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The Group



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Financial Results



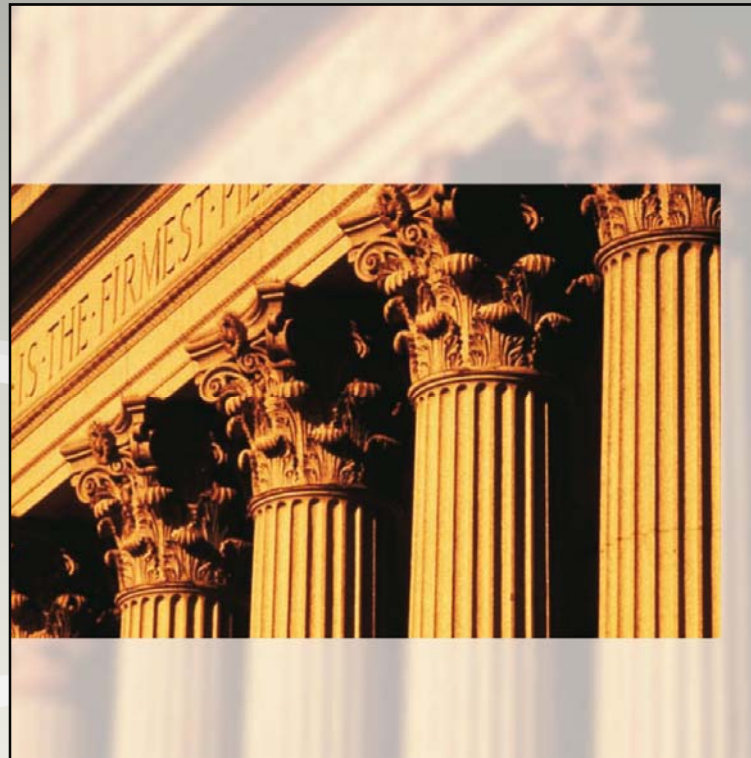
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Europe & Usa



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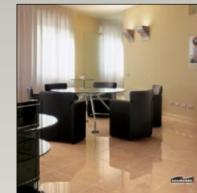
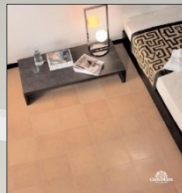
Appendix



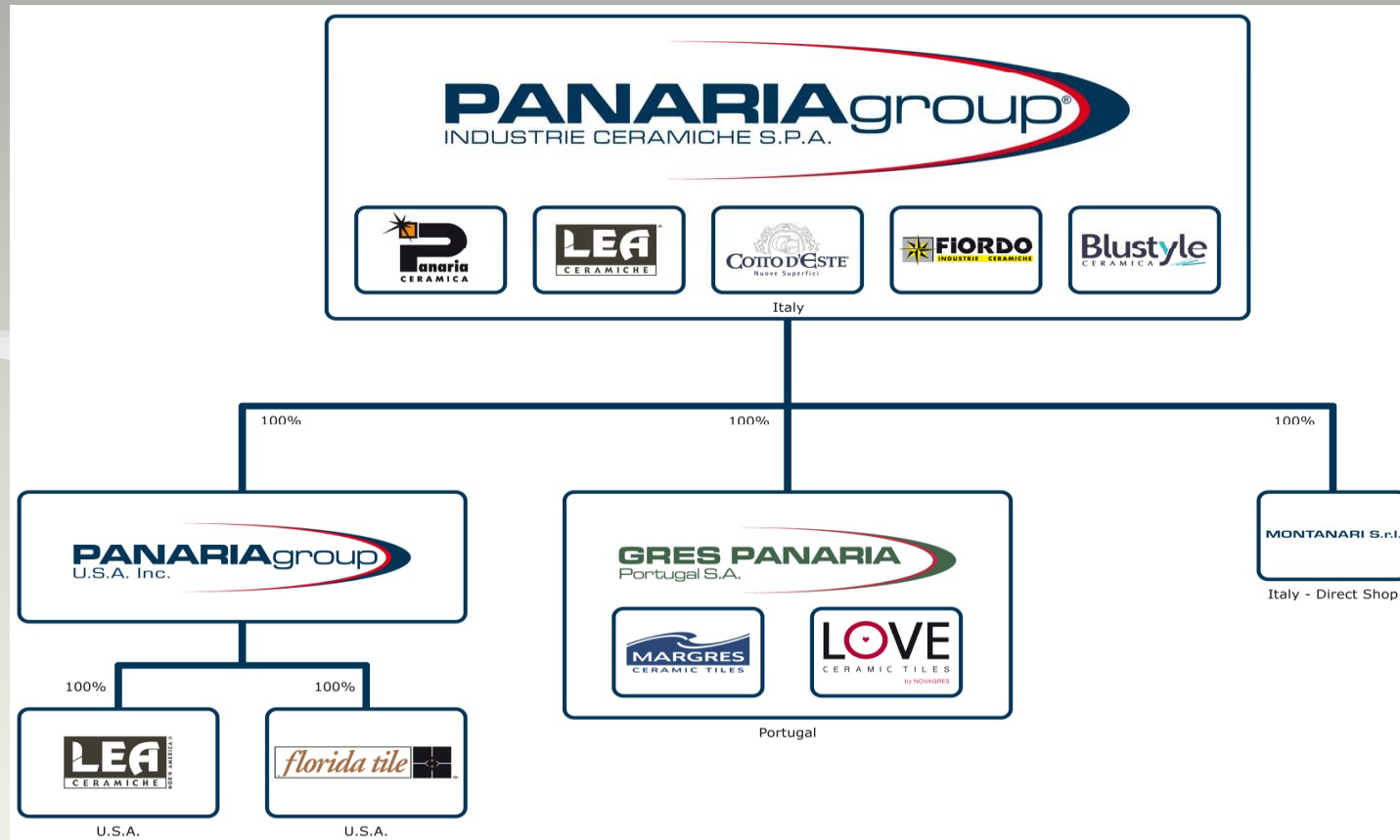
## THE GROUP



- 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 6 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 8 brands in more than 100 Countries, thanks to sales channels composed by mid size distributors and a chain of 21 directly managed branches.
- The Group relies on State of the Art plants

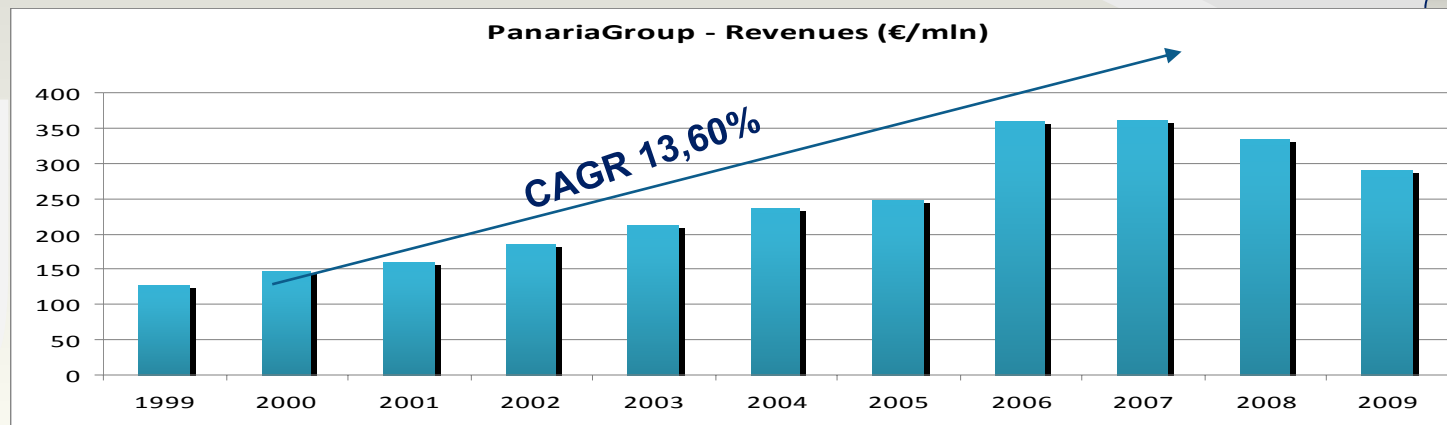


- The Group offers a wide range of product lines
- Eight different brands, all well known
- Each brand has its own specific and distinctive characteristics, in order to meet the needs of the more sophisticated customers





- Panariagroup enjoyed in the last decade a 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.
- The results in 2008 have been affected by the weak trend of the worldwide economy, in the second half of the year
- 2009 Financial Results disclose a reduction in Sales of 13,4% compared to 2008 but better than Market overall



Consolidation  
&  
Maintenance





- With the two acquisitions closed after the IPO, the international profile of Panariagroup has completely changed;
- 2009 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 and Production distribution of the Group:

Sales Breakdown by market (in %)

Country	2007	2008	2009
ITALY	29,40%	29,82%	30,32%
UNITED STATES	22,95%	18,60%	19,05%
EUROPE	42,51%	46,00%	43,88%
OTHER COUNTRIES	5,14%	5,58%	6,75%
Total	100%	100%	100%

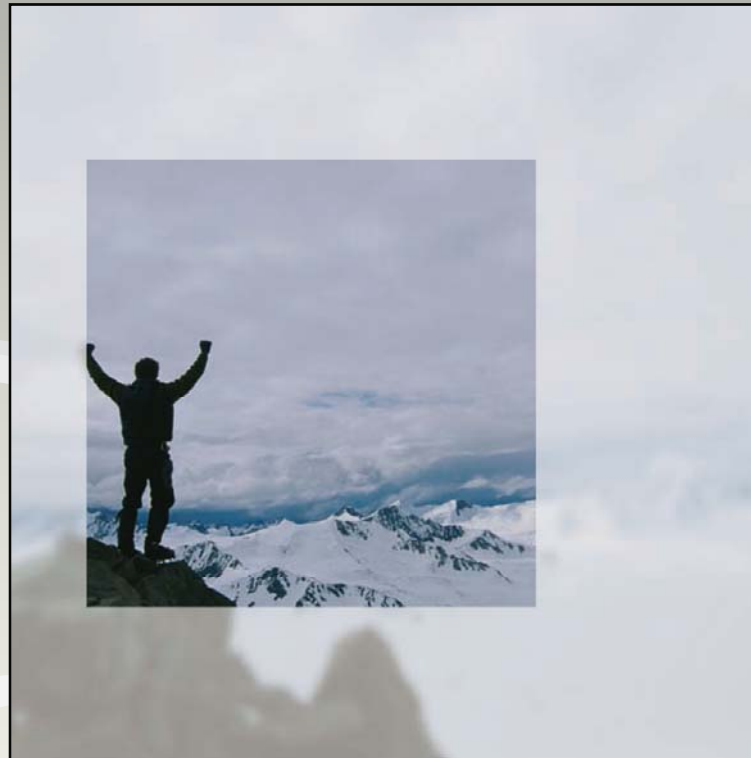
Production Breakdown by market (in %)

Country	2007	2008	2009
ITALY	59,90%	54,94%	55,84%
PORTUGAL	33,90%	37,17%	33,01%
UNITED STATES	6,20%	7,89%	11,15%
Total	100%	100%	100%





- 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)
- Production facility and Distribution Center in US
- Financial Strenght
- State of the Art technology
- Digital Print Capacity



## FINANCIAL RESULTS

# FINANCIAL RESULTS

## Consolidated Income Statement



Euro/000	2006	%	2007	%	2008	%	2009	%
Gross revenues	351.559		354.439		328.346		284.490	
<i>Growth</i>	45,4%		0,8%		-7,4%		-13,4%	
Value of Production	373.943		372.551		343.780		268.988	
<i>Growth</i>	43,0%		-0,4%		-7,7%		-21,8%	
EBITDA	49.882	13,3%	49.549	13,3%	35.902	10,4%	21.109	7,8%
<i>Growth</i>	14,2%		-0,7%		-27,5%		-41,2%	
EBIT	31.653	8,5%	30.585	8,2%	15.464	4,5%	218	0,1%
<i>Growth</i>	7,2%		-3,4%		-49,4%		-98,6%	
Pre-tax income	27.896	7,5%	24.459	6,6%	9.589	2,8%	-4.514	-1,7%
<i>Growth</i>	-8,6%		-12,3%		-60,8%		-147,1%	
Net income	18.101	4,8%	14.052	3,8%	5.445	1,6%	-4.608	-1,7%
<i>Growth</i>	0,3%		-22,4%		-61,3%		-184,6%	



Euro/000	2006	2007	2008	2009
Goodwill	12.089	13.002	12.989	12.789
Intangible assets	2.639	3.252	3.757	3.376
Tangible assets	88.833	96.425	96.944	95.572
Financial fixed assets	5	2	10	4
<b>Fixed assets</b>	<b>103.566</b>	<b>112.681</b>	<b>113.700</b>	<b>111.741</b>
Current assets	238.840	256.282	256.250	224.544
Current liabilities	(106.130)	(108.603)	(97.720)	(85.369)
<b>Net Working Capital</b>	<b>132.710</b>	<b>147.679</b>	<b>158.530</b>	<b>139.175</b>
Assets and Liabilities due after the year	(17.739)	(25.462)	(19.617)	(17.621)
<b>NET CAPITAL EMPLOYED</b>	<b>218.537</b>	<b>234.898</b>	<b>252.613</b>	<b>233.295</b>
Net Financial Position	66.924	80.863	99.128	86.781
Shareholders' equity	151.613	154.035	153.485	146.514
Dividend Distributed	8.614	8.614	6.749	1.348

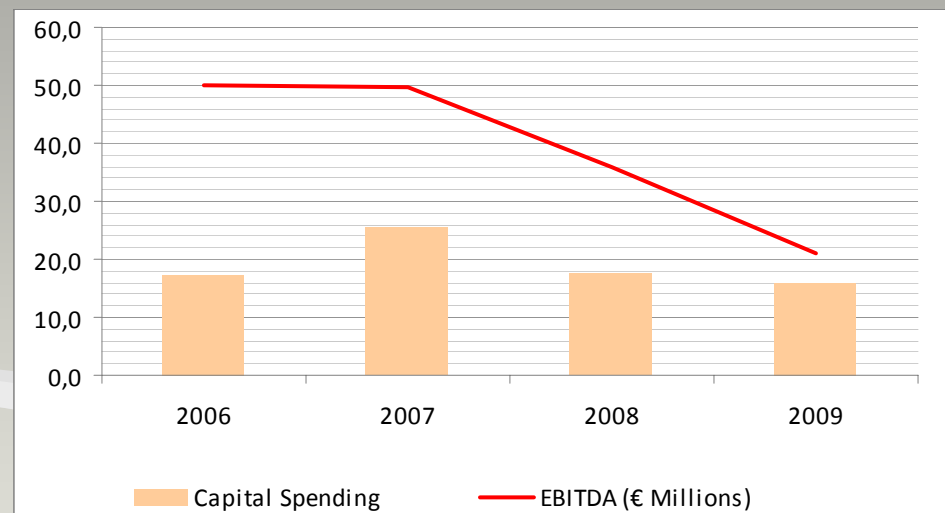
# FINANCIAL RESULTS

## Net Financial Position



Euro/000	2004	2005	2006	2007	2008	2009
Short-term financial assets	17,1	4,2	9,0	6,3	3,7	4,5
Short-term financial debt	(4,5)	(40,5)	(52,0)	(56,0)	(78,3)	(38,2)
Mid-long term financial debt	(8,7)	(4,4)	(24,0)	(31,1)	(24,5)	(53,1)
<b>Net financial debt</b>	<b>3,9</b>	<b>(40,7)</b>	<b>(67,0)</b>	<b>(80,8)</b>	<b>(99,1)</b>	<b>(86,8)</b>
Operating Cash Flow	30,2	32,2	36,3	33,0	25,9	16,3

- Strong historical high cash flow generation
- In 2009 has been improved the Net Financial Position by 12M€ due to a strong reduction in Inventory Finished Goods despite Capital Investments for 15,9M€



	2006	2007	2008	2009
<b>EBITDA (€ Millions)</b>	49,9	49,5	35,9	21,1
<b>Capital Spending</b>	17,1	25,6	17,7	15,9

- Continue Investments in order to maintain State of the Art Plants. In 2009 9.5M€ has been invested in Fiorano's plant in Italy, in order to build the sole production facility of Gres Laminated Porcelain in Italy. Sales of Gres Laminated Porcelain ("Kerlite") growth rate is 26% in 2009 compared to 2008. We forecast Capital Investment in 2010 for approx.11M€ compared to a Depreciation of 17M€.



**EUROPE & USA**





- Includes 7 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
- In 2009 we maintain the same level of selling price despite weak economic conditions

Price €/MQ

**Panariagroup Italy**

**Panariagroup Portugal**

2005	2006	2007	2008	2009
17,4	18,2	19,2	20,0	20,1
8,7	9,3	10,1	10,4	10,5

Variation on last year %

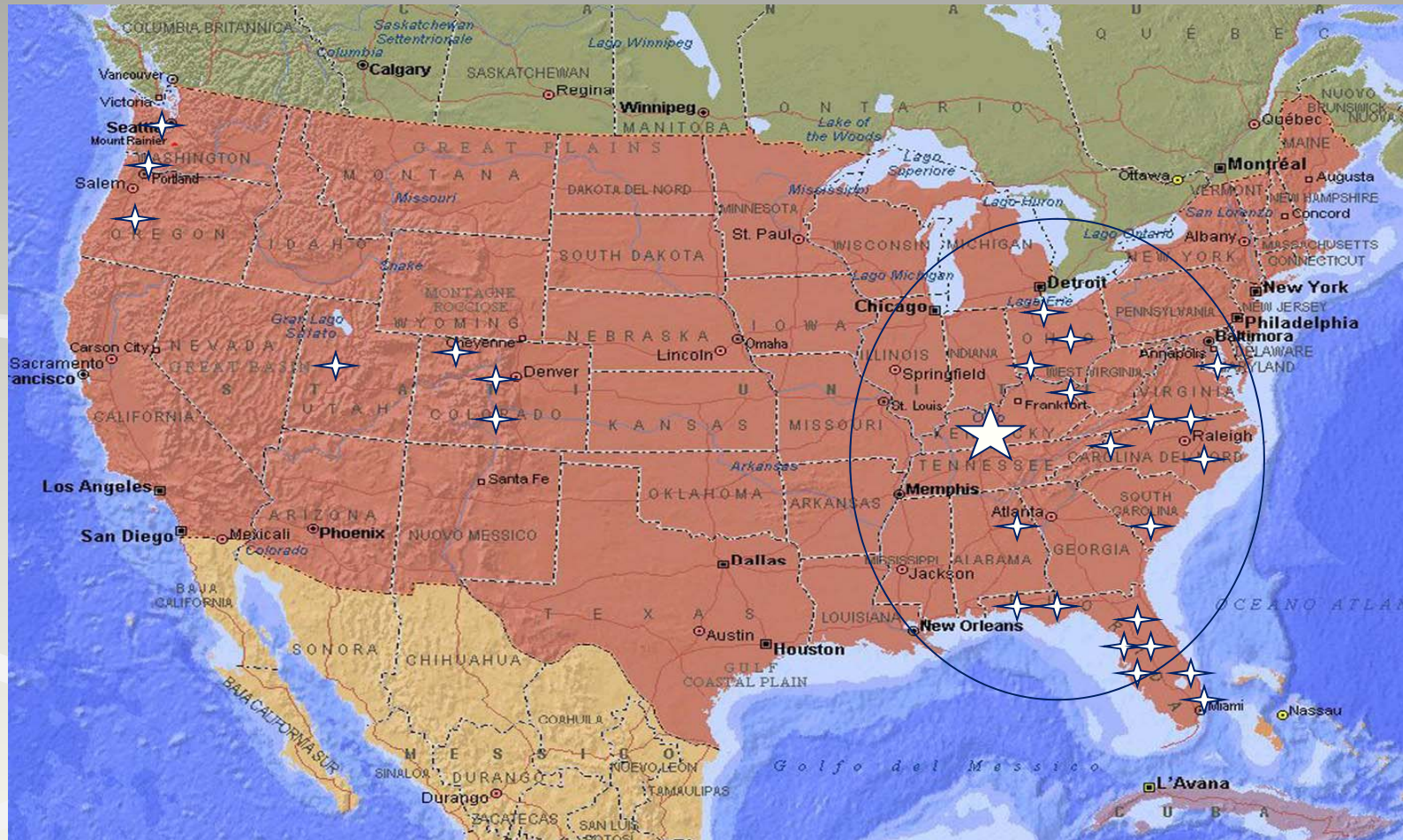
**Panariagroup Italy**

**Panariagroup Portugal**

2005	2006	2007	2008	2009
5,70%	4,61%	5,73%	4,17%	0,36%
3,90%	6,30%	8,51%	3,28%	1,05%



- Revenue trend shows a slight decrease but better than overall market;
- Introduce new product lines => average selling price increase;
- Energy costs forecast to reduce in 2010;
- New Gres Laminated Porcelain system in Fiorano's plant in full operation;
- Continue investments in new Technology;
- With 9 machines installed Panariagroup is ranked N.1 in terms of Digital Print Capacity





- Includes the acquisition of Florida Tile and in particular:
  - Florida Tile brand;
  - The new production plant based in Kentucky;
  - 21 directly managed branches mainly located in the East coast;
  - The distribution center located near the plant in Kentucky.

group®

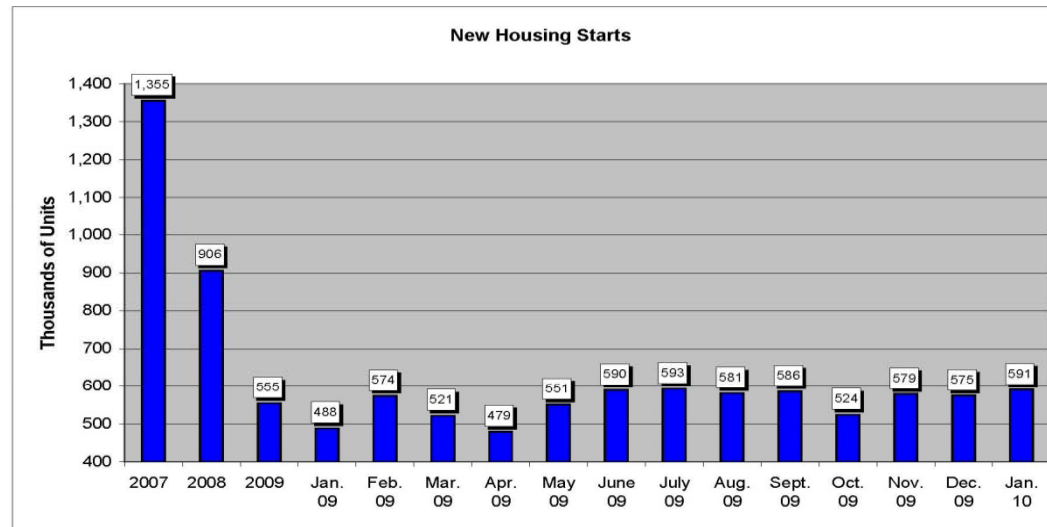


- Production facility and Distribution Center in US territory
- Manufacture in the US plant of Italian brand's products
- Digital Print Capacity
- State of the Art technology
- Purchasing synergies with Panariagroup
- R&D activity in collaboration with Italy
- 21 fully owned branches



- Improvement of the product portfolio with new porcelain lines;
- Strengthening of the distribution network:
  - ❖ Mid size distributors => high level of service;
  - ❖ Directly managed branches => better control;
- New contracts with big distributors (Home Center, National Account)
- Increase Production Volume





January 2010 new home starts were at a seasonally-adjusted annual rate of 591,000 units. This was a 2.8% increase from the Dec. 2009 total of 575,000 units and a 21.1% increase from Jan.2009.





## APPENDIX

# APPENDIX

## Share Performance





Giuliano Pini

*CEO*

Renato Martelli

*Responsabile controllo gestione – IRM*

Bartolomeo Vultaggio *Internal Audit - IRM*

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