





The Group



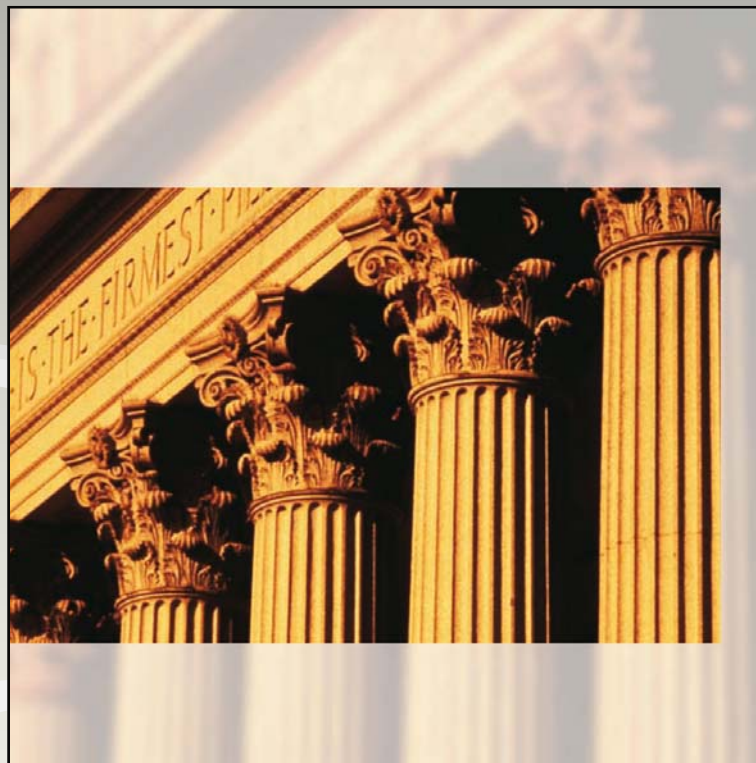
Financial Results



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 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

- ✓ Stock is traded on Milan Stock Exchange since 2004
- ✓ Employs 1.589 people worldwide

- 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;
- From 2008 to 2012 Sales reduction due to a weak trend of the worldwide economy in line with the overall market trend;
- In 2013 Overall Sales reduction of 2,8% due to the decline of Europe and Italy partially offset by the grew in the US Market

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

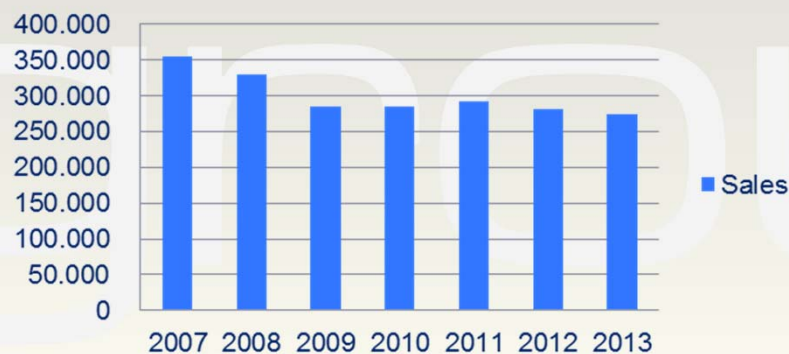
- Digital Print Capacity and State of the Art Technology
- Extremely innovative productive system for production of Gres Laminated Porcelain

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

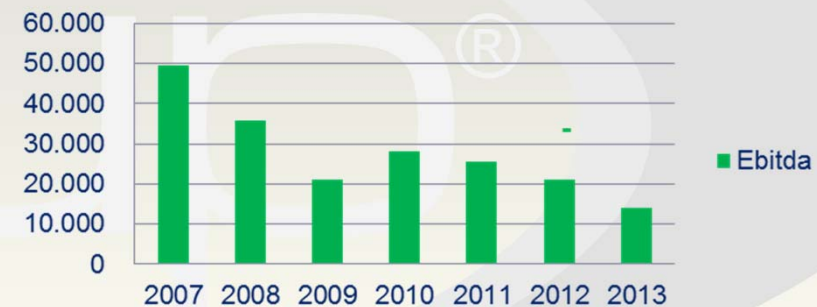
**WE ARE READY TO TAKE WORLD
ECONOMIC RECOVERY THANKS TO OUR
INVESTMENT DURING THE CRISIS AND OUR
FINANCIAL STRENGTH**

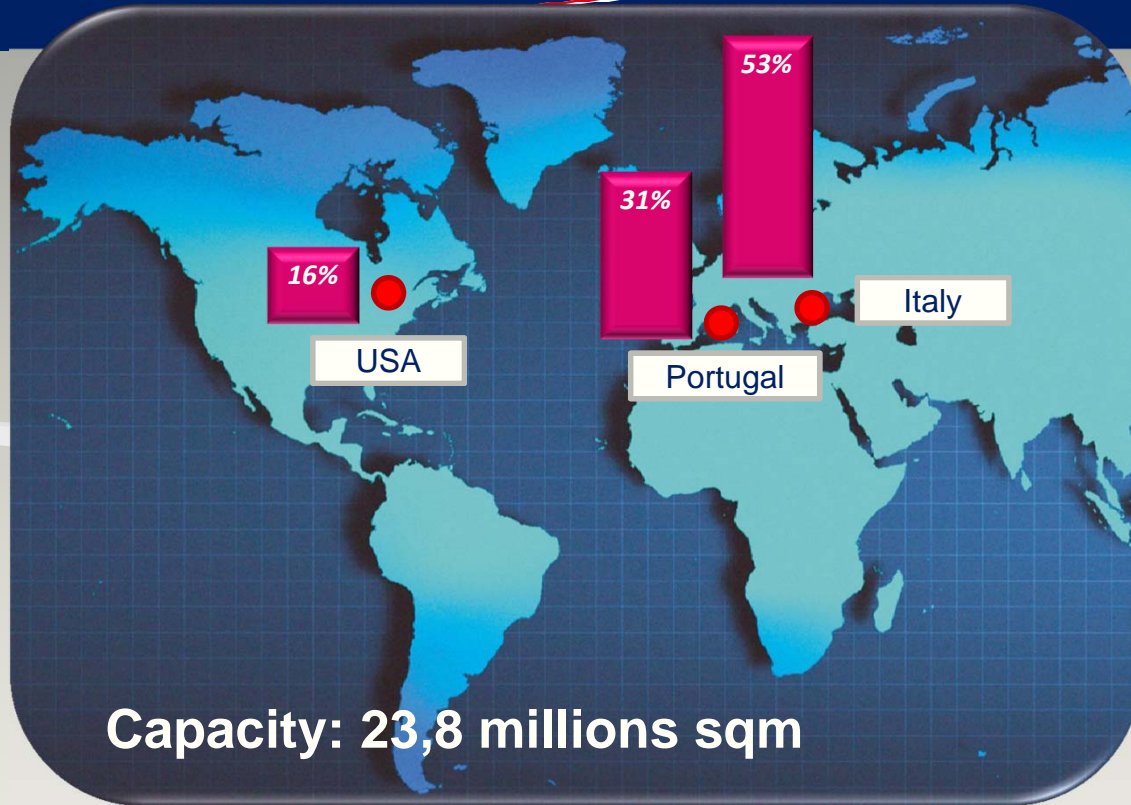
- Continue Investments in order to maintain State of the Art Plants. In 2009 9.5M€ has been invested in Fiorano's plant in Italy, in order to build the sole production facility of Gres Laminated Porcelain in Italy;
- In 2011 Capital Investment for €19 million, €7 millions are dedicated to build second line of Gres Laminated Porcelain ("Kerlite") in the Fiorano plant in Italy;
- In 2012 invested 7,7M€ in US for a new porcelain line;
- In 2013 Capital Investment for 16,6M€: 10,6M€ in Italy; 3,3 M€ in Portugal and 2,7M€ invested in US.

Sales 2007-2013



Ebitda 2007-2013





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

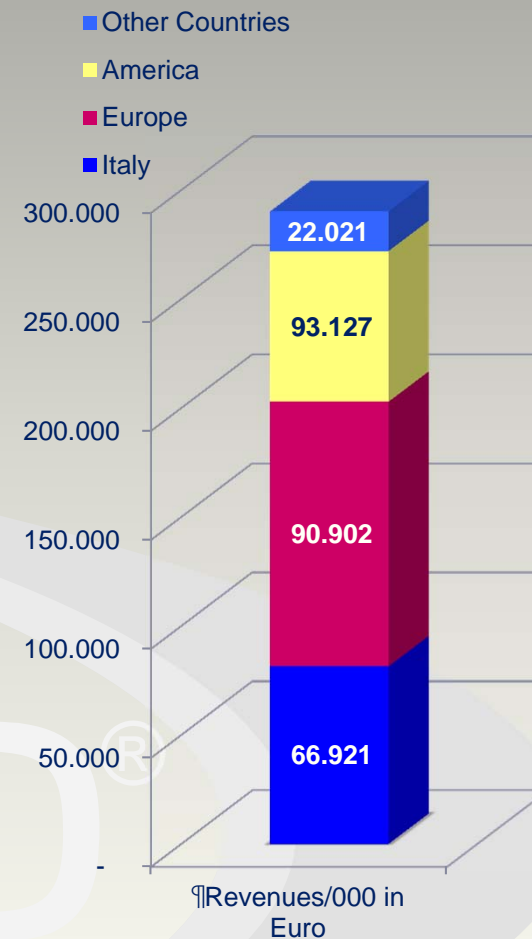
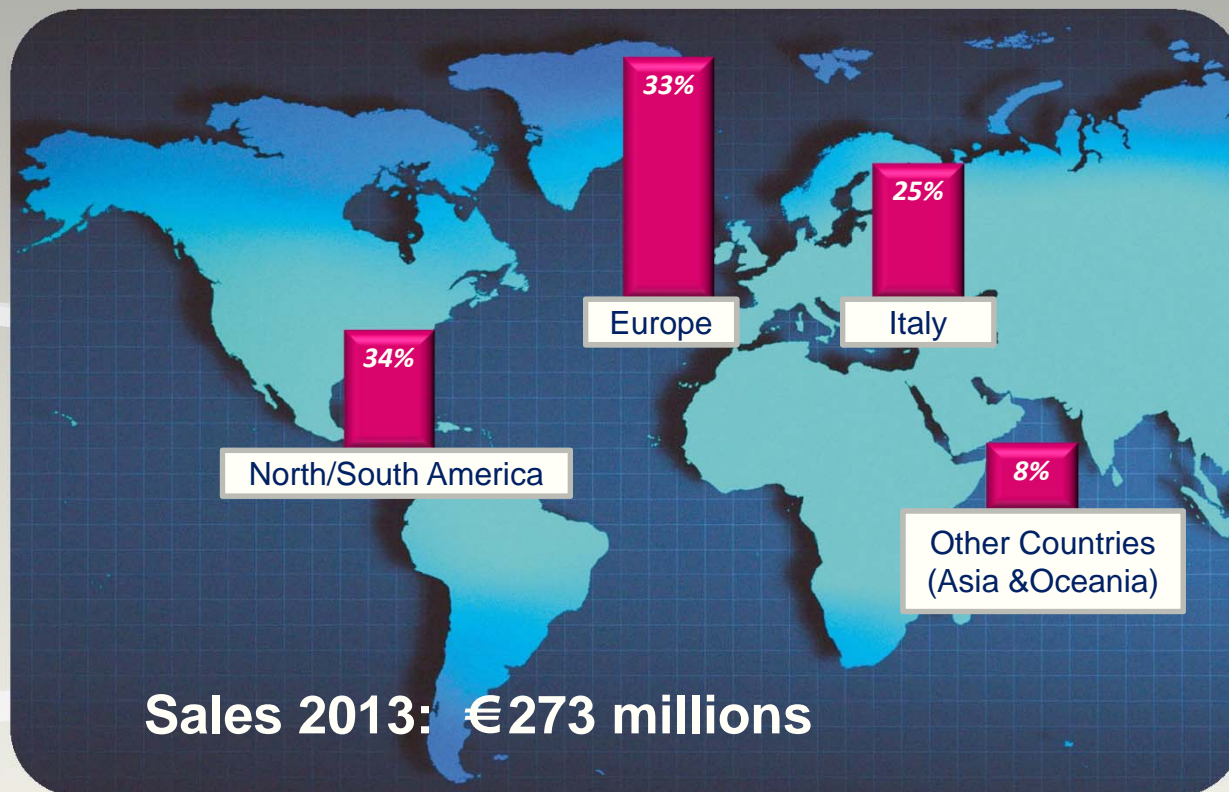


Panariagroup #4 plant
Ilaho (P)



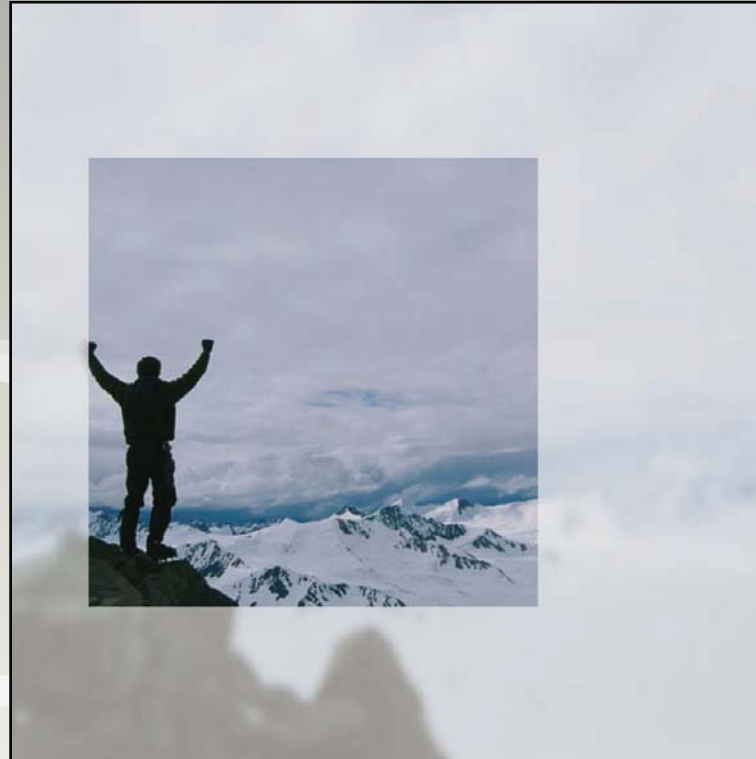
Panariagroup #5 plant
Aveiro (P)







- 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	2009	%	2010	%	2011	%	2012	%	2013	%
Gross revenues	284.490		285.179		291.397		280.778		272.971	
Growth	-13,4%		0,2%		2,2%		-3,6%		-2,8%	
Value of Production	268.988	100%	292.500	100%	303.636	100%	297.917	100%	270.463	100%
Growth	-21,8%		8,7%		3,8%		-1,9%		-9,2%	
EBITDA	21.109	7,8%	28.253	9,7%	25.627	8,4%	21.096	7,1%	14.044	5,2%
Growth	-41,2%		33,8%		-9,3%		-17,7%		-33,4%	
EBIT	218	0,1%	6.480	2,2%	4.955	1,6%	-5.546	-1,9%	-6.845	-2,5%
Growth	-98,6%		2872,5%		-23,5%		-211,9%		23,4%	
Net income	-4.608	-1,7%	1.444	0,5%	1.551	0,5%	1.591	0,5%	-7.851	-2,9%
Growth	-184,6%				7,4%		2,6%		-593,5%	

- The **Sales Volume** reduction in the Italian and Portuguese legal entities had a negative impact on P&L partially offset by the growth in the US Business;
- A significant decrease in Production Volumes compared to 2012 (- 9.1%), have had a negative effect due to higher incidence of fixed costs. The planning of production halts was implemented in order to significantly reduce the level of stock.

FINANCIAL RESULTS

Consolidated Balance Sheet



Euro/000	2009	2010	2011	2012	2013
Fixed assets	111.741	106.198	107.712	102.550	101.004
Inventory	130.367	134.943	142.134	144.591	128.274
Trade Accounts Receivables	87.478	83.647	82.997	72.048	66.510
Other Current Assets	6.699	8.095	6.436	16.038	10.028
Current assets	224.544	226.685	231.567	232.677	204.812
Trade Payables	(57.104)	(59.947)	(62.306)	(59.772)	(50.655)
Other Current Liabilities	(28.265)	(27.145)	(26.506)	(25.459)	(23.670)
Current liabilities	(85.369)	(87.092)	(88.812)	(85.231)	(74.325)
Net Working Capital	139.175	139.593	142.755	147.446	130.487
Assets and Liabilities due after the year	(17.621)	(17.016)	(12.340)	(4.154)	2.521
NET CAPITAL EMPLOYED	233.295	228.775	238.127	245.842	234.012
Net Financial Position	86.781	78.602	84.874	92.147	90.852
Shareholders' equity	146.514	150.173	153.253	153.695	143.160
Dividend Distributed	1.348	-	-	-	-



Euro/Million	2007	2008	2009	2010	2011	2012	2013
Short - term financial assets	6,3	3,7	4,5	2,3	3,1	4,6	10,0
Short-term financial debt	-56,0	-78,3	-38,2	-37,2	-49,3	-37,1	-44,9
Mid-long term financial debt	-31,1	-24,5	-53,1	-43,7	-38,7	-59,6	-55,9
Net financial debt	-80,8	-99,1	-86,8	-78,6	-84,9	-92,1	-90,8

- The net financial position has improved with respect to the end of 2012 by Euro 1.3 million. This result should be considered extremely positive given that year ended with a loss of Euro 7.8 million and that the Group implemented significant investments totalling Euro 16.6 million; this was in fact made possible by the operations that were implemented to reduce net working capital (mainly Finished Goods Inventory)



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 2013 the European Business Units declined in Revenues >7% due to weak overall economic market conditions;
- In 2013 erosion of EBITDA margin due to: 1) drop in Sales Volume; 2) increase in incidence of fixed manufacturing cost due to reduction in Volume produced



- Growth in Revenues (mainly in Portugal Business Unit);
- Focus on defending market share and rationalising commercial networks in Europe and Italy;
- EBITDA margin increase;
- Introduce new product lines => maintain average selling price;
- Continue investments in new Technology;
- With #17 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;
 - 21 directly managed branches mainly located in the East coast (+Atlanta will be opened in Q2 2014);
 - The distribution center located near the plant in Kentucky.





- Production facility and Distribution Center in US territory;
- #2 World class Porcelain lines;
- Manufacture in the US plant of Italian brand's products;
- #3 Digital Print Machines;
- State of the Art technology;
- Purchasing synergies with Panariagroup®;
- R&D activity in collaboration with Italy;
- 21 fully owned branches



- Revenue forecast 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 home centers



- Revenue forecast 2014 3,5M€;
- 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 5 warehouses);
- Strengthening of the distribution network:
 - ❖ Mid size distributors
 - ❖ B2B (builder, architectural projects)



APPENDIX

APPENDIX

Share Performance





Giuliano Pini

CEO

Renato Martelli

Corporate Controller- IRM

Bartolomeo Vultaggio *Corporate Internal Audit - IRM*

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