





The Group



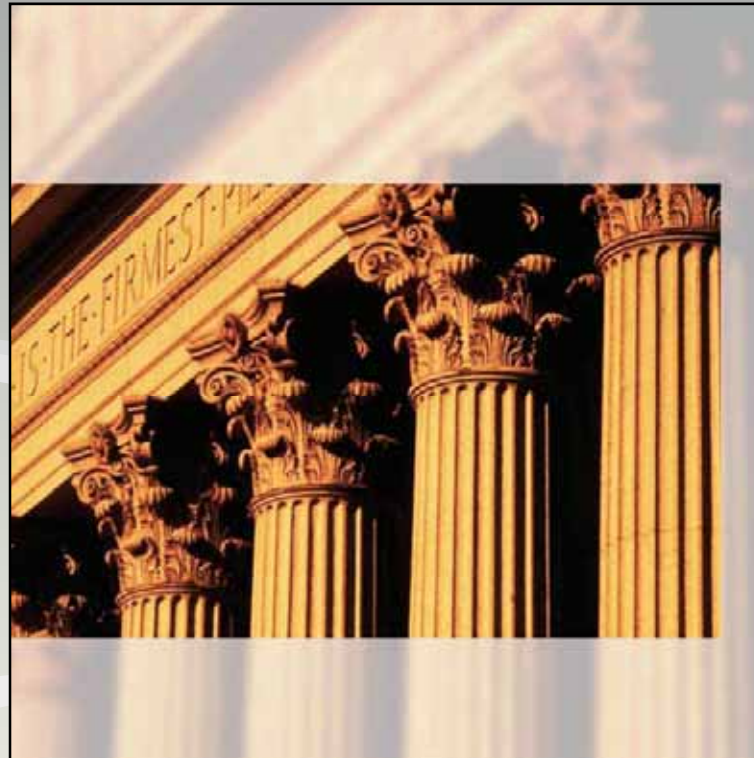
Financial Results



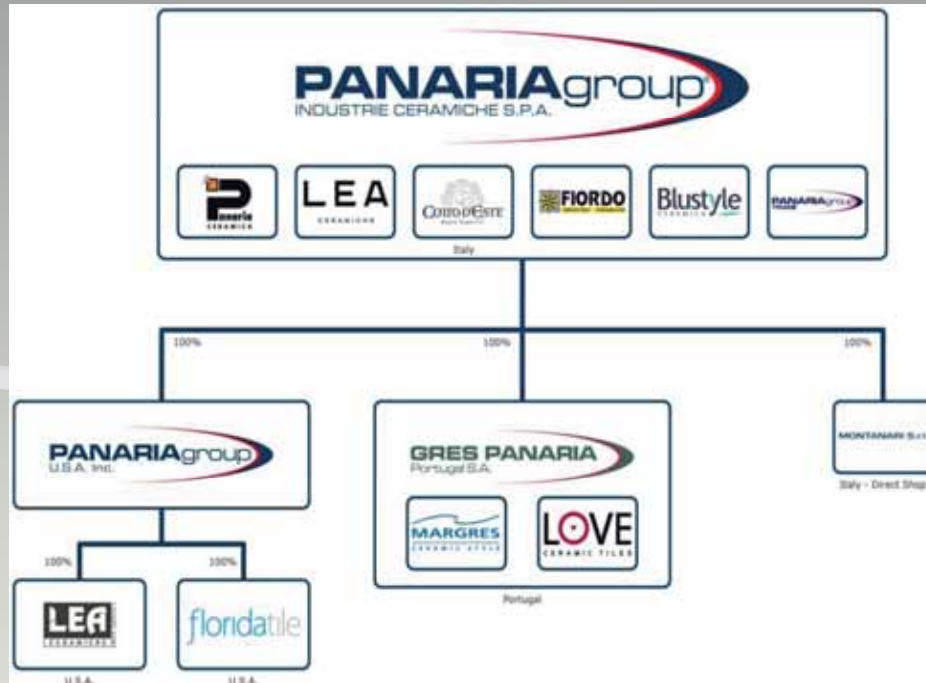
Europe & Usa



Appendix



THE GROUP

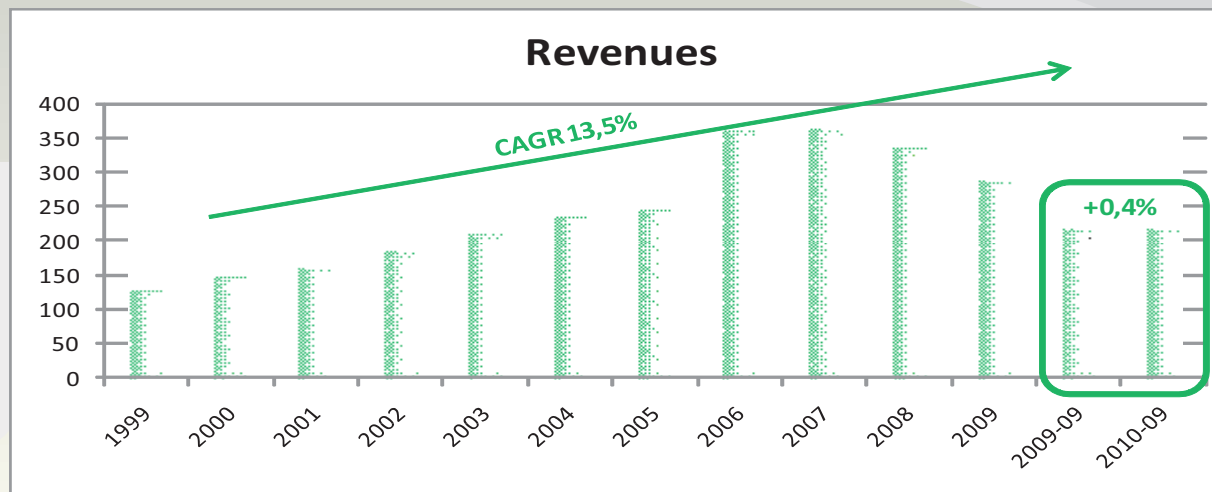


- ✓ Stock is traded on Milan Stock Exchange
- ✓ Employs 1650 people worldwide

- 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 9 brands in more than 100 Countries, thanks to sales channels composed by mid size distributors and a chain of 20 directly managed branches.
- The Group relies on State of the Art plants



- 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 previous 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.
- 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
- 2010 Sales figures disclose a little increase compared to 2009 (+0,4%).



Consolidation
&
Maintenance

Panariagroup is a listed company world leader:

**FINANCIAL
STRENGTH**

• *Historical
Performance*

Leverage

Premium
Price

• *High-end
products*

**LUXURY
BRAND**

**TECHNOLOGY
& INNOVATION**

State of Art Plant

WORLD WIDE

Sales



Production
facilities in key
countries

FINANCIAL STRENGTH

- Italian Stock Exchange
- International funding

WORLD WIDE

- Production facility: USA, Italy, Portugal
- Distribution all over the countries

LUXURY BRAND

- 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

TECHNOLOGY & INNOVATION

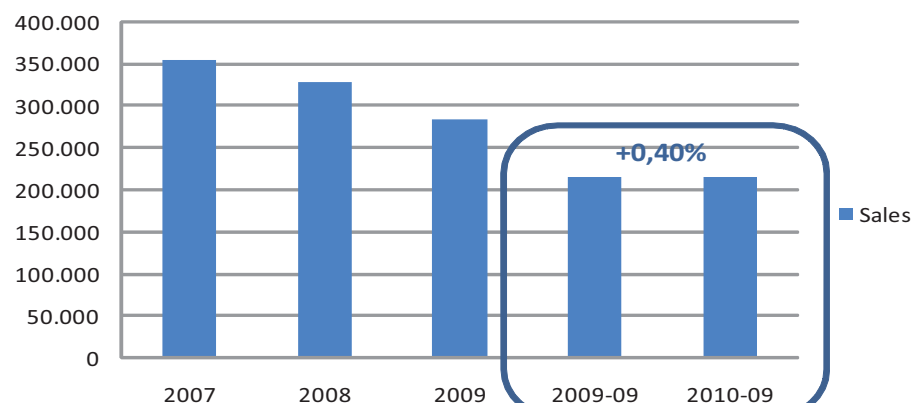
- Digital Print Capacity and State of the Art Technology
- Extremely innovative productive system for production of Gres Laminated Porcelain

**IN THE LAST 5 YEARS
€90 MILLIONS CAPEX
(capital expenditure)**

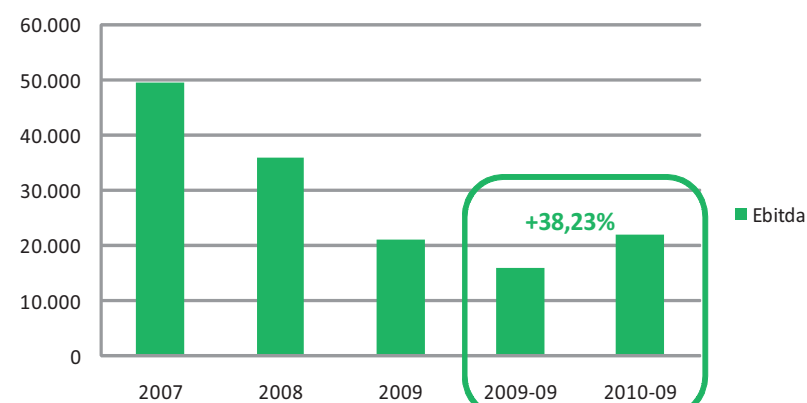
**WE ARE READY TO TAKE WORLD
ECONOMIC RECOVERY THANKS TO OUR
INVESTMENT DURING THE CRISIS AND OUR
FINANCIAL STRENGTH**

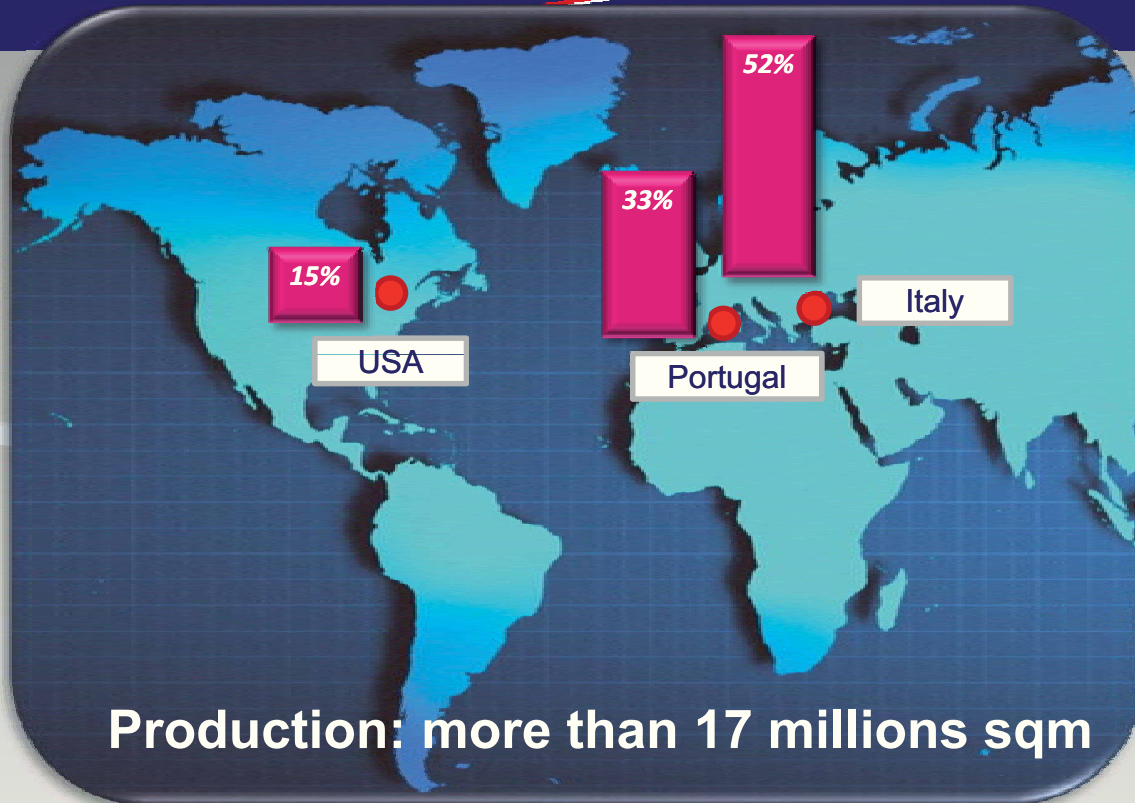
- Continue Investments in order to maintain State of the Art Plants. In 2009 9.5M€ has been invested in Fiorano's plant in Italy, in order to build the sole production facility of Gres Laminated Porcelain in Italy.

Sales 2007-2010



EBITDA 2007-2010





ITALY



Panariagroup 1 plant
Finale Emilia (MO)



Panariagroup 2 plant
Toano (RE)



Panariagroup 3 plant
Fiorano (MO)



USA



Panariagroup 6 plant
Lawrenceburg
(Kentucky, USA)



PORTUGAL

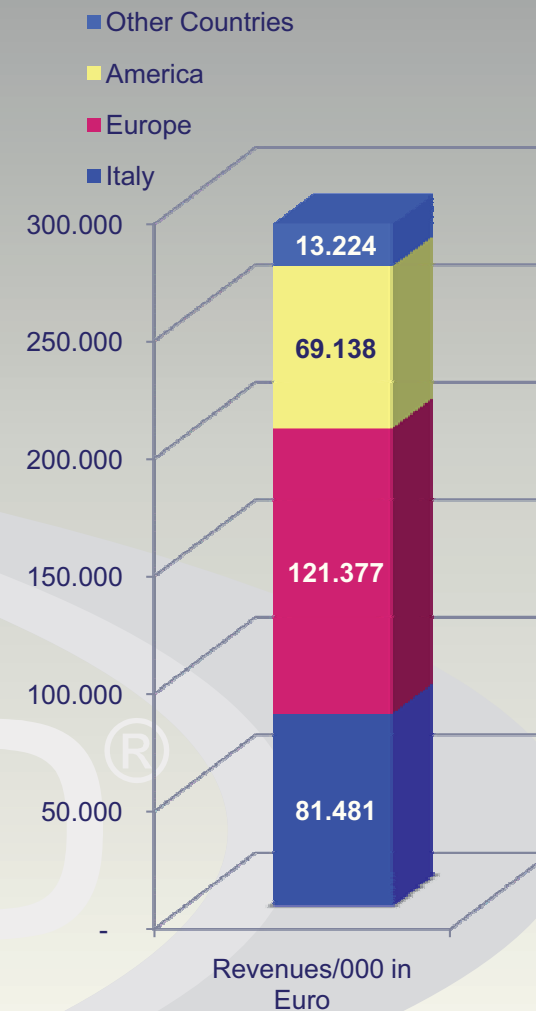
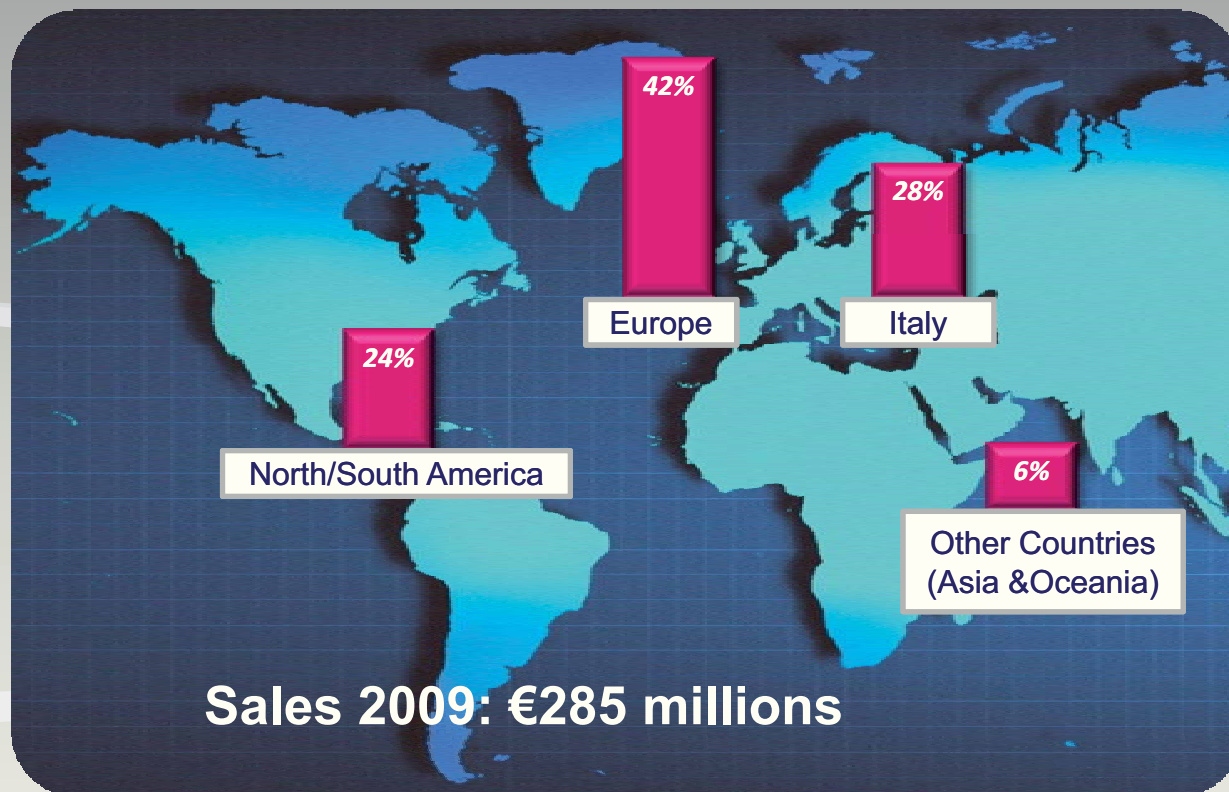


Panariagroup 4 plant
Ilaho (P)



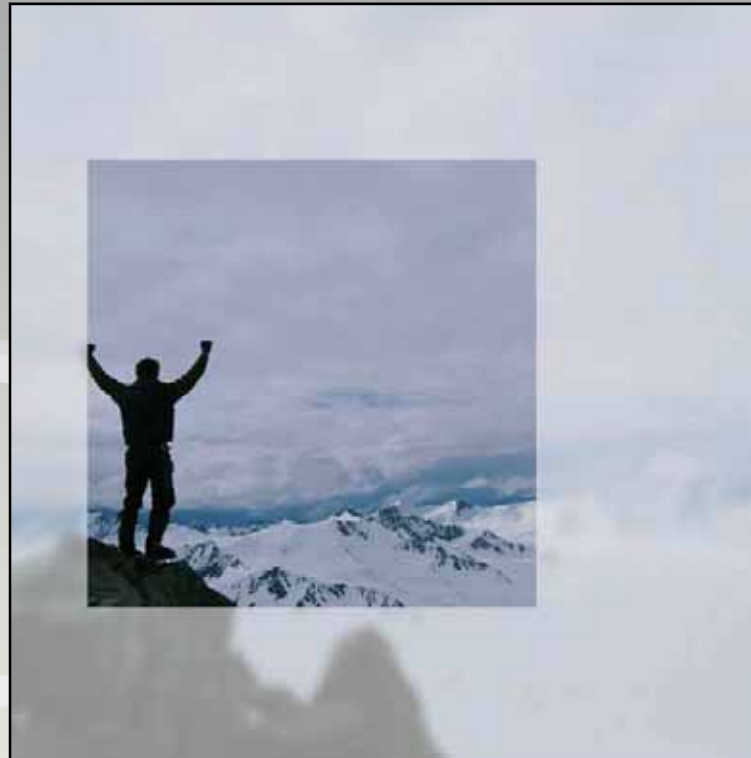
Panariagroup 5 plant
Aveiro (P)







- 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



FINANCIAL RESULTS

FINANCIAL RESULTS

Consolidated Income Statement



Euro/000	2007	%	2008	%	2009	%	2009-09	%	2010 -09	%
Gross revenues	354.439		328.346		284.490		214.235		215.084	
Growth	0,8%		-7,4%		-13,4%				0,4%	
Value of Production	372.551		343.780		268.988		201.166		217.568	
Growth	-0,4%		-7,7%		-21,8%				8,2%	
EBITDA	49.549	13,3%	35.902	10,4%	21.109	7,8%	15.815	7,4%	21.861	10,2%
Growth	-0,7%		-27,5%		-41,2%				38,2%	
EBIT	30.585	8,2%	15.464	4,5%	218	0,1%	412	0,2%	6.496	3,0%
Growth	-3,4%		-49,4%		-98,6%				1477%	
Pre-tax income	24.459	6,6%	9.589	2,8%	-4.514	-1,7%	-3.860	-1,8%	4.808	2,2%
Growth	-12,3%		-60,8%		-147,1%					
Net income	14.052	3,8%	5.445	1,6%	-4.608	-1,7%	-5.275	-2,5%	2.083	1,0%
Growth	-22,4%		-61,3%		-184,6%					

FINANCIAL RESULTS

Consolidated Balance Sheet



Euro/000	2007	2008	2009	2010 - 09
Goodwill	13.002	12.989	12.789	12.789
Intangible assets	3.252	3.757	3.376	3.131
Tangible assets	96.425	96.944	95.572	90.874
Financial fixed assets	2	10	4	4
Fixed assets	112.681	113.700	111.741	106.798
Current assets	256.282	256.250	224.544	226.269
Current liabilities	(108.603)	(97.720)	(85.369)	(88.807)
Net Working Capital	147.679	158.530	139.175	137.462
Assets and Liabilities due after the year	(25.462)	(19.617)	(17.621)	(16.680)
NET CAPITAL EMPLOYED	234.898	252.613	233.295	227.580
Net Financial Position	80.863	99.128	86.781	77.337
Shareholders' equity	154.035	153.485	146.514	150.243
Dividend Distributed	8.614	6.749	1.348	-

FINANCIAL RESULTS

Net Financial Position



Euro/000	2007	2008	2009	2010 – Sett.
Short-term financial assets	6,3	3,7	4,5	4,8
Short-term financial debt	(56,0)	(78,3)	(38,2)	(36,6)
Mid-long term financial debt	(31,1)	(24,5)	(53,1)	(45,5)
Net financial debt	(80,8)	(99,1)	(86,8)	(77,3)
 Operating Cash Flow	 33,0	 25,9	 16,3	 17,4

- Strong historical high cash flow generation
- As of Sept. 2010 has been further improved the Net Financial Position by 9.5M€ due to a reduction in Working Capital and increase of Operating Profit



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 and 2010 we maintain the same level of selling price despite weak economic conditions

Price €/MQ

Panariagroup Italy

Panariagroup Portugal

2005	2006	2007	2008	2009	2010 – Sept.
17,4	18,2	19,2	20,0	20,1	20,0
8,7	9,3	10,1	10,4	10,5	10,7

Variation on last year %

Panariagroup Italy


Panariagroup Portugal

2005	2006	2007	2008	2009	2010 – Sept.
5,70%	4,61%	5,73%	4,17%	0,36%	-0,5%
3,90%	6,30%	8,51%	3,28%	1,05%	1,90%



- Revenue trend forecast an increase;
- Introduce new product lines => maintain average selling price;
- Installation of the second line of Gres Laminated Porcelain system in Fiorano's plant;
- Continue investments in new Technology;
- With 12 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;
 - Manufacture in the US plant of Italian brand's products
 - 20 directly managed branches mainly located in the East coast;
 - The distribution center located near the plant in Kentucky;





- 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
- 20 fully owned branches



- Revenue trend forecast an increase;
- 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



APPENDIX

APPENDIX

Share Performance





Giuliano Pini

CEO

Renato Martelli

Responsabile controllo gestione – IRM

Bartolomeo Vultaggio **Internal Audit - IRM**

PANARIAGROUP INDUSTRIE CERAMICHE S.P.A.

Management Center:

Via Cameazzo, 21

Fiorano Modenese (MO)

Tel. +39 0536 915211 - Fax +39 0536 915204

info@panariagroup.it