



PRESS RELEASE

Panariagroup Industrie Ceramiche S.p.A.: the Board of Directors approves the Consolidated Financial Report as of 30th June 2015.

- Net Revenues amounted to 175.0 million Euros
- Gross operating profit amounted to 16.4 million Euros.
- Net operating profit amounted to 6.7 million Euros.
- Consolidated net profit of the period was 3.3 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 Financial Report as of 30th June 2015, in accordance with the International Financial Reporting Standard (IFRS).

In the first half of 2015, there was a double-digit growth in Group revenue, (+19.9% compared to the 30th June 2014) as well as a significant improvement in profitability with a gross operating profit increase of 74%, compared to the first half of 2014.

The Group achieved considerable revenue growth in all main macro-areas. Performance was particularly notable in the United States; Far East markets continue their growth, and in Europe and in Italy the Group returned to gain market share.

In addition, in the first half of the year, the main Balance Sheet ratios show positive trends; it's very significant the improvement of the Net Financial Position/Gross Operating Profit ratio, which amount to 3 compared with 3,8 as of December 2014.

Among the many references to prestigious projects made with our products, Expo 2015 in Milan afforded great visibility to the "Bosco Verticale" ("Vertical Forest"), one of the prestigious architectural creations in which our Laminated Stoneware was used for the covering of exterior façades as well as for interior flooring. This project was recognised as the "most beautiful high-rise in the world" (International High-Rise Award 2014).

FINANCIAL HIGHLIGHTS

(thousand Euros)

Natura	30/06/2015	30/06/2014	var. €
Revenues from sales and services	174,988	146,005	28,983
Value of production	183,374	144,239	39,135
Gross operating profit	16,403	9,435	6,968
Net operating profit	6,676	(0,214)	6,890
Consolidated net profit	3,265	(1,872)	5,137



“The revenue and margin forecasts provided when the 2014 financial statements were prepared – said Emilio Mussini, Chairman of Panariagroup - have been confirmed in this first half year; considerable results have been achieved both in terms of sales, exceeding our expectations, both in terms of capital ratio with the improvement of Net Working Capital ratios and the Net Financial Position/Gross Operating Profit ratio”.

“The Group – continued Mussini - is highly international and this structure guarantees a risk diversification and significantly increases of the possibility promptly take advantage of development opportunities in the most appealing areas, with the objective to continue on this path of expansion in foreign markets”.

REVENUES

Net revenues from sales reported a net increase from Euro 146.0 million as of 30 June 2014 to Euro 175.0 million as of 30 June 2015 (Euro +29.0 million).

The contribution of revenues by the Group's foreign markets posted an all-time high in the first half of 2015, reaching 79% of turnover. Non-European markets now account for nearly 50% of revenues.

The Group achieved considerable revenue growth in all main areas:

USA – The United States was easily the top country for the Group, with growth of 15% in dollars. This positive effect is even greater in euros due to the significant appreciation of the US dollar compared to the first half of 2014. Florida Tile continues to maintain double-digit growth, with sales up across all distribution channels. In addition, the Lea North America and Panariagroup USA Divisions are achieving very appealing growth on the whole. The US market accounts for 37% of total revenues.

EUROPE - In Europe, the Group also had positive performance with growth of 8%. With the exception of the France-Belgium area, where also our competitors are having difficulty as well, satisfactory growth was reported in all other countries. In particular, we note once again the excellent performance in the Portuguese market (+24%), in which we are one of the top players, as well as good results in the German (+30%) and Eastern European (+25%, excluding Russia) markets. European markets account for 30% of total sales.

ITALY – In the Italian market, which experienced considerable declines in sales in recent years, our Group has been able to post significant growth of 11%, partly through channel diversification. This figure is even more important in light of the fact that overall turnover in this sector decreased once again in the domestic market. The Italian market's share of total sales is 21%.

ASIA, SOUTH AMERICA, OCEANIA AND AFRICA – Other markets generated good growth in the half-year, with an overall increase of 11%. Results improved in all of these areas compared to the first half of 2014. In particular, positive developments continue in the African market, driven by the Portuguese Business Unit. The other markets account for 12% of total sales.

FINANCIAL RESULTS

Gross Operating Profit came to Euro 16.4 million, representing 9.0% of the Value of Production (Euro 9.4 million as of 30 June 2014, or 6.5% of the Value of Production), with an improvement of Euro 7.0 million.



Margins improved as a result of the combination of significant revenue growth and the increased use of production capacity at Group plants.

In addition, the second quarter of 2015 benefitted from a positive effect of roughly Euro 0.5 million compared to the same period of the previous year deriving from reduced energy costs. We expect even greater savings in the second half of the year.

Performance in the second quarter of 2015 was clearly better than the last 18 months, confirming the Group's robust recovery.

The net operating profit comes to Euro 6.7 million (negative by Euro 0.2 million as of 30th June 2014), with an improvement of Euro 6.9 million.

The consolidated net result is a profit of Euro 3.3 million (negative by Euro 1.9 million as of 30th June 2014), with an improvement of Euro 5.1 million.

NET FINANCIAL POSITION

The Net Financial Position is negative for Euro 86 million, clearly improved with respect to the previous quarter (negative by Euro 92 million) and is substantially in line as at 30 June 2014.

SHAREHOLDERS' EQUITY

The Shareholders' equity of the Group amounted to 154.8 million Euros as of 30th June 2015, compared to 141.7 million Euros as of 30th June 2014.

OUTLOOK FOR GROUP OPERATIONS

An improvement in results compared to 2014 is forecasted for the second half of 2015. In addition, we expect a good progression in revenues, although it will be difficult for them to reach the same levels as the first half of 2015. In terms of costs, we will achieve additional savings in energy costs, which however will be partly offset by lower production volumes compared to the first half of 2015 due to seasonal factors. Capital ratios should improve further in the second half of the year.

In the medium term, we believe that the Group is capable of continuing to grow and that margins will rise to more satisfactory levels. This will be achieved by maintaining the current performance of foreign Business Units and also as a result of the expected improvement in the Italian Business Unit due to the reorganisation activities under way.

To support these development plans, a suitable level of investments will be required to maintain our technological leadership and guarantee an improvement in production efficiency. During the first half of 2015, more than Euro 12 million in investments were made in technological upgrades to ensure that the Group brands remain in the top end of the market.

The common thread characterising the recovery of the last 2 years has been our awareness of changes in the rules of economic activity, which has also led us to re-examine those factors and elements that constituted the source of our success in the past. We are convinced that there is still ample space for additional important improvements.



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, Consolidated Profit & Loss account

Contact: Barabino & Partners
Tommaso Filippi
t.filippi@barabino.it
Tel. 02/72.02.35.35
Fax 02/89.00.519

Milan, 7th August 2015



Income statement - Comparison between 30 June 2015 and 30 June 2014
(in thousands of Euro)

	06/30/2015	%	06/30/2014	%
Revenues from sales and services	174,988	95.43%	146,005	101.22%
Change in inventories of finished products	4,642	2.53%	(6,467)	-4.48%
Other revenues	3,744	2.04%	4,701	3.26%
Value of production	183,374	100.00%	144,239	100.00%
Raw, ancillary and consumable materials	(53,624)	-29.24%	(38,964)	-27.01%
Services, leases and rentals	(69,020)	-37.64%	(56,955)	-39.49%
Personnel costs	(42,542)	-23.20%	(37,432)	-25.95%
Other operating expenses	(1,785)	-0.97%	(1,453)	-1.01%
Cost of production	(166,971)	-91.05%	(134,804)	-93.46%
Gross operating profit	16,403	8.95%	9,435	6.54%
D&A expenses	(8,436)	-4.60%	(7,979)	-5.53%
Provisions and impairments	(1,291)	-0.70%	(1,670)	-1.16%
Net operating profit	6,676	3.64%	(214)	-0.15%
Financial income and expense	(1,227)	-0.67%	(1,516)	-1.05%
Pre-tax profit	5,449	2.97%	(1,730)	-1.20%
Income taxes estimated	(2,184)	-1.19%	(142)	-0.10%
Net profit (loss) for the period	3,265	1.78%	(1,872)	-1.30%

Income statement - 2015 Performance by quarter
(in thousands of Euro)

	Q1	%	Q2	%	06/30/2015	%
Revenues from sales and services	81,923	95.02%	93,065	95.79%	174,988	95.43%
Change in inventories of finished products	2,729	3.17%	1,913	1.97%	4,642	2.53%
Other revenues	1,565	1.82%	2,179	2.24%	3,744	2.04%
Value of Production	86,217	100.00%	97,157	100.00%	183,374	100.00%
Raw, ancillary and consumable materials	(24,960)	-28.95%	(28,664)	-29.50%	(53,624)	-29.24%
Services, leases and rentals	(33,040)	-38.32%	(35,980)	-37.03%	(69,020)	-37.64%
Personnel costs	(21,127)	-24.50%	(21,415)	-22.04%	(42,542)	-23.20%
Other operating expenses	(804)	-0.93%	(981)	-1.01%	(1,785)	-0.97%
Cost of production	(79,931)	-92.71%	(87,040)	-89.59%	(166,971)	-91.05%
Gross operating profit	6,286	7.29%	10,117	10.41%	16,403	8.95%
D&A expenses	(4,128)	-4.79%	(4,308)	-4.43%	(8,436)	-4.60%
Provisions and other impairments	(388)	-0.45%	(903)	-0.93%	(1,291)	-0.70%
Net operating profit	1,770	2.05%	4,906	5.05%	6,676	3.64%
Financial income and expense	97	0.11%	(1,324)	-1.36%	(1,227)	-0.67%
Pre-tax profit	1,867	2.17%	3,582	3.69%	5,449	2.97%
Income taxes estimated	(850)	-0.99%	(1,334)	-1.37%	(2,184)	-1.19%
Net profit (loss) for the period	1,017	1.18%	2,248	2.31%	3,265	1.78%

Income statement - Comparison between 2nd quarter of 2015 and 2nd quarter of 2014
(in thousands of Euro)

	Q2 2015	%	Q2 2014	%
Revenues from sales and services	93,065	95.79%	78,060	101.77%
Change in inventories of finished products	1,913	1.97%	(3,433)	-4.48%
Other revenues	2,179	2.24%	2,076	2.71%
Value of Production	97,157	100.00%	76,703	100.00%
Raw, ancillary and consumable materials	(28,664)	-29.50%	(20,789)	-27.10%
Services, leases and rentals	(35,980)	-37.03%	(29,672)	-38.68%
Personnel costs	(21,415)	-22.04%	(18,841)	-24.56%
Other operating expenses	(981)	-1.01%	(762)	-0.99%
Cost of production	(87,040)	-89.59%	(70,064)	-91.34%
Gross operating profit	10,117	10.41%	6,639	8.66%
D&A expenses	(4,308)	-4.43%	(4,089)	-5.33%
Provisions and other impairments	(903)	-0.93%	(1,449)	-1.89%
Net operating profit	4,906	5.05%	1,101	1.44%
Financial income and expense	(1,324)	-1.36%	(719)	-0.94%
Pre-tax profit	3,582	3.69%	382	0.50%
Income taxes estimated	(1,334)	-1.37%	(544)	-0.71%
Net profit (loss) for the period	2,248	2.31%	(162)	-0.21%

Summary of the Reclassified Consolidated Balance sheet
(in thousands of Euro)

	06/30/15	03/31/15	12/31/14	06/30/14
Inventories	137,563	138,242	129,837	121,688
Accounts Receivable	88,500	81,145	69,877	78,988
Other current assets	10,753	10,861	9,077	8,686
CURRENT ASSETS	236,816	230,248	208,791	209,362
Account Payables	(73,273)	(63,057)	(58,633)	(57,067)
Other current liabilities	(27,852)	(25,207)	(25,119)	(27,488)
CURRENT LIABILITIES	(101,125)	(88,264)	(83,752)	(84,555)
NET WORKING CAPITAL	135,691	141,984	125,039	124,807
Goodwill	8,139	8,139	8,139	8,139
Intangible assets	3,380	3,067	2,202	2,063
Tangible assets	94,368	91,870	89,851	88,500
Equity Investments and other financial assets	187	358	458	357
FIXED ASSETS	106,074	103,434	100,650	99,059
Receivables due after following year	887	1,061	1,064	956
Provision for termination benefits	(6,487)	(6,511)	(6,575)	(6,073)
Provision for risk and charge	(4,322)	(4,160)	(4,230)	(4,158)
Deferred tax assets	11,911	13,779	14,111	14,149
Other payables due after the year	(2,982)	(2,716)	(2,647)	(1,155)
ASSET AND LIABILITIES DUE AFTER THE YEAR	(993)	1,453	1,723	3,719
NET CAPITAL EMPLOYED	240,772	246,871	227,412	227,585

Short term financial assets	(5,756)	(2,807)	(2,932)	(6,822)
Short term financial debt	53,416	50,623	38,997	44,569
NET SHORT TERM FINANCIAL DEBT	47,660	47,816	36,065	37,747
Mid-Long term financial debt	38,306	44,201	44,227	48,106
NET FINANCIAL POSITION	85,966	92,017	80,292	85,853
Group Shareholders' Equity	154,806	154,854	147,120	141,732
SHAREHOLDERS' EQUITY	154,806	154,854	147,120	141,732
TOTAL SOURCES OF FUNDS	240,772	246,871	227,412	227,585