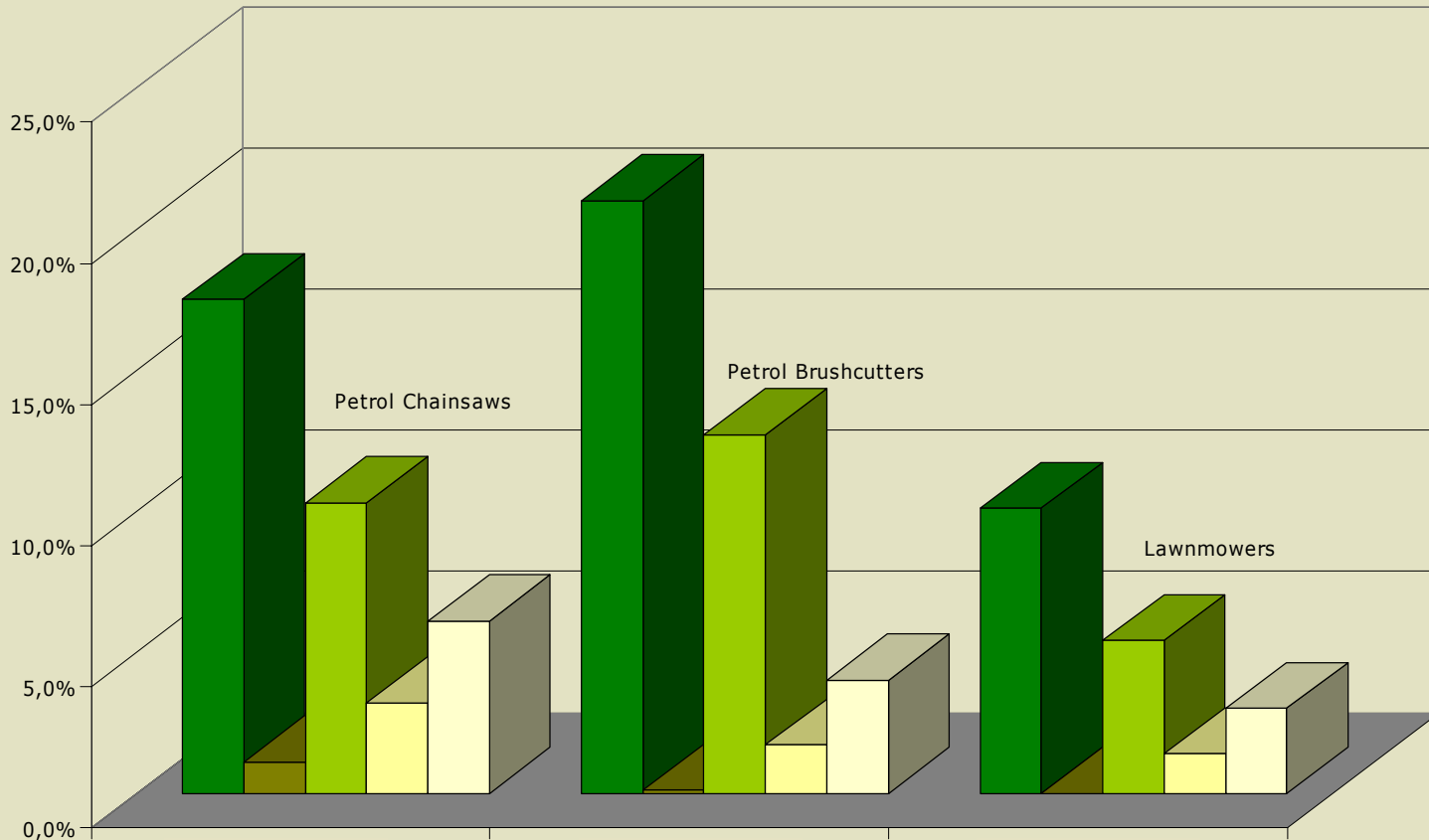
Source: EMAK (estimated data)





# EMAK Market Share

■ Italy ■ North America ■ Europe ■ Rest of the world ■ Worldwide





## EMAK Challenge

- ◆ More and more demanding end users
- ◆ Tougher and tougher competition by consolidated group
- ◆ Competition for premium price products by new manufacturers from China
- ◆ Increasing importance of DIY channel
- ◆ More and more stringent emission regulations in USA and Europe



## Growth driven by:

- ◆ GDP growth
- ◆ Increasing disposable income
- ◆ Growing number of householders

## Demand:

- ◆ Mainly for replacement in Europe and Northern America
- ◆ Fast-growing demand in Eastern Europe and Far East





## Strenght:

- ◆ Technologic know-how
- ◆ High value-added products
- ◆ Premium performance combined with high quality at a good price
- ◆ Global presence with an international network
- ◆ Investing capabilities

## Weaknesses:

- ◆ Group dimension
- ◆ Brand awareness





## Opportunities:

- ◆ Growth on markets where Emak deals through its commercial branches
- ◆ Development on USA market (50% of the global market) through strengthening of the distribution network (direct presence with a new commercial branch from 2<sup>nd</sup> half of 2006)
- ◆ Development on fast growing markets in particular through direct presence with new branch Victus-Emak in Poland
- ◆ Sales increase in DIY channel in Europe
- ◆ Sales increase in price sensitive markets (Emak China products)
- ◆ Development of OEM business



## Threats:

- ◆ Dimensional gap vs leader competitors
- ◆ Entry of new competitors including Chinese low cost manufacturers
- ◆ Sales partly affected by weather conditions
- ◆ Evolution of emission regulations





# **Customer satisfaction & Value creation**



## Customer satisfaction through:

- ◆ Product innovation
- ◆ Quality and service improvement
- ◆ Competitiveness increase

## Value creation through:

- ◆ Business development
- ◆ Improvement of efficiency and containment of costs
- ◆ Resources optimisation





# Strong Product Development & Innovation Plan

- ◆ 10÷12 new products/year from 2006 through 2008
- ◆ Emission technologies (CWI, Strato Charge, etc.) extended to many new products
- ◆ Strong renewal of product range





## Competitive Strength: lower production costs

- ◆ Full capability plant in China (Jiangmen)
- ◆ Capacity expansion in COMAG plant (Isernia)
- ◆ Strengthening of the logistic structure in EMAK Headquarters (Bagnolo)



**Comag S.r.l.**



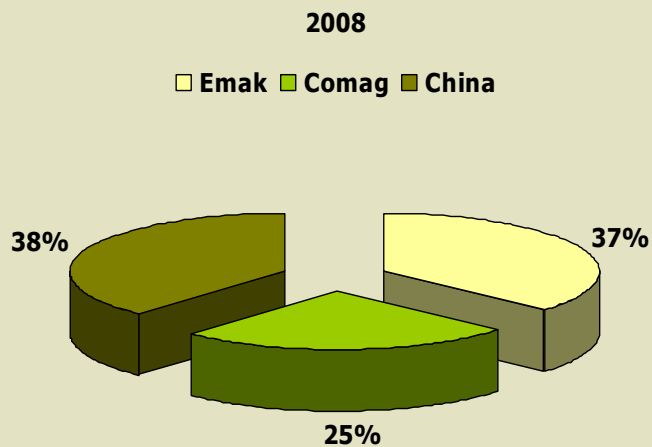
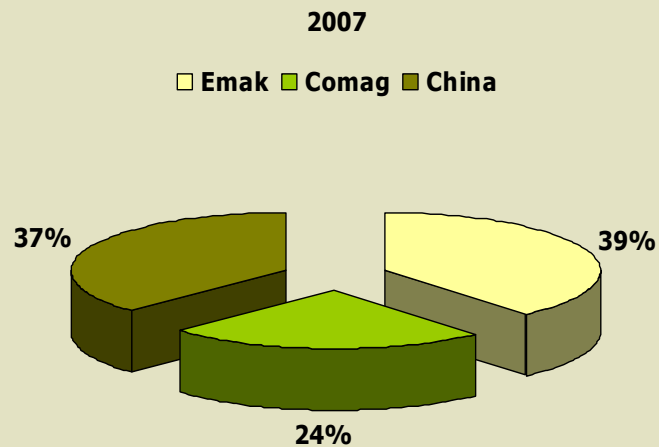
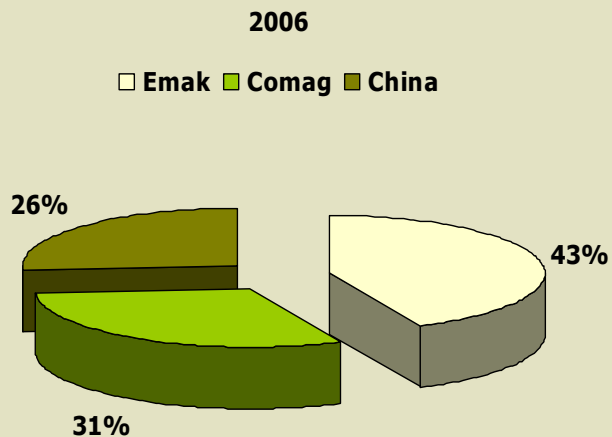
**Emak S.p.A.**



**Jiangmen Emak**



# Evolution of Production Volumes in the Different Plants





## 2006-2008 Growth Opportunities

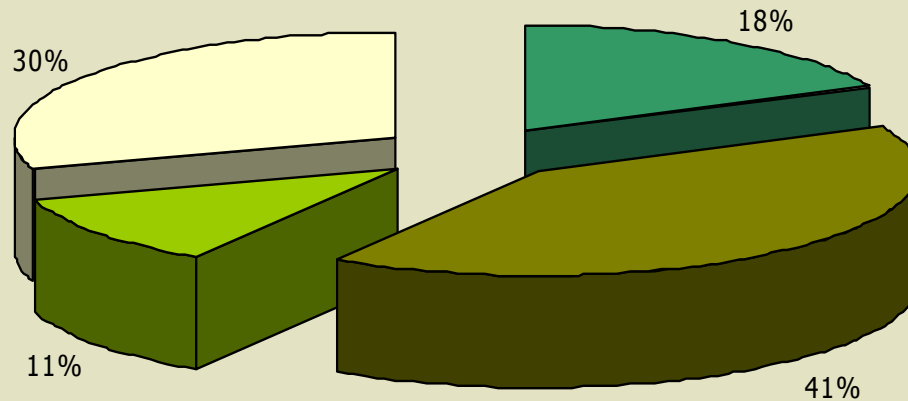
- ◆ Over 67% of volume increase driven from production at EMAK Jiangmen
- ◆ Growth in domestic, Western and Eastern Europe markets thanks to higher investments on the distribution network (branches)
- ◆ East Europe: driven by fast growing demand (acquisition Polish branch)
- ◆ Far East: price sensitive market-growth driven by more competitive products
- ◆ Increase in DIY channel due to introduction of more and more competitive products
- ◆ OEM'S: development business agreement with important players



# Investment Policy

	2006/2008
CAPEX	35 mil €
Yearly Capex on sales	5,1%

- R&D/New Product
- Production Equipment
- ICT
- Plant and Facilities







# Turnover Breakdown

## Sales Distribution by Geographical Area

Area	2005Y	2004Y	Change
Italy	40,4	36,9	9,5%
Europe	114,8	100,8	13,9%
- Western Europe	84,9	75,8	12,0%
- Other European Countries	29,9	25,0	19,7%
North America	5,5	5,1	6,9%
Rest of the World	22,7	20,0	13,7%
- South America	8,5	7,8	8,7%
- Far East	1,1	1,9	-43,6%
- Others	13,1	10,3	27,2%
<b>Total</b>	<b>183,4</b>	<b>162,8</b>	<b>12,7%</b>

Mil €



## Turnover Breakdown Sales Breakdown by Geographical Area

Area	2005Y	%	2004Y	%
Italy	40,4	22,0%	36,9	22,7%
Europe	114,8	62,6%	100,8	61,9%
Rest of the World	28,2	15,4%	25,1	15,4%
<b>Total</b>	<b>183,4</b>	<b>100,0%</b>	<b>162,8</b>	<b>100,0%</b>

Mil €



# Turnover Breakdown

## Sales Distribution by Product Line

Product	2005Y	2004Y	Change
Brushcutters	33,6	31,3	7,4%
Chainsaws	37,0	34,8	6,4%
Lawnmowers	29,0	21,6	34,4%
Garden Tractors	14,9	12,5	18,9%
Others (pumps, blowers, hedge trimmers, electric products)	47,0	41,8	12,3%
Spare parts and accessories	21,9	20,8	5,5%
<b>Total</b>	<b>183,4</b>	<b>162,8</b>	<b>12,7%</b>

Mil €

# Financial data

Milan, March 1<sup>st</sup> 2006





# Economic and Financial Data

## Consolidated P&L Accounts

	2005Y	%	2005Y Pro-forma*	%	2004Y	%
Turnover	183,4	100%	183,4	100%	162,8	100%
Ebitda	22,1	12,0%	23,5	12,8%	22,1	13,6%
Ebit	16,9	9,2%	18,3	10,0%	16,6	10,2%
Group Net Profit	9,4	5,1%	9,4	5,1%	8,8	5,4%
EPS	0,34				0,32	

\* Excluding items affecting comparability

Mil €





## Economic and Financial Data

### Consolidated Assets and Liabilities

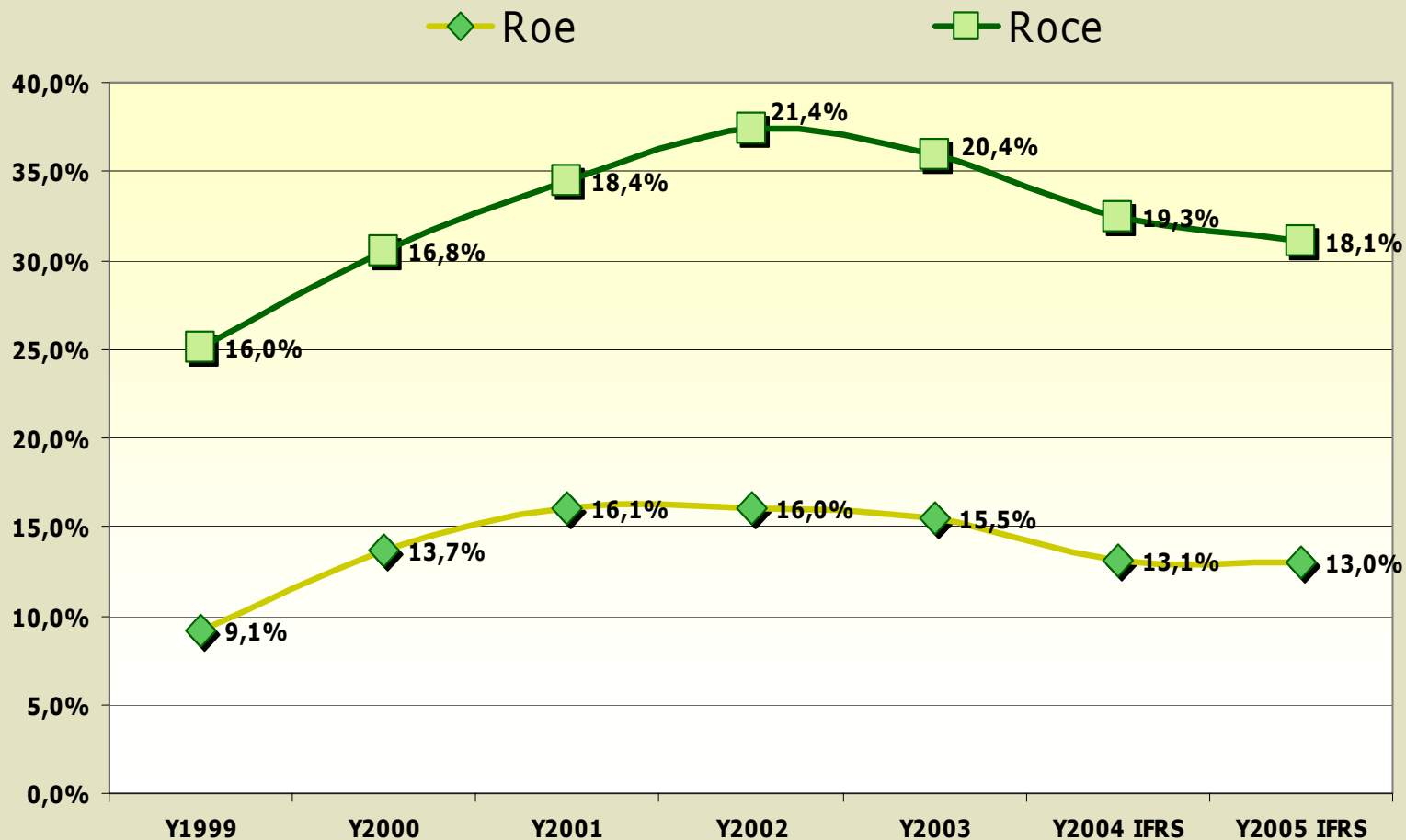
<b>Emak Group</b>	<b>2005Y</b>	<b>2004Y</b>
Net fixed assets	34,3	27,0
Net current assets	66,8	59,0
<b>Net employed capital</b>	<b>101,1</b>	<b>86,0</b>
Net equity	74,7	69,1
Minority interests	0,5	0,4
Net financial debt	25,9	16,5
<b>Debt/Equity</b>	<b>0,34</b>	<b>0,24</b>

Mil €



# Economic and Financial Data

## Roe and Roce Evolution





## Economic and Financial Data Shareholders Value Creation

<b>Total Return to Shareholders</b>						
<b>Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Share performance Y/Y</b>	<b>13,3%</b>	<b>15,1%</b>	<b>1,3%</b>	<b>35,3%</b>	<b>18,6%</b>	<b>25,3%</b>
<b>Distributed dividend (€ mil)</b>	<b>2,1</b>	<b>2,9</b>	<b>3,6</b>	<b>3,9</b>	<b>4,0</b>	<b>4,0</b>
<b>Dividend per share (€)</b>	<b>0,077</b>	<b>0,103</b>	<b>0,130</b>	<b>0,140</b>	<b>0,145</b>	<b>0,145</b>
<b>Yield Y/Y (%)</b>	<b>4,3%</b>	<b>5,0%</b>	<b>5,5%</b>	<b>6,0%</b>	<b>4,5%</b>	<b>3,8%</b>



## Economic and Financial Data

### Historical Growth and Profitability

CAGR 1999/2005	
Sales	12,8%
Ebitda	10,7%
Ebit	14,6%
Net profit	15,6%
Cash flow	9,3%



# Economic and Financial Data

## Estimated Growth Projections

### CAGR 2006/2008

Sales	12%
Ebitda	19%
Ebit	22%

# 2005 EMAK Company Results



In co-operation with  
**BORSA ITALIANA S.p.A. – Divisione STAR**

