





The Group



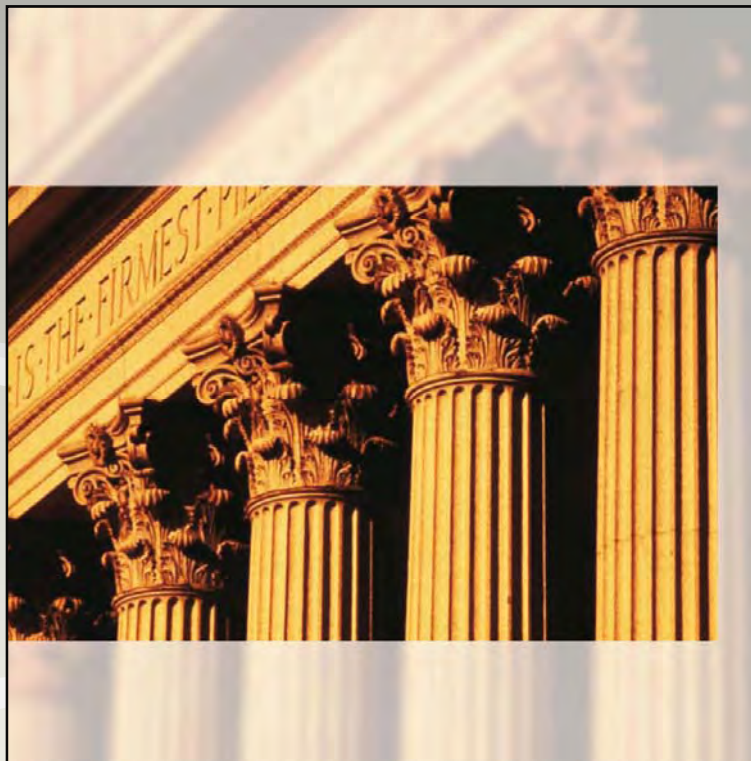
2007 Results



Europe & Usa



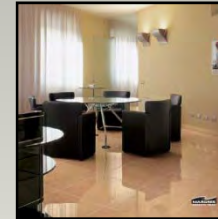
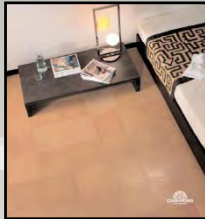
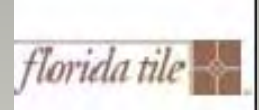
Appendix



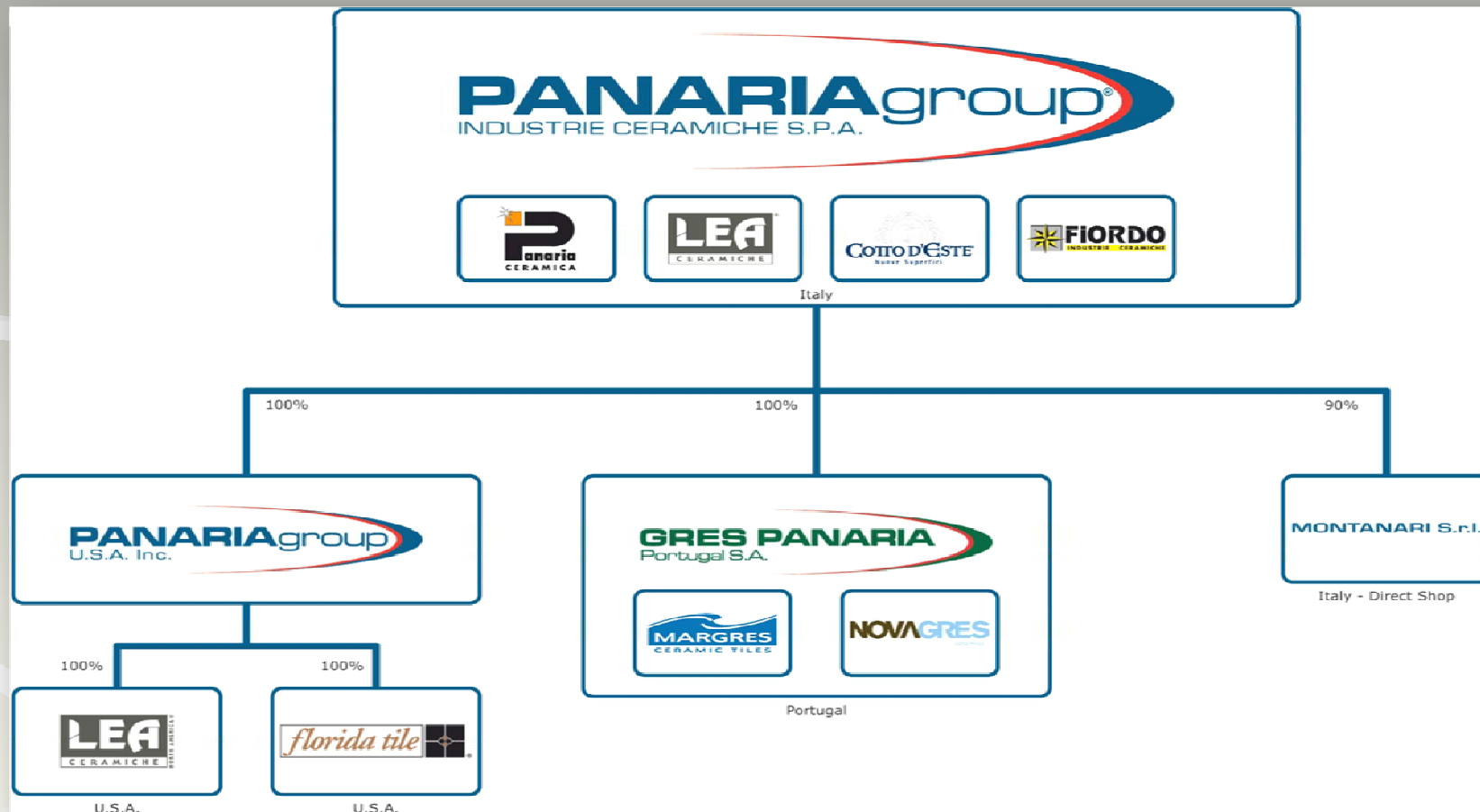
THE GROUP



- Panariagroup designs, manufactures and distributes floor and wall ceramic tiles since 1974.
- The Group 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 26 directly managed branches.
- The Group relies on state of the art plants (no important Capex needed).



- 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

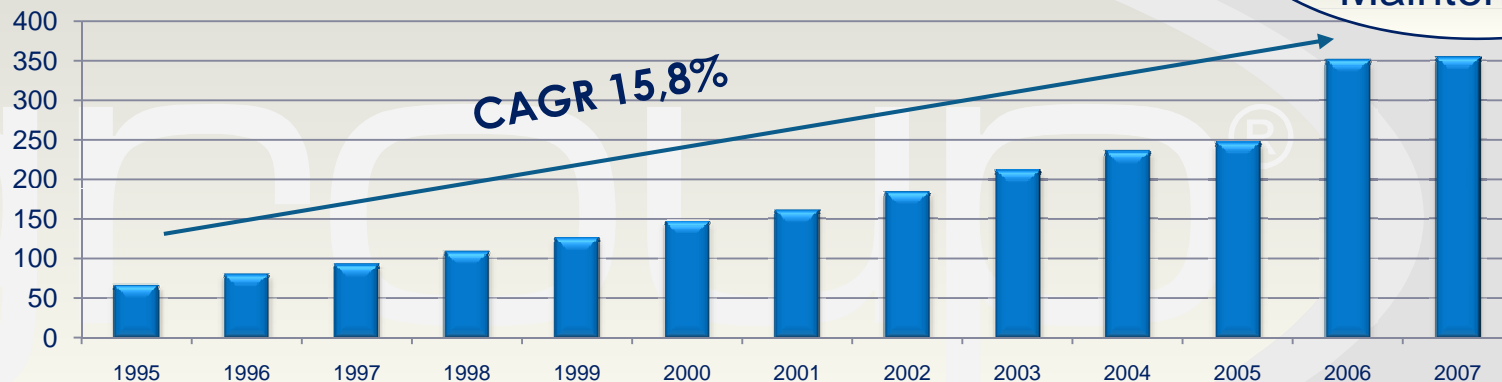


- The structure of the Group has changed from December 31st, 2006, as a result of the acquisition of 90% of Montanari srl, occurred on October 1st, 2007



- Panariagroup enjoyed in the last decade an organic growth higher than 10%, far better than the average of the market.
- Following the IPO (2004), the Group targeted an international expansion that sustained the impressive growth of 2006.
- 2007 has been an year of consolidation of the structure after the rapid growth through acquisitions of the recent years. Despite the critical situation of the Us market and the devaluation of Us Dollar the company maintained the important level of sales reached in 2006 with a slight increase.

Panariagroup - Revenues (€mln)



Consolidation
&
Maintenance



- With the two acquisitions closed after the IPO, the international profile of Panariagroup has completely changed;
- 2007 confirm the internationalization of sales achieved by the Group: this diversification strategy through internationalization of sales has allowed the company to reduce the Country Risk;
- The following table, in particular, highlight the results of this strategy on the Sales distribution of the Group:

Sales Breakdown by market (in %)

Country	2005	2006*	2007
ITALY	42,00%	28,68%	29,40%
UNITED STATES	9,88%	28,09%	22,95%
EUROPE	41,90%	38,74%	42,51%
OTHER COUNTRIES	6,22%	4,49%	5,14%
Total	100%	100%	100%

*Pro forma with 12 months of Florida Tile

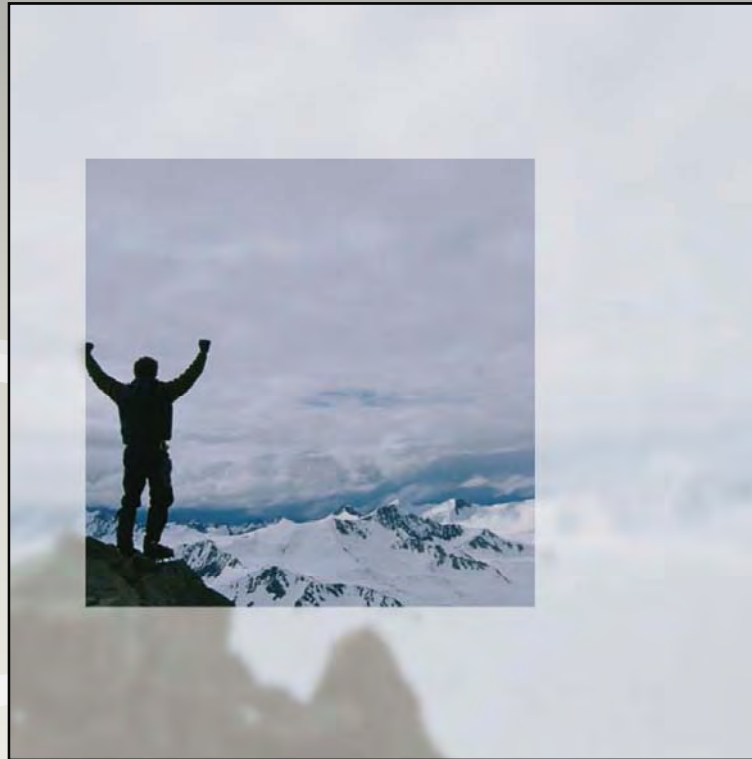
Production Breakdown by market (in %)

Country	2005	2006*	2007
ITALY	85,29%	57,58%	59,90%
PORTUGAL	14,71%	30,30%	33,90%
UNITED STATES	0,00%	12,12%	6,20%
Total	100%	100%	100%

*Pro forma with 12 months of Florida Tile



- Global position of the brand in the high and luxury segments
- High quality standards in the research and selection of raw materials
- Strong R&D activity, aimed at product and manufacturing process innovation
- Focus on service, delivery efficiency, careful customer relationship
- Headquartered in the Italian “ceramic district”
- Important presence in a low cost country (Portugal)
- Significant production presence in the most important selling markets (Europe and Us)



2007 RESULTS

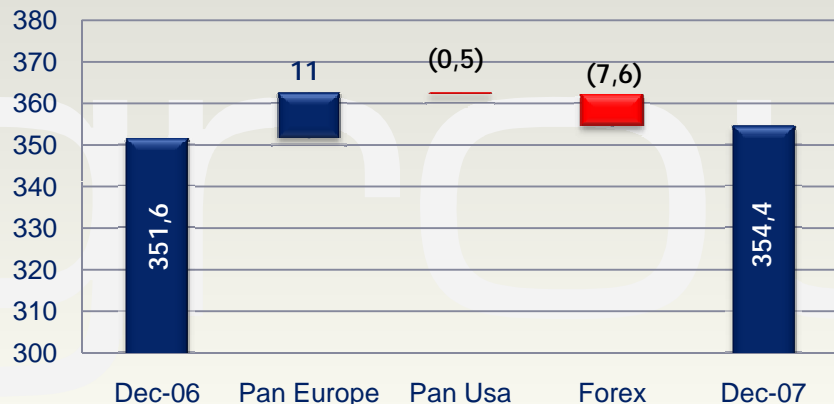
2007 RESULTS

Consolidated Income Statement

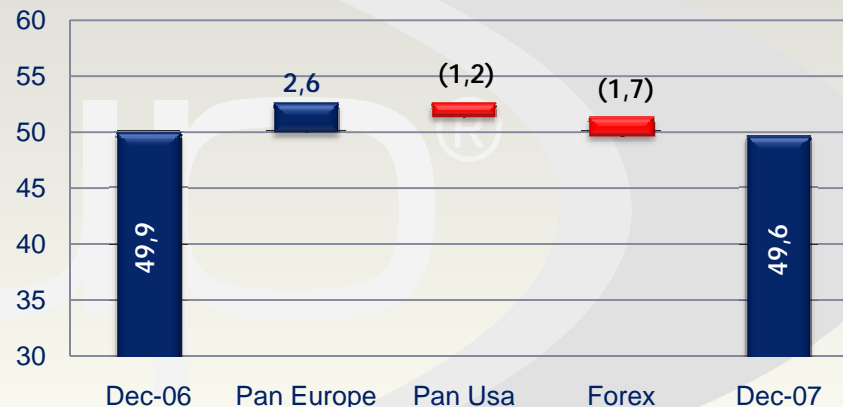


Euro/000	2004	%	2005	%	2006	%	2007	%
Gross revenues	230.382		241.725		351.559		354.439	
<i>Growth</i>	<i>11,1%</i>		<i>4,9%</i>		<i>45,4%</i>		<i>0,8%</i>	
EBITDA	39.253	17,0%	43.672	18,1%	49.882	14,2%	49.549	14,0%
<i>Growth</i>	<i>38,0%</i>		<i>11,3%</i>		<i>14,2%</i>		<i>-0,7%</i>	
EBIT	25.540	11,1%	29.521	12,2%	31.653	9,0%	30.585	8,6%
<i>Growth</i>	<i>3,0%</i>		<i>15,6%</i>		<i>7,2%</i>		<i>-3,4%</i>	
Pre-tax income	22.189	9,6%	30.514	12,6%	27.896	7,9%	24.459	6,9%
<i>Growth</i>	<i>-2,3%</i>		<i>37,5%</i>		<i>-8,6%</i>		<i>-12,3%</i>	
Net income	15.213	6,6%	18.048	7,5%	18.101	5,1%	14.052	4,0%
<i>Growth</i>	<i>5,4%</i>		<i>18,6%</i>		<i>0,3%</i>		<i>-22,4%</i>	

Revenues Breakdown (€mIn)



EBITDA Breakdown (€mIn)



2007 RESULTS

Consolidated Balance Sheet



Euro/000	2004	2005	2006	2007
Goodwill	4.235	12.089	12.089	13.002
Intangible assets	607	551	2.639	3.252
Tangible assets	52.528	82.836	88.833	96.425
Financial fixed assets	4	4	5	2
Fixed assets	57.374	95.480	103.566	112.681
Current assets	167.672	198.359	238.840	256.282
Current liabilities	(84.329)	(92.222)	(106.130)	(108.603)
Net Working Capital	83.343	106.137	132.710	147.679
Assets and Liabilities due after the year	(10.823)	(17.786)	(17.739)	(25.462)
NET CAPITAL EMPLOYED	129.894	183.831	218.537	234.898
Net Financial Position	(3.896)	40.653	66.924	80.863
Shareholders' equity	133.790	143.178	151.613	154.035
Dividend Distributed		8.100	8.614	8.614



Euro/000	2004	2005	2006	2007
Short-term financial assets	17,1	4,2	9,0	6,3
Short-term financial debt	(4,5)	(40,5)	(52,0)	(56,0)
Mid-long term financial debt	(8,7)	(4,4)	(24,0)	(31,1)
Net financial debt	3,9	(40,7)	(67,0)	(80,8)
 Operating Cash Flow	 30,2	 32,2	 36,3	 33,0

- Strong historical high cash flow generation
- Worsening in the Net financial position in 2007 is mainly due to:
 - ❖ The important investments finalized (25.0 MI €), mainly referred to the new plant in Kentucky
 - ❖ The dividend distributed (8.6 MI €)



EUROPE & USA



- 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

Panariagroup Italy

Panariagroup Portugal

2004	2005	2006	2007
16,43	17,36	18,16	19,20
8,40	8,73	9,28	10,07

Variation on last year %

Panariagroup Italy

Panariagroup Portugal

2004	2005	2006	2007
4,7%	5,7%	4,6%	5,7%
3,1%	3,9%	6,3%	8,5%



Euro/000	2004	%	2005	%	2006	%	2007	%
Gross revenues	230.382		241.725		284.110		293.124	
<i>Growth</i>	<i>11,1%</i>		<i>4,9%</i>		<i>17,5%</i>		<i>3,2%</i>	
EBITDA	39.253	17,0%	43.672	18,1%	50.951	17,9%	51.626	17,6%
<i>Growth</i>	<i>38,0%</i>		<i>11,3%</i>		<i>16,7%</i>		<i>1,3%</i>	
EBIT	25.540	11,1%	29.521	12,2%	34.099	12,0%	34.268	11,7%
<i>Growth</i>	<i>3,0%</i>		<i>15,6%</i>		<i>15,5%</i>		<i>0,5%</i>	

EU Revenues Breakdown (€mIn)



EU Ebitda Breakdown (€mIn)



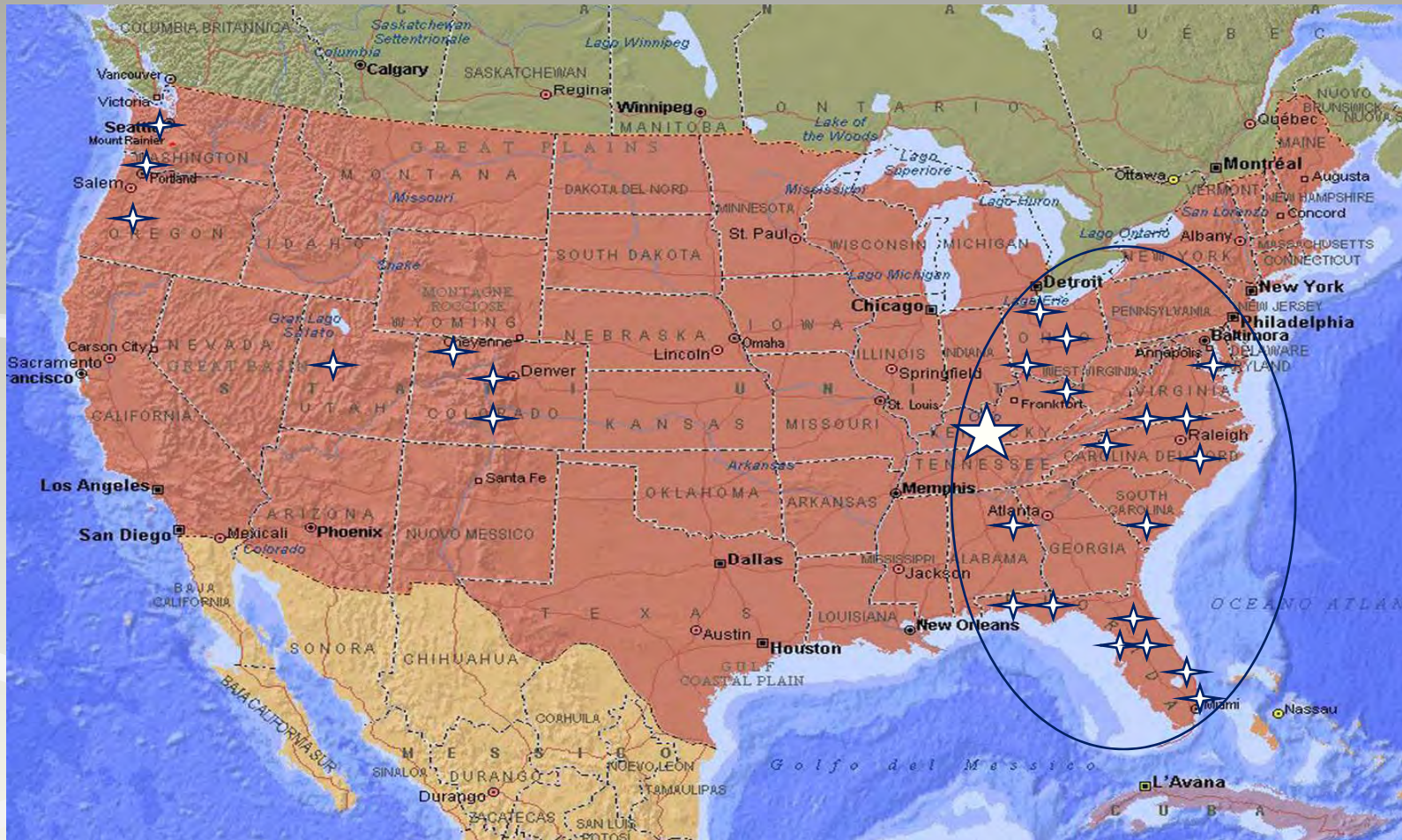


- Solid operating performance despite negative currency rate trend;
- Maintenance of the organic growth;
- Confirmation of the outstanding profit margin;
- Introduction of new product lines => average selling price increase;
- Energy costs foreseen rising in 2H 2008;
- Enduring low production costs in Portugal;
- External growth opportunities in interesting markets (in particular Eastern Europe);
- Study of new distribution models.



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

group®





Euro/000	2006	%	2007	%
Gross revenues	67.449		61.315	
<i>Growth</i>			-9,1%	
EBITDA	(1.069)	-1,6%	(2.077)	-3,4%
<i>Growth</i>			94,3%	
EBIT	(2.446)	-3,6%	(3.683)	-6,0%
<i>Growth</i>			50,6%	

- Weak economic results due to:
 - Commercial difficulties due to the tight local market scenario;
 - Critical situation focused on the residential market;
 - Red clay production, declining on the market;
 - Temporary inefficient production due to restructuration;
 - Start up costs of the new porcelain line;
 - Temporary extra-costs (external supply, transportation costs);
 - Product portfolio too fragmented.



- Definitive shut down of the Shannon plant
- New IT system
- New top management team
- Important production in our European plants of series dedicated to Florida Tile
- Purchasing synergies with Panariagroup
- Opening event of the new plant (Sept. 13th): important commercial success
- The new plant of grès porcelain tile is completely efficient from August 2007



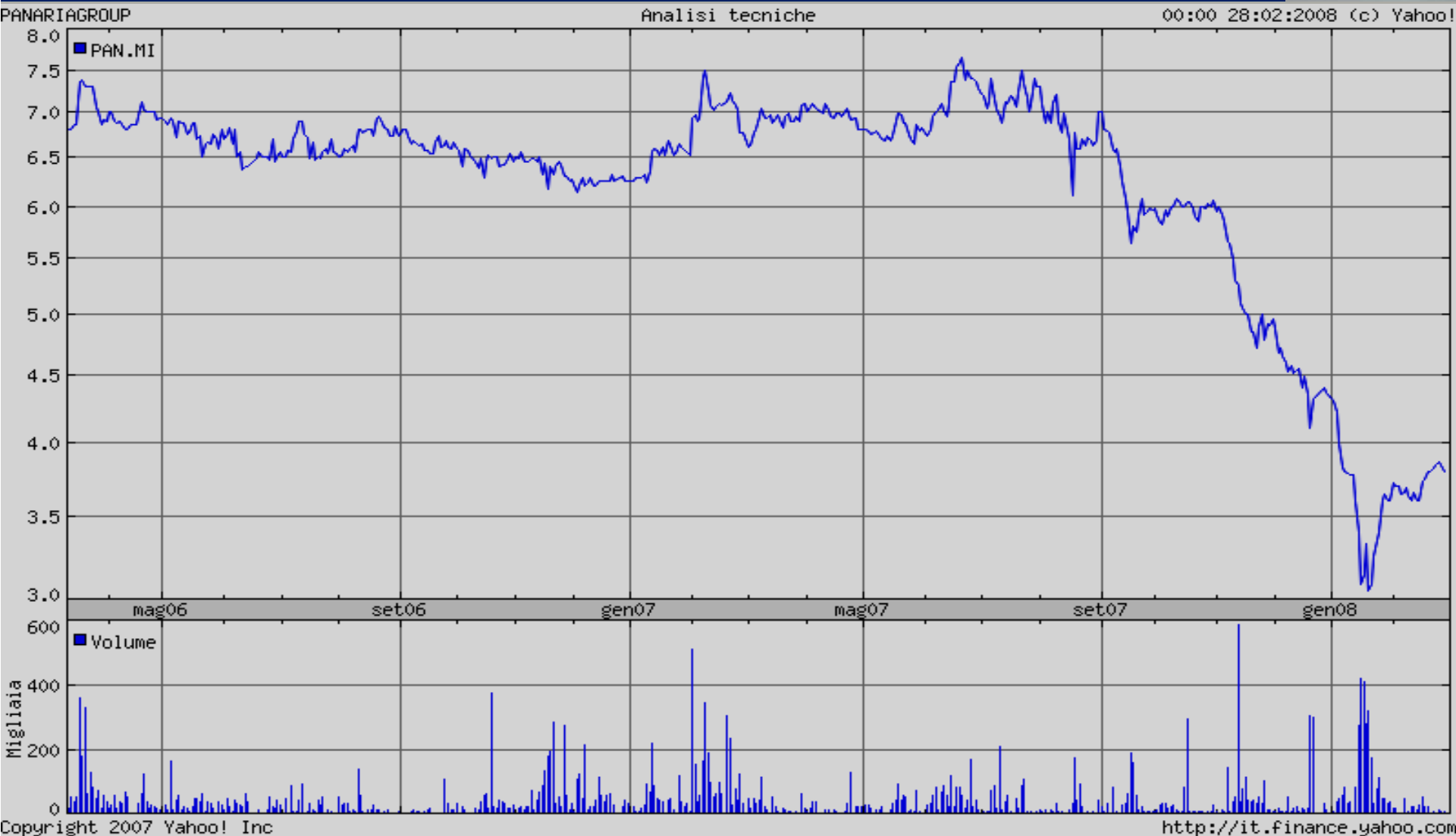
- Reorganization of the production structure;
- Partial substitution of purchasing products from abroad (Italy, Turkey, Spain) with manufacturing products of the new line => positive effect on marginality
- Improvement of the product portfolio (new porcelain lines);
- Strengthening of the distribution network:
 - ❖ Mid size distributors => high level of service;
 - ❖ Directly managed branches => better control;
- New branches opening (East Coast);
- External growth opportunities (local distribution chains)



APPENDIX

APPENDIX

Share Performance





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