





The Group



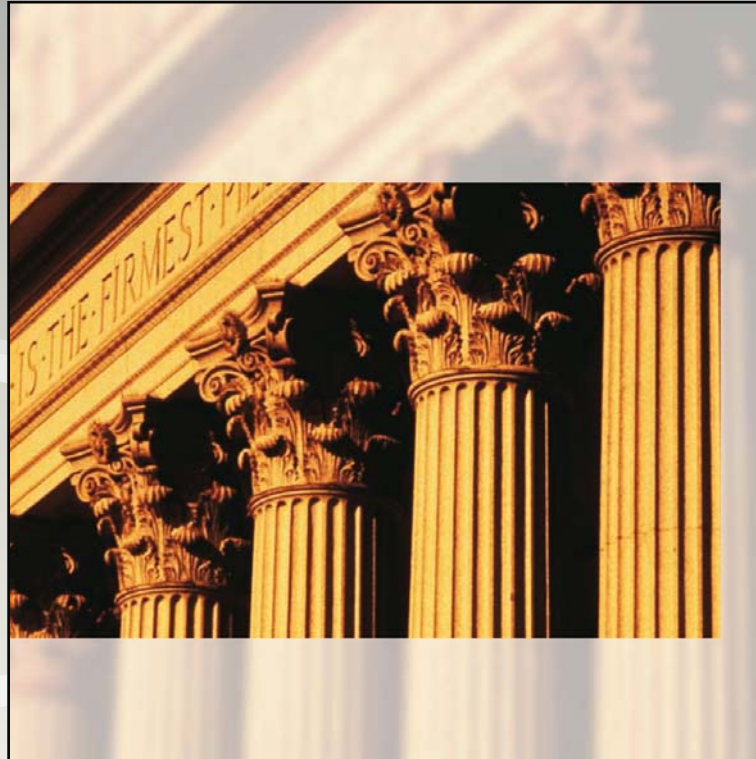
Financial Results



Europe & Usa



Appendix



THE GROUP

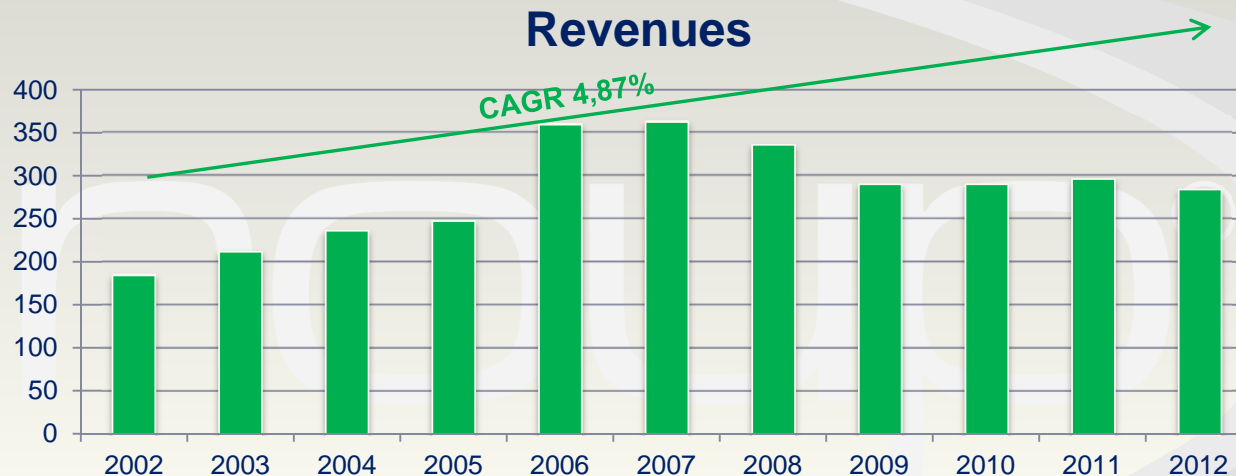


- ✓ Stock is traded on Milan Stock Exchange since 2004
- ✓ Employs 1613 people worldwide

- 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 10 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 20 directly managed branches in USA.
- The Group relies on State of the Art plants
- The JV in India with Asian Granito India Ltd will allow the Group to have a direct presence in the emerging markets



- Panariagroup enjoyed in the last decade a growth higher than 7%, 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;
- Sales Reduction in 2008 and 2009 due to weak trend of the worldwide economy, but better than Market Overall;
- 2010 and 2011 Sales figures disclose a little increase compared to previous year;
- In 2012 Overall Sales reduction of 3,6% due to the decline of Europe and Italy partially offset by the growth in the US Market



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 and India (JV)
- 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

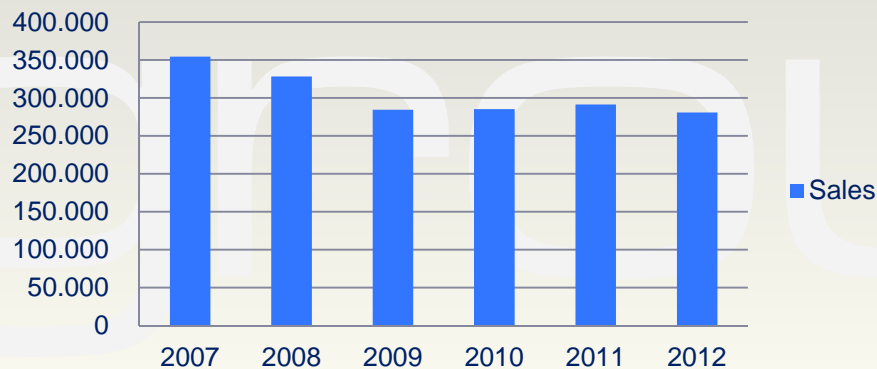
- Digital Print Capacity and State of the Art Technology
- Extremely innovative productive system for production of Gres Laminated Porcelain

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

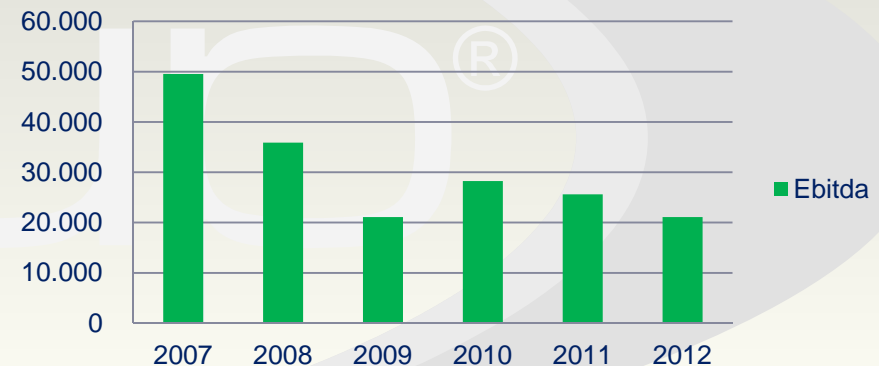
**WE ARE READY TO TAKE WORLD
ECONOMIC RECOVERY THANKS TO OUR
INVESTMENT DURING THE CRISIS AND OUR
FINANCIAL STRENGTH**

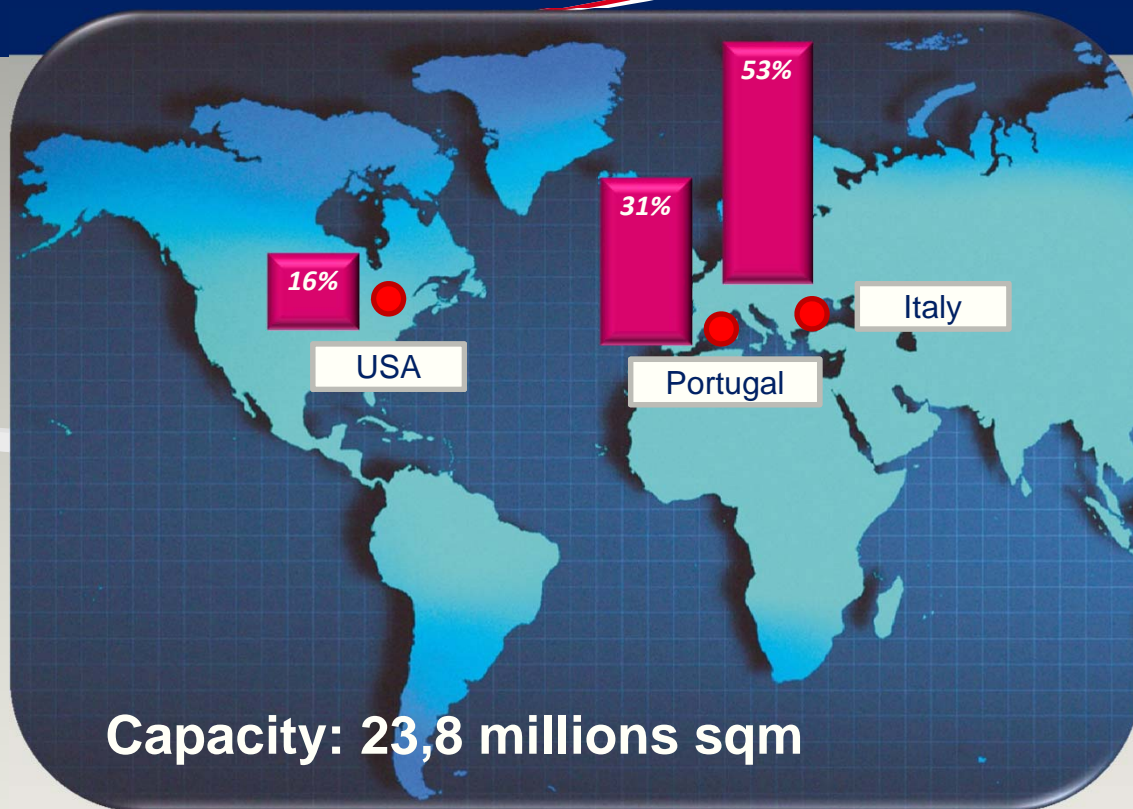
- Continue Investments in order to maintain State of the Art Plants. In 2009 9.5M€ has been invested in Fiorano's plant in Italy, in order to build the sole production facility of Gres Laminated Porcelain in Italy.
- In 2011 Capital Investment for €19 million, €7 millions are dedicated to build second line of Gres Laminated Porcelain ("Kerlite") in the Fiorano plant in Italy.
- In 2012 Capital Investment for 17M€: 7,1M€ in Italy, 2,5 M€ in Portugal and 7,7M€ invested in US.

Sales 2007-2012



Ebitda 2007-2012





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

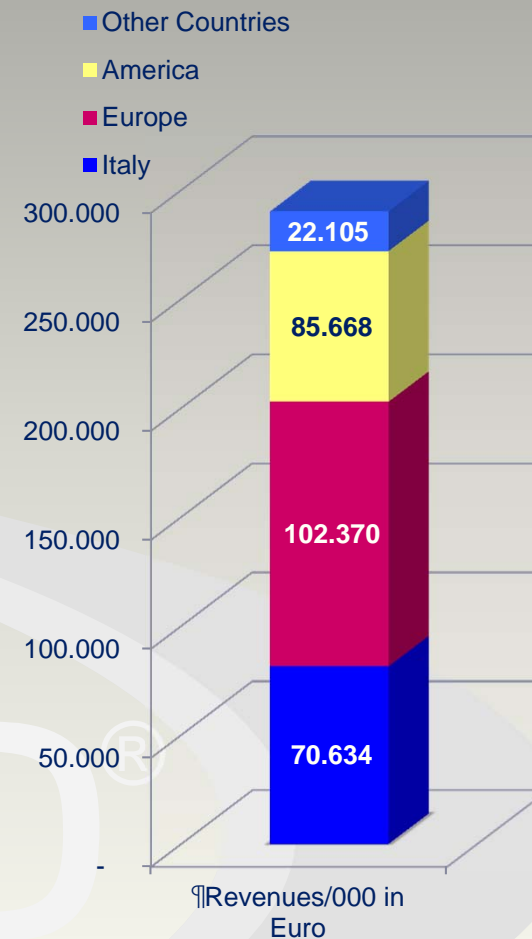


Panariagroup #4 plant
Ilaho (P)



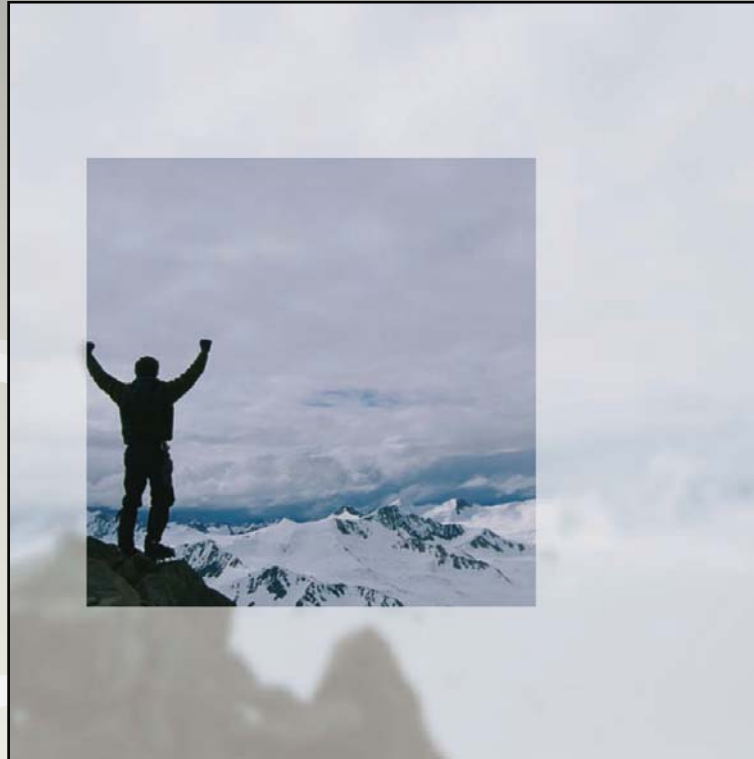
Panariagroup #5 plant
Aveiro (P)







- 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
- In 2012 a new brand has been created called Bellissimo, dedicated to the Indian market



FINANCIAL RESULTS

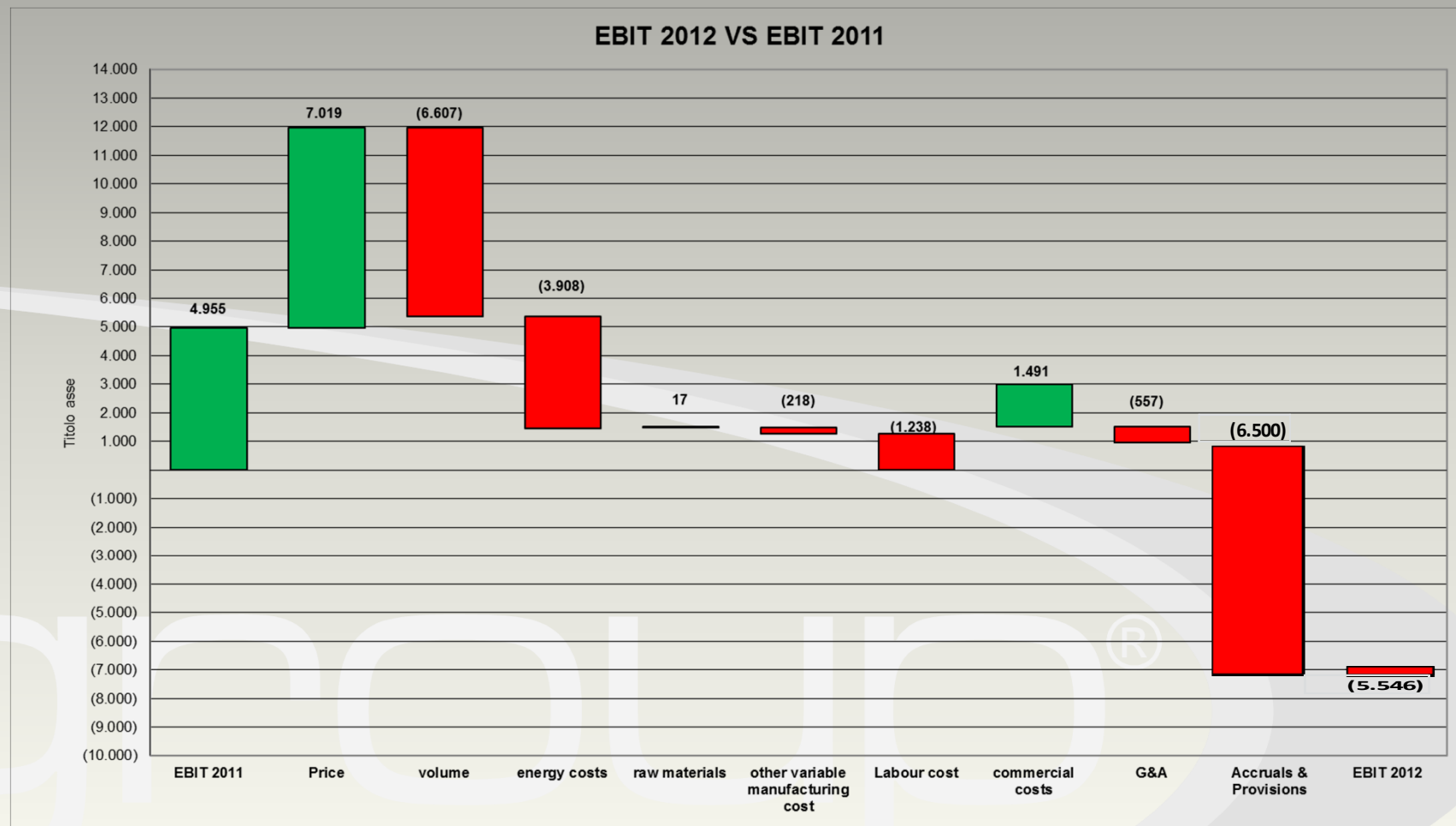
FINANCIAL RESULTS

Consolidated Income Statement



Euro/000	2008	%	2009	%	2010	%	2011	%	2012	%
Gross revenues	328.346		284.490		285.179		291.397		280.778	
<i>Growth</i>	-7,4%		-13,4%		0,2%		2,2%		-3,6%	
Value of Production	343.780	100%	268.988	100%	292.500	100%	303.636	100%	297.917	100%
<i>Growth</i>	-7,7%		-21,8%		8,7%		3,8%		-1,9%	
EBITDA	35.902	10,4%	21.109	7,8%	28.253	9,7%	25.627	8,4%	21.096	7,1%
<i>Growth</i>	-27,5%		-41,2%		33,8%		-9,3%		-17,7%	
EBIT	15.464	4,5%	218	0,1%	6.480	2,2%	4.955	1,6%	-5.546	-1,9%
<i>Growth</i>	-49,4%		-98,6%		2872,5%		-23,5%		-211,9%	
Net income	5.445	1,6%	-4.608	-1,7%	1.444	0,5%	1.551	0,5%	1.591	0,5%
<i>Growth</i>	-61,3%		-184,6%				7,4%		2,6%	

- The **Sales Volume** reduction in the Italian and Portuguese legal entity had a negative impact on P&L partially offset by the growth in the US Business;
- The increase in **Energy Costs** (Electricity and Natural Gas) hit the P&L of the Italian and Portuguese business unit.



FINANCIAL RESULTS

Consolidated Balance Sheet



Euro/000	2008	2009	2010	2011	2012
Goodwill	12.989	12.789	12.789	12.789	8.139
Intangible assets	3.757	3.376	3.187	2.697	2.425
Tangible assets	96.944	95.572	90.218	92.221	91.625
Financial fixed assets	10	4	4	5	361
Fixed assets	113.700	111.741	106.198	107.712	102.550
Current assets	256.250	224.544	226.685	231.567	232.677
Current liabilities	(97.720)	(85.369)	(87.092)	(88.812)	(85.231)
Net Working Capital	158.530	139.175	139.593	142.755	147.446
Assets and Liabilities due after the year	(19.617)	(17.621)	(17.016)	(12.340)	(4.154)
NET CAPITAL EMPLOYED	252.613	233.295	228.775	238.127	245.842
Net Financial Position	99.128	86.781	78.602	84.874	92.147
Shareholders' equity	153.485	146.514	150.173	153.253	153.695
Dividend Distributed	6.749	1.348	-	-	-



Euro/Million	2007	2008	2009	2010	2011	2012
Short - term financial assets	6,3	3,7	4,5	2,3	3,1	4,6
Short-term financial debt	-56,0	-78,3	-38,2	-37,2	-49,3	-37,1
Mid-long term financial debt	-31,1	-24,5	-53,1	-43,7	-38,7	-59,6
Net financial debt	-80,8	-99,1	-86,8	-78,6	-84,9	-92,1

- In 2012 the Net Financial Position shows a negative change of 7.3M€ due to capital investment for 17M€ and increase of working capital.



EUROPE & USA



- Includes 7 brands and 5 production plants in Italy and in Portugal



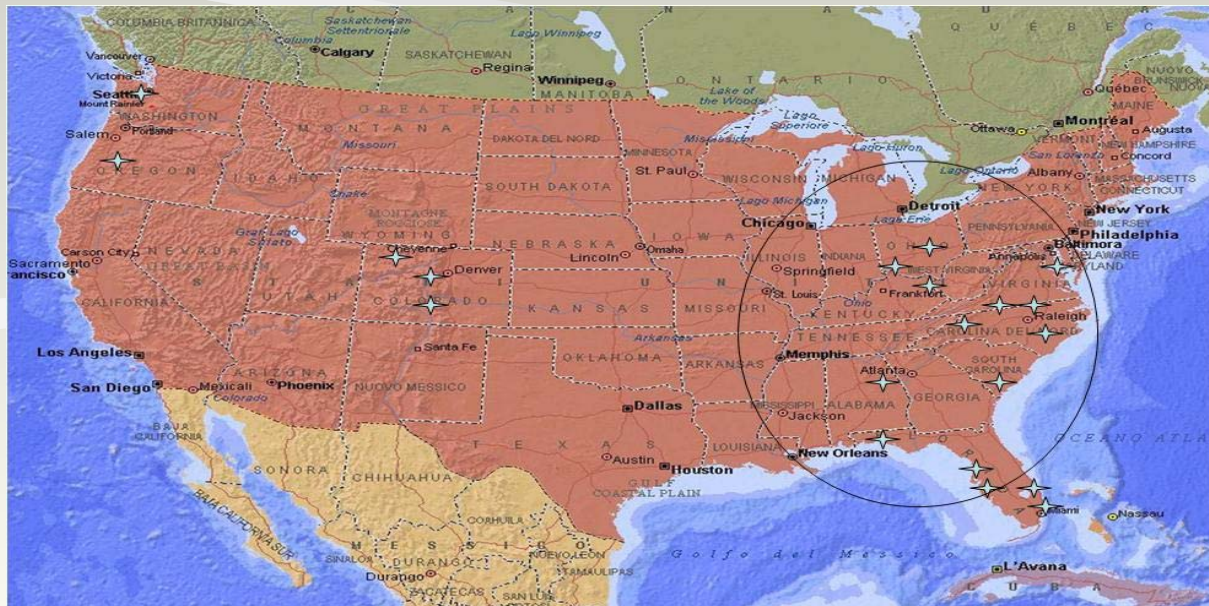
- Has a well established presence in the European market
- All brands are positioned in the high end and deluxe market segment
- The average selling price in both markets is almost double of the average of the market
- In 2012 the European Business Units declined in Revenues >10% due to weak overall economic market conditions but maintain its current market share
- In 2012 erosion of EBITDA margin due to: 1) drop in Volume; 2) increase in energy costs



- Revenue forecast flat;
- Focus on defending market share and rationalising commercial networks in Europe and Italy
- EBITDA margin increase due to saving in energy and commercial costs compared to 2012
- Introduce new product lines => maintain average selling price;
- Continue investments in new Technology;
- With 15 machines installed Panariagroup is a leader 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
 - 19 directly managed branches mainly located in the East coast (1 in Dallas will be open in Q3 2013);
 - The distribution center located near the plant in Kentucky;





- Production facility and Distribution Center in US territory
- N.2 World class Porcelain lines
- Manufacture in the US plant of Italian brand's products
- N.2 Digital Print Machines (+1 will be installed in Q2 2013)
- State of the Art technology
- Purchasing synergies with Panariagroup®
- R&D activity in collaboration with Italy
- 19 fully owned branches



- Revenue forecast a growth >10%;
- 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



- Revenue forecast 5M€;
- Improvement of the product portfolio with new porcelain lines from Italy and further “Made in India” products;
- Enforce commercial network to cover the entire country (>30 salesmen and 10 warehouses)
- Strengthening of the distribution network:
 - ❖ Mid size distributors
 - ❖ B2B (builder, architectural projects)



APPENDIX

APPENDIX

Share Performance





Giuliano Pini

CEO

Renato Martelli

Controller- IRM

Bartolomeo Vultaggio *Internal Audit - IRM*

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