

COMPANY PRESENTATION

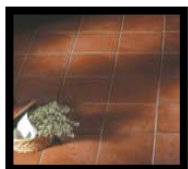
Milan, March 2nd 2007



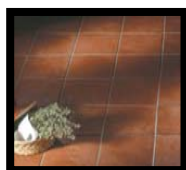
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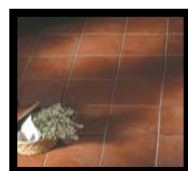
The Group



2006 Results



Europe & USA



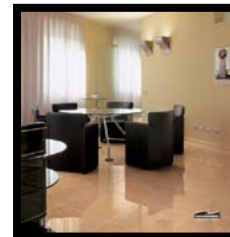
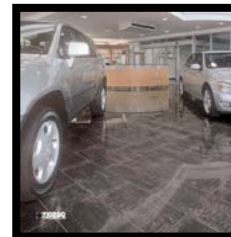
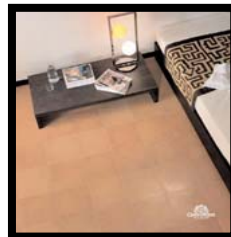
Appendix

- Panariagroup designs, manufactures, and distributes floor and wall ceramic tiles since 1974.
- Panariagroup is specialized in the production of porcelain grès tiles with a complete positioning in the high-end and deluxe market segment.
- It closed 3 acquisitions in the last 5 years becoming one of the major Italian groups with an international scope, three manufacturing plants in Italy, two in Portugal and one in the US.
- The Group distributes its products through 7 brands in more than 100 Countries, thanks to a sales network composed by mid size distributors and a chain of 25 directly managed branches.
- The Group relies on state of the art plants (no important Capex needed).

THE BRAND PORTFOLIO

The Group

- The Group offers a wide range of product lines
- Seven different brands, all well known
- Each brand features its own specific and distinctive characteristics, aiming at meeting the needs of the more sophisticated customers

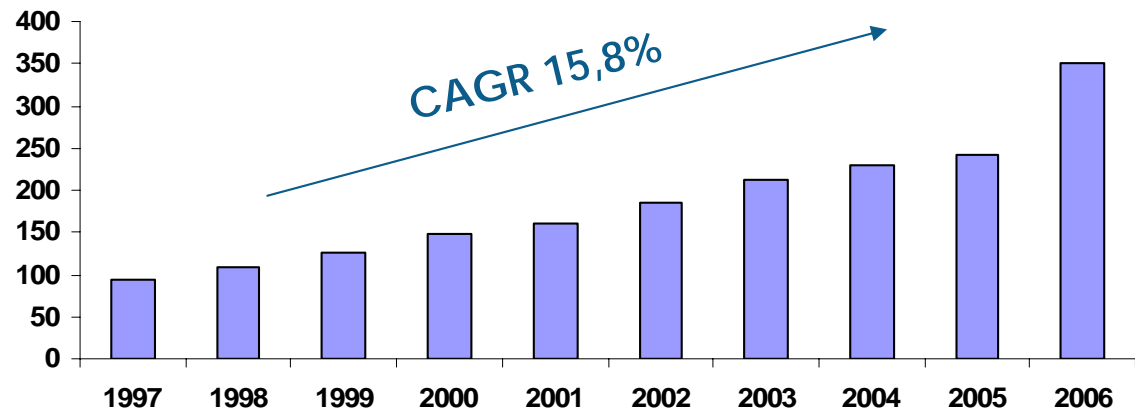


THE GROWTH

The Group

- Panariagroup enjoyed in the last decade an organic growth higher than 10%, far better than the average of the market.
- Following the IPO, the Group targeted an international expansion that sustained the impressive growth of 2006.

Panariagroup Revenues (€Mln)



- With the two acquisition closed after the IPO, the international profile of Panariagroup has completely changed
- Following tables highlight the results of these acquisitions on the most important aspects of the company:

Sales Breakdown by market (in %)

Country	2005	2006*
ITALY	42.00%	27.85%
UNITED STATES	9.88%	32.46%
EUROPE	41.90%	36.49%
OTHER COUNTRIES	6.22%	3.20%
Total	100.00%	100.00%

* Pro forma with 12 months of Florida Tile

Production breakdown by country (in %)

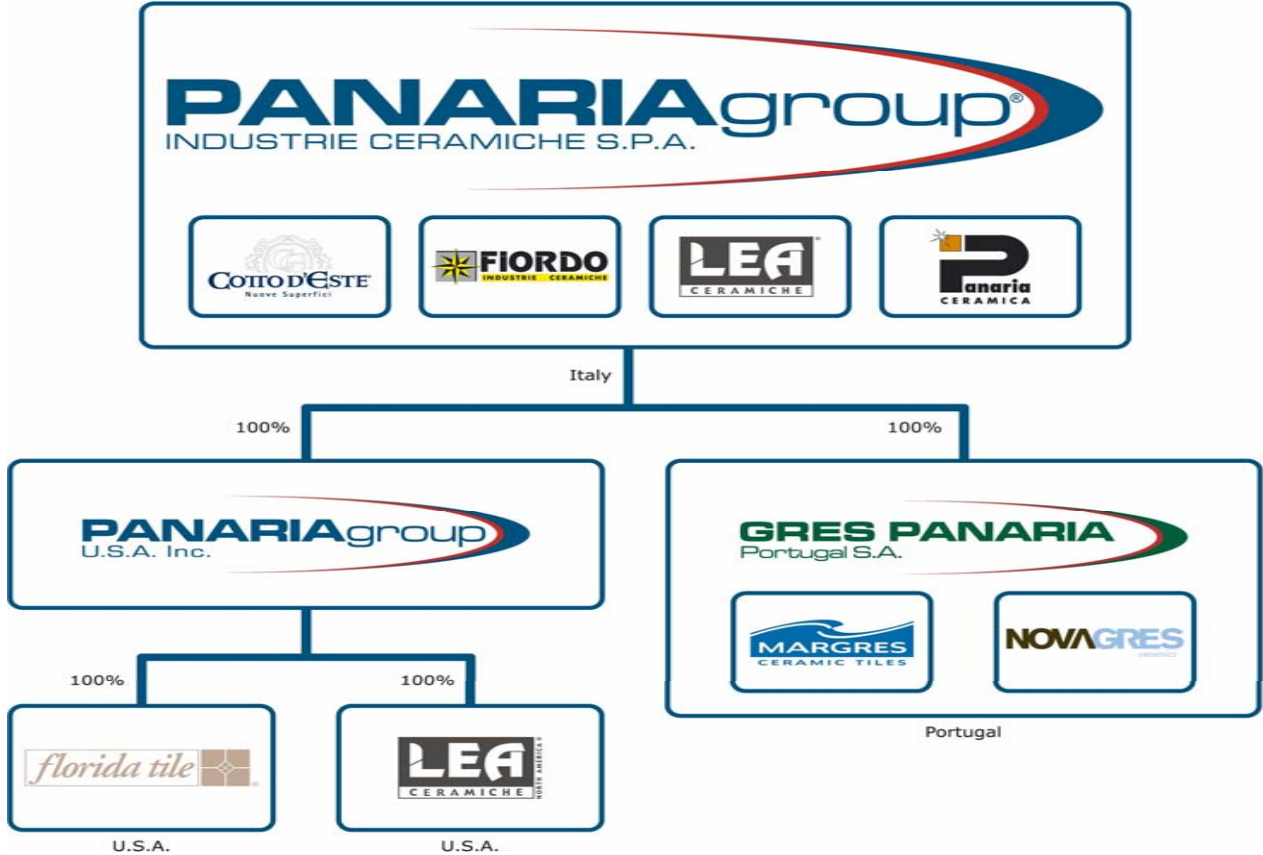
Country	2005	2006*
ITALY	85.29%	57.58%
PORTUGAL	14.71%	30.30%
UNITED STATES	0.00%	12.12%
Total	100.00%	100.00%

* Pro forma with 12 months of Florida Tile

THE NEW ORGANIZATION CHART

The Group

Completed the reorganization of the foreign controlled companies of the Group



- High quality standards in the research and selection of raw materials
- Aesthetic refinement, allowing the Group to set new trends and anticipate market requirements
- Strong R&D activity, aimed at product and manufacturing process innovation
- Focus on service, delivery efficiency, careful customer relationship
- Located in the “ceramic district”

CONSOLIDATED INCOME STATEMENT

2006 Results

Euro/000	2004	%	2005	%	2006 *	%
Gross revenues	230'382		241'725		351'559	
<i>Growth</i>	<i>11.1%</i>		<i>4.9%</i>		<i>45.4%</i>	
EBITDA	39'253	17.0%	43'672	18.1%	49'882	14.2%
<i>Growth</i>	<i>3.8%</i>		<i>11.3%</i>		<i>14.2%</i>	
EBIT	25'540	11.1%	29'521	12.2%	31'653	9.0%
<i>Growth</i>	<i>0.3%</i>		<i>15.6%</i>		<i>7.2%</i>	
Pre-tax income	22'189	9.6%	30'514	12.6%	27'896	7.9%
<i>Growth</i>	<i>-2.3%</i>		<i>37.5%</i>		<i>-8.6%</i>	
Net income	15'213	6.6%	18'048	7.5%	18'101	5.1%
<i>Growth</i>	<i>5.4%</i>		<i>18.6%</i>		<i>0.3%</i>	

* Preliminary data

CONSOLIDATED BALANCE SHEET

2006 Results

Euro/000	2004	2005	2006
Goodwill	4'235	12'089	12'089
Intangible assets	607	551	2'639
Tangible assets	52'528	82'836	88'833
Financial fixed assets	4	4	5
Fixed Assets	57'374	95'480	103'566
Current assets	167'672	198'359	238'840
Current liabilities	(84'329)	(92'222)	(106'130)
Net Working Capital	83'343	106'137	132'710
Assets and Liabilities due after the year	(10'823)	(17'786)	(17'739)
NET CAPITAL EMPLOYED	129'894	183'831	218'537
Net Financial Position	(3'896)	40'653	66'924
Shareholders' equity	133'790	143'178	151'613

NET FINANCIAL POSITION

2006 Results

Euro/000	31/12/2004	31/12/2005	31/12/2006
Short-term financial assets	17.1	4.2	9.0
Short-term financial debt	(4.5)	(40.5)	(52.0)
Mid-long term financial debt	(8.7)	(4.4)	(24.0)
Net financial debt	3.9	(40.7)	(66.9)
Operating Cash Flow	30.2	32.2	36.3

- Strong historical high cash flow generation
- Worsening in the Net financial position in 2006 is mainly due to:
 - ❖ The acquisition of Florida Tile (18.3 MI €)
 - ❖ The important investments finalized (17.6 MI €)
 - ❖ The dividend distributed (8.6 MI €)

THE TWO REALITIES OF THE GROUP



EUROPE



ORGANIC GROWTH
OUTSTANDING PROFIT MARGIN



USA



TURNAROUND / RESTRUCTURING
COMMERCIAL OPPORTUNITIES

THE EUROPEAN REALITY



- Includes 6 brands and 5 production plants in Italy and in Portugal
- Has a well established presence in the European market
- All brands are positioned in the high end and deluxe market segment
- The average selling price in both markets is almost double of the average of the market

Price €/MQ	2003	2004	2005	2006
Panariagroup Italy	15.69	16.43	17.36	18.16
Panariagroup Portugal (*)	8.22	8.94	9.96	11.37

Variation on last year %	2003	2004	2005	2006
Panariagroup Italy	5.5%	4.7%	5.7%	4.6%
Panariagroup Portugal (*)	6.3%	8.8%	11.4%	14.2%

(*) Data referred to Margres

THE RESULTS



Euro/000	2004	%	2005	%	2006	%
Gross revenues	230'382		241'725		287'031	
<i>Growth</i>	<i>11.1%</i>		<i>4.9%</i>		<i>18.7%</i>	
EBITDA	39'253	<i>17.0%</i>	43'672	<i>18.1%</i>	50'932	<i>17.7%</i>
<i>Growth</i>	<i>3.8%</i>		<i>11.3%</i>		<i>16.6%</i>	
EBIT	25'540	<i>11.1%</i>	29'521	<i>12.2%</i>	34'089	<i>11.9%</i>
<i>Growth</i>	<i>0.3%</i>		<i>15.6%</i>		<i>15.5%</i>	

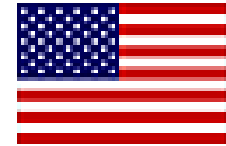
- Good organic growth and outstanding profit margins despite:
 - Strong increase in energy costs (negative impact on Ebitda of € 5 MI)
 - Currency rate trend (negative impact on Ebitda of € 1.5 MI)

OUTLOOK 2007 & PROJECTS



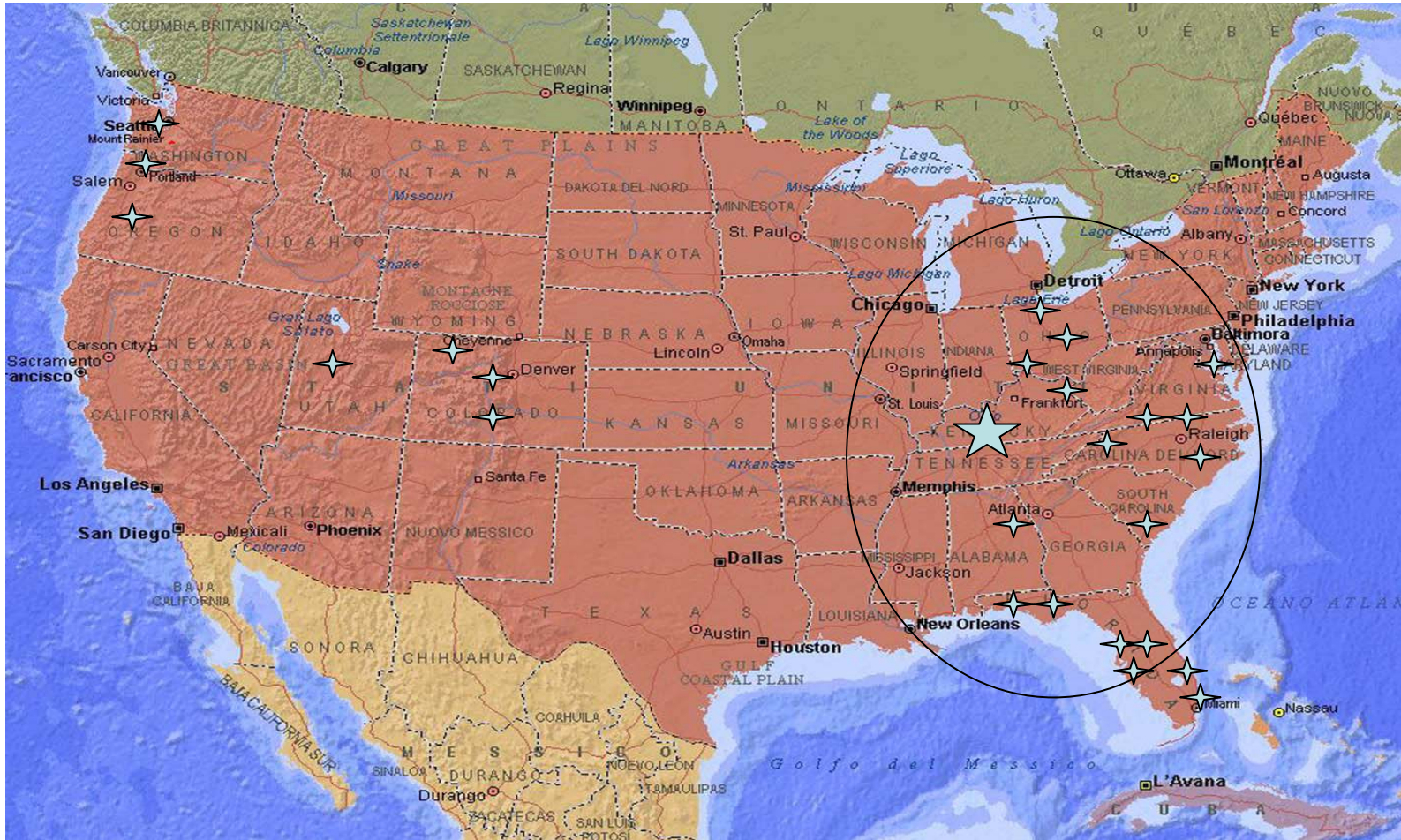
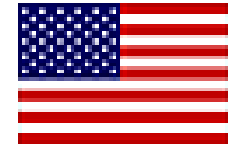
- High single digit organic growth;
- Maintenance of the outstanding profit margin (17.7% Ebitda margin);
- Introduction of new product lines => average selling price increase;
- Energy costs foreseen flat in FY07;
- Enduring low production costs in Portugal;
- External growth opportunities in interesting markets (Spain, Eastern Europe, ...).

THE US REALITY



- Includes the recently acquired activities of Florida Tile and in particular:
 - Florida Tile brand;
 - The production plant based in Kentucky;
 - 25 directly managed branches mainly located in the East coast;
 - The distribution center located close to the plant in KY.

US LOCATIONS



THE RESULTS



Euro/000	2006	%
Gross revenues	67'420	
EBITDA	-1'101	-1.6%
EBIT	-2'389	-3.5%

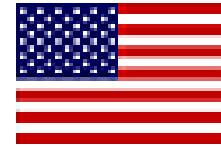
- Weak economic results due to:
 - Red clay production, declining on the market;
 - Inefficient production;
 - Temporary extra-costs (external supply, transportation costs);
 - Product portfolio too fragmented.

THE TURNAROUND

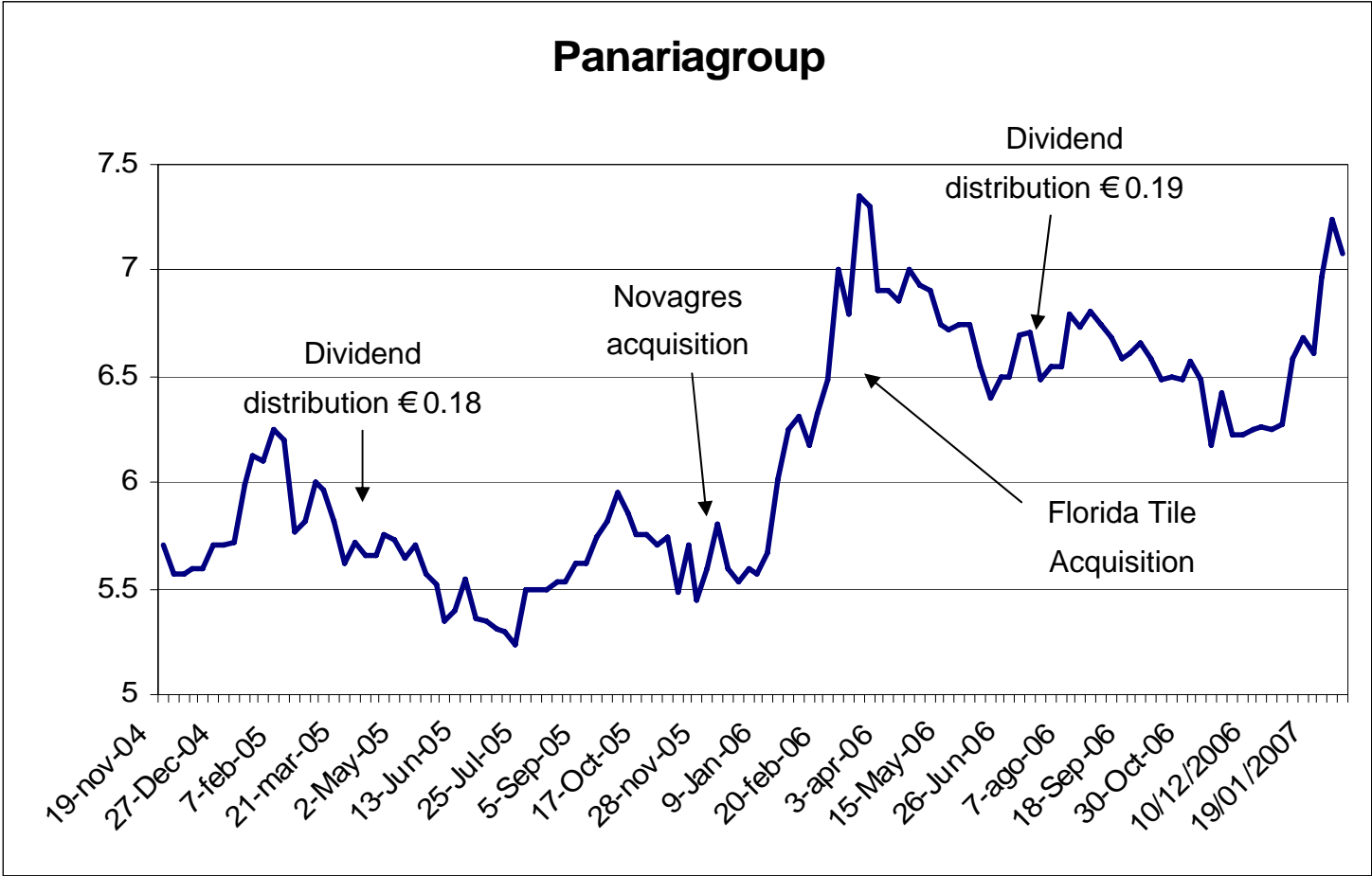


- Definitive shut down of the Shannon plant (February 2007)
- Start up of the new porcelain tile production line (June 2007)
- New top management team (already in place)
- New IT system (March 2007)
- Important production in our European plants of series dedicated to Florida Tile
- Purchasing synergies with Panariagroup

OUTLOOK 2007 & PROJECTS



- Reorganization of the production structure (1H07);
- Improvement of the product portfolio (in progress)
- Strengthening of the distribution network:
 - ❖ Mid size distributors => high level of service;
 - ❖ Directly managed branches => better control;
- New branches opening (East Coast)
- External growth opportunities (local distribution chains)



Giuliano Pini

CEO

Fabio Marasi

Investor Relations Manager

PANARIAGROUP INDUSTRIE
CERAMICHE S.P.A.

Management Center:

Via Cameazzo, 31

Fiorano Modenese (MO)

Tel. +39 0536 915211

Fax +39 0536 915204

info@panariagroup.it

Panariagroup

Investor Relations Manager

Tel. +39 0536 915211

fabio.marasi@panariagroup.it

QUESTIONS & ANSWERS



Panariagroup, la qualità. Non solo in superficie.

