



# 2006 Company Results

March 2, 2007

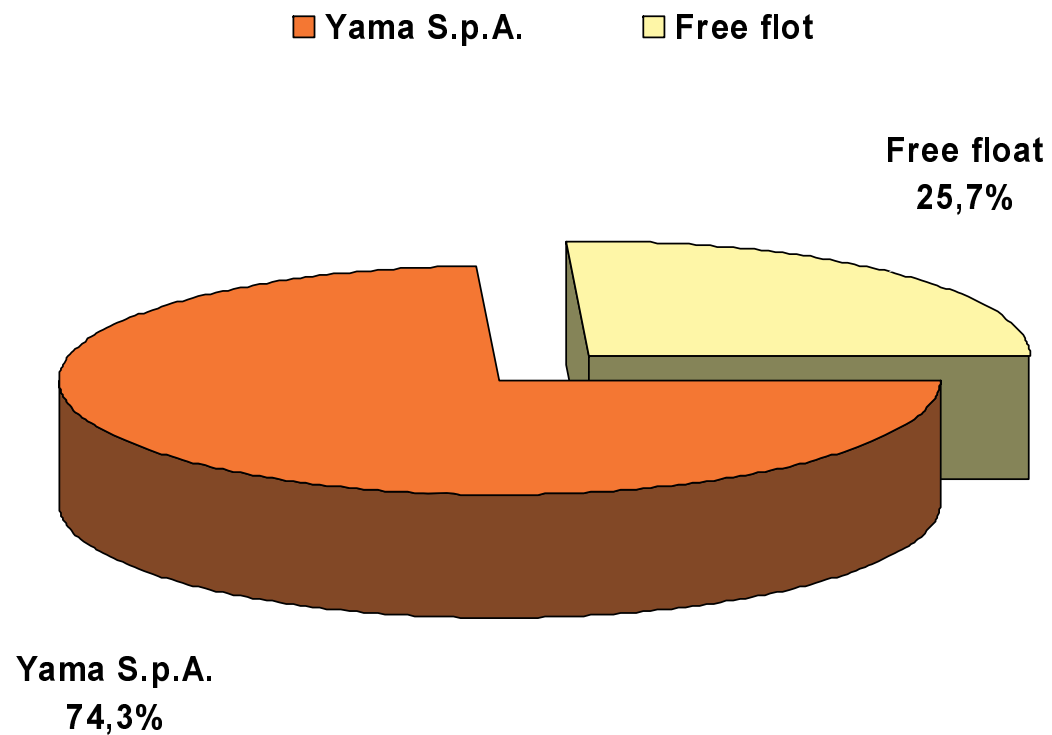
STAR Conference - Milan



A wide range of products for gardening and forestry

**One of the top five European Manufacturers of outdoor power equipment**

## Major Shareholders at 31<sup>st</sup> December 2006



## Emak Overview

### Organisation

3 plants (2 in Italy and 1 in China)  
7 distribution branches  
126 distributors in 70 Countries,  
Over 20,000 dealers

### 2006 Sales

208 Mil. € of which:  
20% → Domestic  
80% → Export

### Employees at 31.12.2006

915 EMAK Group of which:  
489 → Italy  
426 → Abroad

### Brands

Oleo-Mac  
Efco  
Dynamac

### Product Range

Chainsaws  
Brushcutters  
Trimmers  
Lawnmowers  
Garden Tractors  
Power Tools

# Outdoor Power Equipment Market

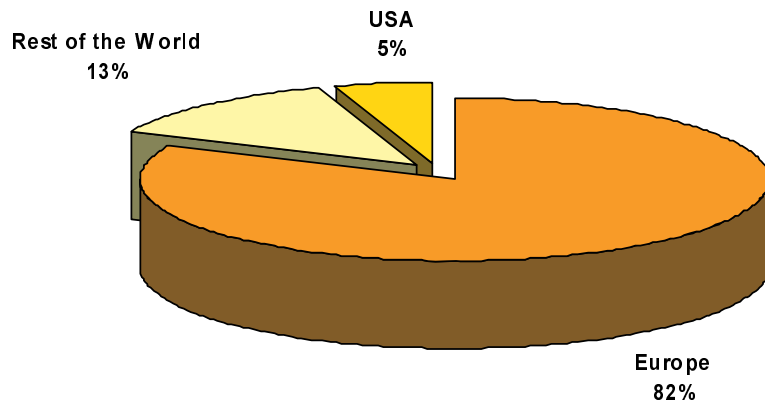
**Volume**

~ 45 Million

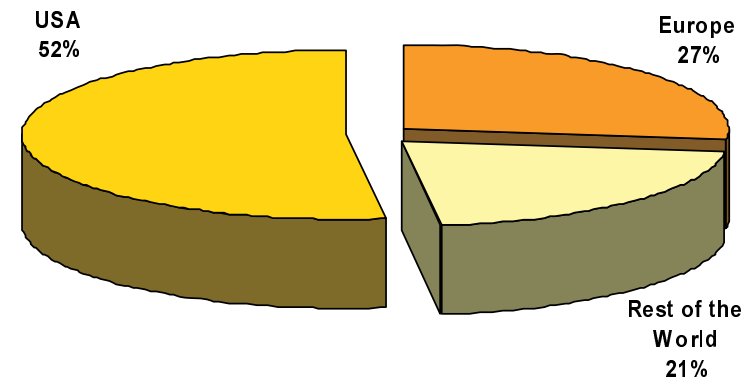
**Value**

~ 15-16 Billion €

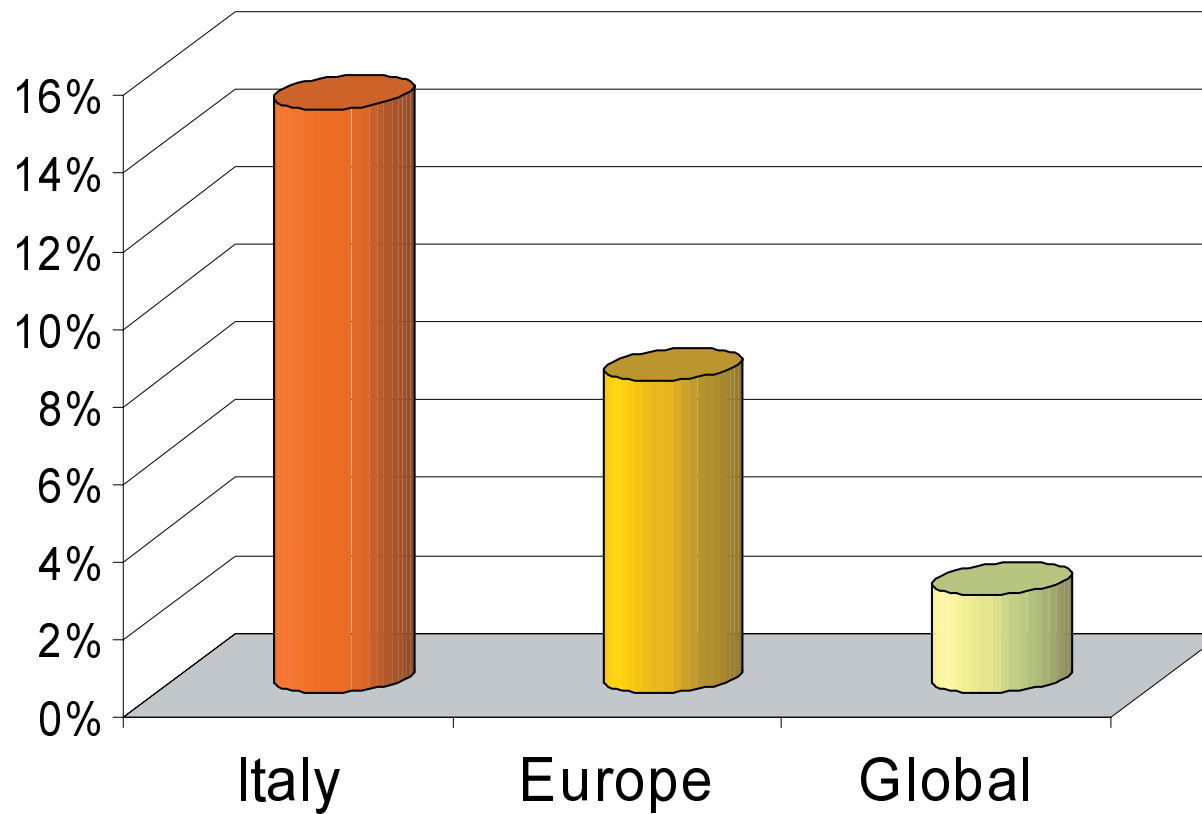
**Emak Sales Breakdown**



**Global Demand**



## 2006 Emak Market Share



## Market Outlook

- ➔ More and more demanding end users
- ➔ Price Pressure
- ➔ Competitive pressure from Asian manufacturers
- ➔ Retailers consolidation
- ➔ Manufacturers consolidation
- ➔ More and more stringent emission regulations

## Market Outlook

### Key Drivers:

- ➔ GDP growth
- ➔ Increasing disposable income
- ➔ Growing number of householders
- ➔ Weather conditions



## Emak Mission

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

Customer  
Satisfaction

Value  
Creation

## EMAK STRATEGY

### Key Drivers:

- ➔ Product innovation
- ➔ Level of service
- ➔ Competitiveness
- ➔ Internationalisation
- ➔ Customer relationship

## Product innovation

**To offer our customers a leading edge and innovative range of products in terms of reliability, performance, design and confort**

- ➔ More than 50% of total investment devoted to product innovation
- ➔ 10% of total employees in R&D
- ➔ 28 new products launched in the next 3 years

## Level of service

**To offer our customers an outstanding level of service  
in terms of pre-sales and after sales support**

- ➔ Supply chain management to reduce lead time
- ➔ Investments on Logistic System to improve deliveries
- ➔ IT investments to improve customized support to sales network

# Competitiveness

**To offer the best value to our customers**

- ➔ China Plant
- ➔ Outsourcing
- ➔ Logistic management
- ➔ Fixed Cost management

## Internationalisation

**To guarantee a wide spread presence in the global market**

- ➔ Consolidation in EUROPE through investments on dealers network
- ➔ Development in USA through recently established distribution branch
- ➔ Development in fast growing markets (South America, Asia and Australia)

## Customer relationship

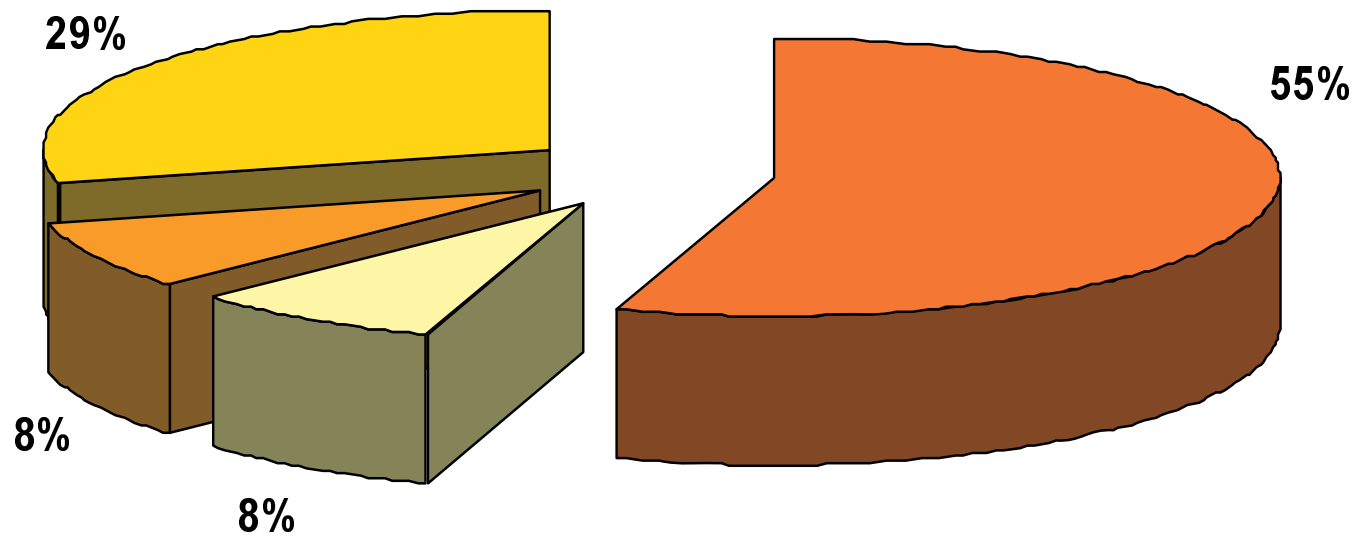
**To develop a highly customer-focused organisation  
in order to have loyal and satisfied customers**

- ➔ Investments on employees training
- ➔ Talent management

# Investment Policy

	2007/2009
<b>CAPEX</b>	<b>32 mil €</b>
<b>Yearly Capex on sales</b>	<b>4,3%</b>

■ R&D/New Product 
 ■ Production Equipments 
 ■ ICT 
 ■ Buildings





## Turnover Breakdown by Geographical Area

Area	2006Y	2005Y	Change
Italy	40,9	40,4	1,1%
Europe	134,8	114,8	17,4%
North America	4,9	5,5	-10,0%
Rest of the world	27,8	22,7	22,3%
Total	208,4	183,4	13,6%

Mil €

## Turnover Incidence by Geographical Area

Area	2006Y	%	2005Y	%
Italy	40,9	19,6%	40,4	22,0%
Europe	134,8	64,7%	114,8	62,6%
North America	4,9	2,4%	5,5	3,0%
Rest of the World	27,8	13,3%	22,7	12,4%
<b>Total</b>	<b>208,4</b>	<b>100%</b>	<b>183,5</b>	<b>100%</b>

Mil €

## Turnover Breakdown by Product Line

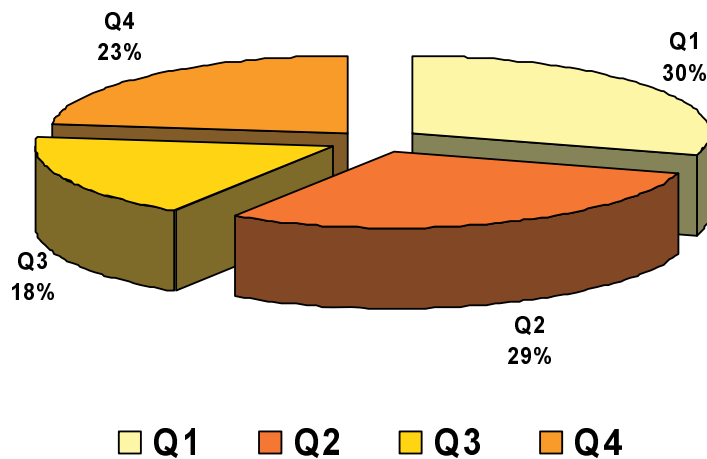
Product	2006Y	2005Y	Change
Brushcutters	39,9	33,6	18,9%
Chainsaws	38,7	37,0	4,5%
Lawnmowers	33,1	29,1	14,0%
Garden Tractors	16,9	14,9	13,4%
Others (pumps, blowers, hedge trimmers, electric products ecc...)	57,3	48,2	18,9%
Spare parts and accessories	22,5	20,6	8,8%
<b>Total</b>	<b>208,4</b>	<b>183,4</b>	<b>13,6%</b>

Mil €

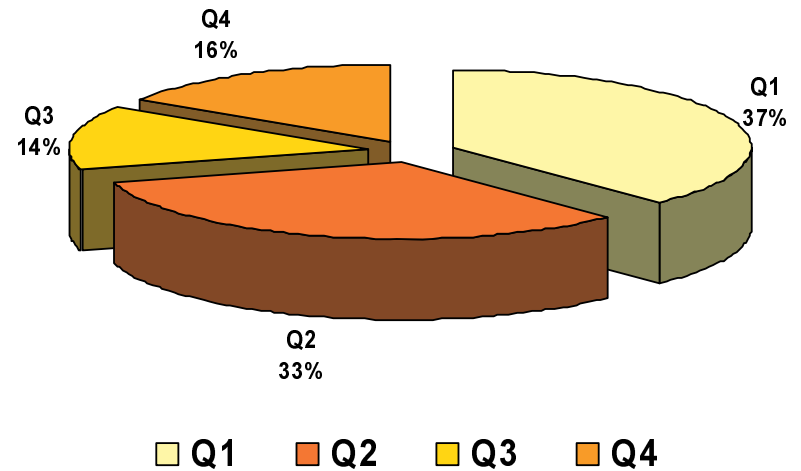
# Seasonality

First half normally represents approx. 58% of sales and 68% of Ebitda

**NET SALES**  
Average of total year (2004/2006)



**EBITDA**  
Average of total year (2004/2006)





## Economic and Financial Data

## Consolidated P&L Accounts

	2006Y	%	2005Y	%
<b>Turnover</b>	<b>208,4</b>	<b>100%</b>	<b>183,4</b>	<b>100%</b>
<b>Ebitda</b>	<b>25,4</b>	<b>12,2%</b>	<b>22,3</b>	<b>12,1%</b>
<b>Ebit</b>	<b>20,1</b>	<b>9,6%</b>	<b>17,0</b>	<b>9,3%</b>
<b>Group Net Profit</b>	<b>11,5</b>	<b>5,5%</b>	<b>9,6</b>	<b>5,2%</b>
<b>EPS</b>	<b>0,416</b>		<b>0,345</b>	

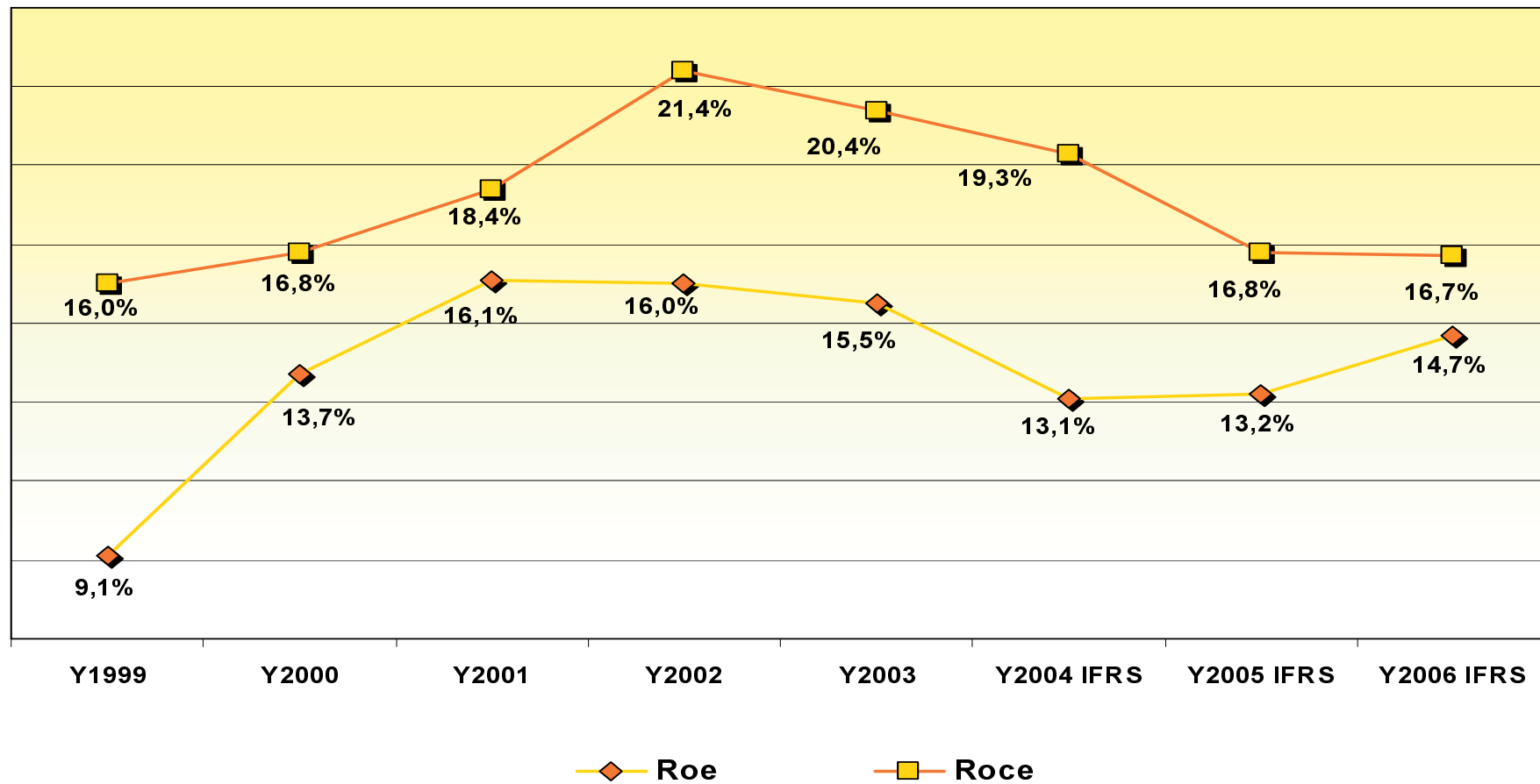
Mil €

## Consolidated Assets and Liabilities

<b>Emak Group</b>	<b>2006Y</b>	<b>2005Y</b>
<b>Net fixed assets</b>	<b>37,9</b>	<b>34,8</b>
<b>Net current assets</b>	<b>82,1</b>	<b>66,4</b>
<b>Net capital employed</b>	<b>120,0</b>	<b>101,2</b>
<b>Net Equity</b>	<b>81,6</b>	<b>74,9</b>
<b>Minority interests</b>	<b>0,5</b>	<b>0,5</b>
<b>Net financial debt</b>	<b>37,9</b>	<b>25,8</b>
<b>Debt/Equity</b>	<b>0,46</b>	<b>0,34</b>

Mil €

## Roe and Roce Evolution





## Shareholders Value Creation

Total Return to Shareholders							
Year	2000	2001	2002	2003	2004	2005	2006
Share Performance Y/Y	13,3%	15,1%	1,3%	35,3%	18,6%	25,3%	1,5%
<b>Dividends</b>							
Distributed dividend (€ mil)	2,1	2,9	3,6	3,9	4,0	4,0	4,1
Dividend (€)	0,077	0,103	0,130	0,140	0,145	0,145	0,150
Total Dividend distributed (2000-2006)						€ mil	24,6
Yield Y/Y (%)	4,30%	5,0%	5,5%	6,0%	4,5%	3,8%	3,1%

## Historical Growth and Profitability

CAGR 1999/2006	
Sales	12,9%
Ebitda	10,4%
Ebit	13,9%
Net profit	16,6%
Cash flow	10,1%

## Estimated Growth Projections

CAGR 2007/2009	
Sales	10%
Ebitda	19%
Ebit	21%



## Corporate Social Responsibility

SA 8000 Ethical Certification

ISO 14000 Environmental Certification