

Panariagroup Industrie Ceramiche S.p.A.

Registered office at Finale Emilia (MO), - Via Panaria Bassa 22/A
Entered in the Modena Register of Companies with ref. no. 01865640369
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The illustrative report prepared by the Directors pursuant to Articles 125-ter of Legislative Decree no. 58 of 24 February 1998 (“TUF”, Consolidated Finance Act) and 84-ter of the regulations adopted with Consob Resolution no. 11971 of 14 May 1999 (Issuers' Regulation)

Dear Shareholders,

This report illustrates the proposals which the Board of Directors of Panariagroup S.p.A. (henceforth, “**Panariagroup**” or the “**Company**”) intends to present for your approval in relation to the points of the agenda of the day of the Ordinary Shareholders' Meeting which will be held on 23 April 2015 (single call).

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Point 1 of the agenda of the day - *Approval of the financial statements for the year ended 31 December 2014; related and consequent resolutions.*

Dear Shareholders,

the Company, within the deadlines pursuant to Article 154-ter of the TUF, must publish its annual report which includes the draft financial statements of the year, the consolidated financial statements, if prepared, the report on operations and the certification pursuant to Article 154-bis, paragraph 5, of TUF. The auditing reports drafted by the regulatory auditing company as well as the reports specified in Article 153 of the TUF must be made fully available to the public along with the annual report.

The draft financial statements were approved by the Board of Directors of the Company on 13 March 2015.

The report on operations will be made available to the public along with the draft financial statements of Panariagroup for the year ended 31 December 2014, the consolidated financial statements of Panariagroup for the year ended 31 December 2014, the certification of the financial reporting manager, the report of the Board of Statutory Auditors and the report of the Auditing Company at both the head office and at Borsa Italiana S.p.A. as well as within the website of the Company, www.panariagroup.it, and in the authorized storage device 1Info at the address www.1info.it, all within the deadlines required by currently effective regulations (i.e. by 31 March 2015).

For more complete information on the topic in question, refer to the Report on Operations of the Board of Directors and the additional documentation which will be made available to the public, within the legally required deadlines, within the head office and at Borsa Italiana

S.p.A. as well as within the website of the Company, www.panariagroup.it, under the Investor Relations section and in the authorized storage device IInfo at the address www.linfo.it.

It should also be noted that only the separate financial statements will be presented for approval to the Shareholders' Meeting, in accordance with Article 2364, paragraph 1, number 1) of the Italian Civil Code, while the consolidated financial statements will be illustrated to the shareholders without requiring approval from the shareholders' meeting.

With reference to the Report on Operations of the Board of Directors, we hereby call upon you to approve the following resolution:

"The Ordinary Shareholders' Meeting,

- *having reviewed the separate financial statements of the Company for the year ended 31 December 2014 as well as the Report on Operations of the Board of Directors;*
- *having reviewed the Report of the Board of Statutory Auditors presented to the Shareholders' Meeting in accordance with Article 153 of Legislative Decree 58/1998;*
- *having reviewed the report of the auditing company in relation to the separate draft financial statements of 31 December 2014;*

resolves

to approve the separate financial statements of the Company for the year ended 31 December 2014 as well as the Report on Operations of the Board of Directors and to carry forward the loss of the year".

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Point 2 of the agenda of the day - *Remuneration report; resolutions pursuant to Article 123-ter, paragraph 6, of Legislative Decree no. 58 of 24 February 1998; related and subsequent resolutions.*

Dear Shareholders,

in relation to point 2 of the agenda of the day, the Board of Directors intends to present the Shareholders' Meeting with the report on remuneration for the members of the administrative body as well as general managers and other executives with strategic responsibilities, in accordance with Articles 123-ter of the TUF and 84-quarter of the Issuers Regulations and Article 6 of the July 2014 version of the Corporate Governance Code.

The Remuneration Report was drafted in compliance with Attachment 3A, Outline 7-bis, of the Issuers' Regulation and is composed of two sections. The first section of the Remuneration Report illustrates (i) the Company's policy in relation to remuneration of the members of administrative bodies as well as of general managers and executives with strategic responsibilities, and with reference to at least the next year, and (ii) the procedures utilized for adopting and implementing this policy. The second section of the Remuneration Report: (i) adequately reports each of the items which comprise remuneration, including compensation in the case of cancellation of the office or cancellation of the work relationship, highlighting the consistency of the latter with the Company's remuneration policy approved in the previous year; (iii) analytically illustrates the compensation paid in the year of reference.

In accordance with Article 123-ter, paragraph 6, of the TUF, the Shareholders' Meeting is required to express its positive or negative assessment of the first section of the Remuneration Report with a non-binding resolution.

With regard to this point, refer to the report drafted in accordance with Articles 123-ter of the TUF and 84-quarter of the Issuers' Regulation as well as Article 6 of the Corporate Governance Code, and which will be archived within the deadlines required by currently effective regulations at the head office and at Borsa Italiana S.p.A. as well as within the website of the Company, www.panariagroup.it, and in the authorized storage device 1Info at the address www.1info.it.

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Point 3 of the agenda of the day – *Determination of the compensation of the members of the Board of Directors; related and consequent resolutions.*

Dear Shareholders,

in relation to point 3 of the agenda of the day, it should be noted that, in accordance with Article 17 of the Articles of Association, you are called upon to determine the compensation to disburse to the Board of Directors. It should be noted that the Shareholders' Meeting of 23 April 2014 set a maximum gross limit of Euro 655,000.00 as the fixed compensation to pay to the Board of Directors as compensation for the year 2014, and a maximum gross limit of Euro 210,000.00 as the variable compensation to assign to directors with executives tasks; this was determined after consultations with the Board of Statutory Auditors and the Remuneration Committee.

Given the above, it therefore is necessary to determine the compensation of the Board of Directors for the year 2015.

The Board of Directors abstains from formulating specific proposals on this matter and calls upon you to deliberate on the basis of proposals which can be formulated during the course of the Shareholders' Meeting itself.

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Point 4 of the agenda of the day - *Renewal of the authorisation to purchase and sell treasury shares; related and consequent resolutions.*

Dear Shareholders,

With regard to point 4 of the agenda of the day, refer to the report drafted in accordance with Article 73 of the Issuers' Regulation which will be archived within the deadlines required by currently effective regulations at the head office and at Borsa Italiana S.p.A. as well as within the website of the Company, www.panariagroup.it, and in the authorized storage device 1Info at the address www.1info.it

Sassuolo, 13 March 2015

For the Board of Directors
The Chairman
Emilio Mussini