



PRESS RELEASE

Panariagroup Industrie Ceramiche S.p.A.: the Board of Directors approves the Consolidated Quarterly Report as of 31st March 2015.

- Net Revenues amounted to 81.9 million Euros.
- Gross operating profit amounted to 6.3 million Euros.
- Net operating profit amounted to 1.8 million Euros.
- Consolidated net profit of the period was 1.0 million Euros.

The Board of Directors of Panariagroup Industrie Ceramiche S.p.A. Group specialized in production and distribution of high-end and luxury ceramic material for floor and wall, approved today the Consolidated Quarterly Report as of 31st March 2015, in accordance with the International Financial Reporting Standard (IFRS).

Within an international context which is significantly more positive compared to recent years, the Group attained a significant growth of revenues of more than 20% (Euro +14 million compared to the same period of the previous year). The important initiatives of re-organization and rationalization completed in the last two years contributed to this result.

The positive sales performance had a considerable impact on margins with significant improvements in gross operating profit (+Euro 3.5 million on 31st March 2014), in the net operating profit (+Euro 3.1 million on 31st March 2014) and in the Net Profit (+Euro 2.7 million on 31st March 2014).

FINANCIAL HIGHLIGHTS

(thousand Euros)

	31/3/2015	31/3/2014	var. €
Revenues from sales and services	81,923	67,945	13,978
Value of production	86,217	67,536	18,681
Gross operating profit	6,286	2,796	3,490
Net operating profit	1,770	(1,315)	3,085
Consolidated net profit (loss)	1,017	(1,710)	2,727

“The results of the first months of 2015 – said Emilio Mussini, Chairman of Panariagroup – are in line with the positive trend already expressed in the previous quarters, thereby confirming a trend which appears to be increasingly solid. This a direct consequence, not only of the improved market condition, but also of the strategic directions adopted in the last two years.”

“The current distribution of revenues, which is well balanced across the various geographical regions – continued Mussini – allows the Group to significantly diversify risk, while at the same time significantly improving its ability to take advantage of growth opportunities in the most dynamic areas. The Group currently has a strong international presence and intends to continue this growth path”.



REVENUES

Revenues from sales increased significantly, rising from Euro 67.9 million at 31 March 2014 to Euro 81.9 million at 31 March 2015 (Euro +14 million).

Revenues in the foreign markets of the Group reached their maximum historical incidence in this quarter at 80% of revenues and with a quota of non-EU markets now close to 50%.

USA – The US market, the first country of reference for the Group, reported growth of 20% in USD through the positive contribution of all distribution channels.

Forecasts for the US market are positive for all of 2015 due to the dynamic nature of the real estate sector; even the responses generated in the recent fair of Coverings confirmed the significantly favourable environment.

The US Market accounts for 37% of total sales.

EUROPE – A positive growth in sales of overall 8% was confirmed within all the primary European markets, with the exception of France. The increase in revenues in Portugal, Spain and Germany was particularly positive, with growth of more than 20%.

European markets account for 31% of total sales.

ITALY – Within the Italian market, following a few years in slowdown of sales, the Group generated a growth in revenues of 6%. This result is very important because we believe it can be representative of a change in trend which was already partially exploited in the second half of 2014.

It should be noted that the result of Panariagroup in the domestic market was better compared to the overall sector trend (-2%), according to recent data supplied by Confindustria Ceramica

The Italian brands continue to be appreciated for their quality and aesthetics; this is confirmed by their use in prestigious architectural designs such as the "Bosco Verticale" (Vertical Wood) of Milan in which our products were used for both the external facades and interiors; this building was claimed to be the "most beautiful skyscraper in the world" (International Highrise Award).

The Italian market's share of total sales is 20%.

ASIA, SOUTH AMERICA, OCEANIA and AFRICA - Other markets (Asia, South America, Oceania and Africa) confirmed the growth of 2014 that was more than 20%.

The most significant increases were those in Asia and Africa where the Group is continuing its specific commercial actions on the basis of significant growth prospects in those areas.

The other markets account for 12% of total sales.

FINANCIAL RESULTS

Gross operating profit amounted to Euro 6.3 million, i.e. 7.3% of the Value of Production (Euro 2.8 million at 31 March 2014, or 4.1% of the Value of Production).

The improvement in margins is the effect of the significant growth in revenues and the greater use of the production capacity of all plants of the Group.

The decision to aim for an increase in volumes with determination and to activate alternative sales channels has allowed for the triggering of a virtuous circle which allows for a more effective use of the productive capacity of our plants, thereby significantly reducing the incidence of fixed costs.

Net operating profit is positive by Euro 1.8 million (at 31 March 2014 it was negative by Euro 1.3 million).



The consolidated Net Result is positive of Euro 1.0 million (versus a loss of Euro 1.7 million at 31 March 2014).

NET FINANCIAL POSITION

Net Financial Indebtedness has a balance of 92 million Euros, with an improvement of 1.4 million Euros compared to March 2014.

SHAREHOLDERS' EQUITY

The Shareholders' equity of the Group amounted to 154.9 million Euros at 31st March 2015 while it was equal to 141.5 million Euros at 31st March 2014.

OPERATIONAL OUTLOOK FOR THE GROUP

In the next quarters, we expect an additional improvement in results due to different factors of both exogenous and endogenous nature.

We believe that the macro-economic context has reached a level of equilibrium that can guarantee an additional and gradual recovery in those areas which were most affected by the economic crisis as well as the maintenance of positive growth rates in other areas.

We expect savings in upcoming months deriving from a decrease in energy rates and we also are confident in being able to utilize the advantages deriving from the EUR/USD exchange rate during all of 2015.

With regard to internal activities, we will continue to benefit from the positive effect of greater sales volumes; according to current production plans, a significantly higher level of production compared to 2014 is forecasted for all plants of the Group, while always focusing on containing warehouse stocks.

In addition, our efforts are particularly focused on the process of organizational and commercial improvement of the Italian business unit, with the objective of completing this process by the end of the year.

The positive experience that was recorded in similar circumstances in the foreign Business Units gives us confidence that we can successfully complete this operation and obtain significant advantages in 2016.

Declaration of the Financial Reporting Manager

The Financial Reporting Manager, Damiano Quarta, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Attachments: Consolidated Balance Sheet and Profit & Loss account

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Reclassified balance sheet

(in thousands of Euro)

CONSOLIDATED FINANCIAL STATEMENT - BALANCE SHEET

	March 31, 2015	December 31, 2014	March 31, 2014
Inventories	138,242	129,837	125,044
Accounts Receivable	81,145	69,877	73,590
Other current assets	10,861	9,077	8,807
CURRENT ASSETS	230,248	208,791	207,441
Account Payables	(63,057)	(58,633)	(51,680)
Other current liabilities	(25,207)	(25,119)	(24,328)
CURRENT LIABILITIES	(88,264)	(83,752)	(76,008)
NET WORKING CAPITAL	141,984	125,039	131,433
Goodwill	8,139	8,139	8,139
Intangible assets	3,067	2,202	2,128
Tangible assets	91,870	89,851	88,684
Equity Investments and other financial assets	358	458	357
FIXED ASSETS	103,434	100,650	99,308
Receivables due after following year	1,061	1,064	963
Provision for termination benefits	(6,511)	(6,575)	(6,053)
Provision for risk and charge	(4,160)	(4,230)	(3,958)
Deferred tax assets	13,779	14,111	14,353
Other payables due after the year	(2,716)	(2,647)	(1,152)
ASSET AND LIABILITIES DUE AFTER THE YEAR	1,453	1,723	4,153
NET CAPITAL EMPLOYED	246,871	227,412	234,894
Short term financial assets	(2,807)	(2,932)	(10,529)
Short term financial debt	50,623	38,997	50,573
NET SHORT TERM FINANCIAL DEBT	47,816	36,065	40,044
Mid-Long term financial debt	44,201	44,227	53,396
NET FINANCIAL POSITION	92,017	80,292	93,440
Group Shareholder's Equity	154,854	147,120	141,454
SHAREHOLDERS' EQUITY	154,854	147,120	141,454
TOTAL SOURCES OF FUNDS	246,871	227,412	234,894

Income statement

(in thousands of Euro)

	March 31, 2015	%	March 31, 2014	%
Revenues from sales and services	81,923	95.02%	67,945	100.61%
Change in inventories of finished products	2,729	3.17%	(3,034)	-4.49%
Other revenues	1,565	1.82%	2,625	3.89%
Value of Production	86,217	100.00%	67,536	100.00%
Raw, ancillary and consumable materials	(24,960)	-28.95%	(18,175)	-26.91%
Services, leases and rentals	(33,040)	-38.32%	(27,283)	-40.40%
Personnel costs	(21,127)	-24.50%	(18,591)	-27.53%
Other operating expenses	(804)	-0.93%	(691)	-1.02%
Cost of production	(79,931)	-92.71%	(64,740)	-95.86%
Gross operating profit	6,286	7.29%	2,796	4.14%
Amortisation and depreciation	(4,128)	-4.79%	(3,890)	-5.76%
Provisions and expense	(388)	-0.45%	(221)	-0.33%
Net operating profit	1,770	2.05%	(1,315)	-1.95%
Financial income and expense	97	0.11%	(797)	-1.18%
Pre-tax profit	1,867	2.17%	(2,112)	-3.13%
Income taxes estimated	(850)	-0.99%	402	0.60%
Net profit (loss) for the period	1,017	1.18%	(1,710)	-2.53%