

***Summary of statement by Stefano Slanzi, Comagarden President
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The gardening machinery sector is highly variegated, covering different types of products from electrical equipment to lawn tractors.

The world gardening market estimate at pre-2008 crisis values comes to around 60 million units consisting of:

- Chainsaws:	10.0 mil. units
- Brush cutters:	11.5 mil. units
- Other hand held units:	6.0 mil. units
- Electrical equipment:	15.0 mil. units
- Mowers (electric, engine):	15.0 mil. units
- Lawn tractors:	2.5 mil. units

The estimate of the total world market value of sell-in units is about € 15 to 16 billion.

50% of this market is concentrated in North America, 30% in Europe and 20% in the rest of the world.

Big distribution outlets account for some 50% of world volume (70% in North America), traditional dealers 40% (50% in value) and hardware retailers and garden centers 10%.

At the level of end-users, the following categories of customers can be considered:

- Private users divided, in turn, into *price sensitive* purchasers of *no name* products from big distributors and demanding customers acquiring brand-name products from dealers
- Farmers and semi-professional users who purchase machinery for occasional maintenance work
- Professionals who use the products as their main instruments for work (landscapers and loggers).

Farmers and professionals usually purchase from dealers.

The customers category accounts for 65% by volume, farmers for 20% and professionals for 15%.

The factors which influence gardening machinery demand are:

- the general economic setting and the level of family consumption
- the number and size of gardens and the green mentality in general (especially developed in the Anglo-American countries.
- weather conditions, the right mix of sun and rain.

The European market takes up about 18 million units broken down into:

- Chainsaws:	5.0 mil. units (1.5 mil. in Russia)
- Brush cutters:	2.5 mil. units
- Mowers:	6.5 mil. units
- Lawn tractors:	350,000 units
- Others:	3.6 mil. units

In a very short period of time, Russia has become the world's second largest market for chainsaws and brush cutters behind the United States.

In Western Europe, the market moving the largest number of units is Britain, followed by Germany and France.

In terms of value, the standings of the three countries named above are overturned: Britain is, above all, a market for mowers, most of them electric and sold through big distribution outlets (products with a lower cost per unit); France is far and away the biggest European market for lawn tractors, the product with a higher value per unit.

Italy comes in as the fourth European market.

The volumes come to about 1.4 million units divided into:

- 250,000 chainsaws
- 250,000 brush cutters
- 430,000 mowers
- 25,000 lawn tractors
- 230,000 electric machines
- 215,000 other products

Italy is, moreover, the country in which big distributors have the least impact on total volume and where there is the largest number of specialized dealers (some 6,000).

The impact of the economic crisis on the market volumes cited in 2009 with reference to 2008 varies according to area.

The common phenomenon, however, has been a shift in the product mix towards models of lower unitary value to the detriment of higher range models. Thus the

decline of the market in value turns out to be greater than that for the number of real units.

The data in our possession point to a decline in the national market, in the first semester of the year, of around 12%.

The products which have borne the brunt are mowers, lawn tractors and brush cutters. The trend has been better for chainsaws (were showing a fall-off in volume in 2007 and 2008, ahead of the crisis.)

Declines of between 15% and 20% can be expected in the other Western European countries.

Following two-figure growth in recent years, the contraction of the market in the countries of Eastern Europe are much greater, especially in Russia and Ukraine. The area has been further penalized by the steep devaluations of the local currencies against the euro and the dollar.

In this part of the world, reductions in value of around 35% to 40% can be expected.

The single product remaining in good health in the United States in recent months is the chainsaw with sales driven by the favorable *hurricane season* at the end of 2008. Other products have displayed a trend similar to those on the European markets with especially deep plunges in the lawn tractor market.

The only major countries showing growing volumes are: Brazil, China and India. These markets, however, are in their infancy, their markets are still not highly important (especially those of the latter two) and their impact on world trends is insignificant.

Inventory levels in distribution, however, appear to be at adequate values: the decline in demand at the sell-out level was heavily “off-loaded” on the production plans of manufacturers with the creation of further inventory of finished products and components at the beginning of the year which have since been sold off.

This means that, aside from demand, at the sell-out level in 2009, a *rebound* of sell-in volumes can be expected due simply to the phenomenon of rebuilding inventory.