



PRESS RELEASE

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

- Net Revenues amounted to 259.4 million Euros (+19.0% on September 2014).
- Gross operating profit amounted to 24.2 million Euros (+65.2% on September 2014).
- Net operating profit amounted to 9.3 million Euros (+8.6 million Euros on September 2014)
- Consolidated net profit of the period was 4.4 million Euros (+6.4 million Euros on September 2014).

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 September 2015, in accordance with the International Financial Reporting Standard (IFRS).

The third quarter of 2015 confirmed the positive trend of the first half, with good results both in terms of sales and margins. Revenues recorded the same levels of growth as the first half, with a substantial increase of 19%, determined by excellent performance in all the main markets.

The growth of sales gave a significant contribution to the improvement in Operating Margins, which also benefitted by the increase in volumes produced and the greater absorption of fixed industrial costs.

In the first nine months of the year, all the main capital ratios showed strengthening trends; the improvement in the ratio "Net Financial Position/Gross Operating Profit in the last 12 months" was very significant, amounting to around 2.8 compared to 3.8 in December 2014.

The guidelines that have characterised the Group's strategy over the last decade have been focused on the process of internationalisation and in the first nine months of 2015, the revenues of the Group's foreign markets therefore accounted for 80% of total revenues. Business diversification allows us to considerably reduce the operating risks linked to the trend of the individual markets, and to acquire important knowledge that enables us to quickly seize growth opportunities.



FINANCIAL HIGHLIGHTS

(thousand Euros)

Natura	30/09/2015	30/09/2014	var. €
Revenues from sales and services	259,447	218,062	41,385
Value of production	268,724	217,487	51,237
Gross operating profit	24,223	14,666	9,557
Net operating profit	9,265	0,661	8,604
Consolidated net profit	4,420	(1,983)	6,403

“The Results of the first nine months of 2015 – said Emilio Mussini, Chairman of Panariagroup – have confirmed the validity of the key choices carried out by Panariagroup during these difficult years, where the crisis of the sector has made an important selection of operators”.

“The relevant investments made in process of internationalisation, the constant technological and product innovation and the commercial coverage of the markets – continued Mussini – constitute fundamental Group’s leverage for successfully overcoming future challenges.”

REVENUES

Revenues from sales recorded significant growth, from Euro 218.0 million at 30.09.14 to Euro 259.4 million at 30.09.15 (+19% and + Euro 41.4 million).

The revenues of the Group’s foreign markets reached the 80% of total revenues, in the first nine month of 2015; non-European markets accounted for 50% of revenues.

Improved results were recorded in all market areas, with respect to the previous year in terms of turnover; particularly significant, the positive contributions made by the foreign Business Units in Portugal and in the United States, which retained their high rates of growth.

At 30th September 2015 the Group shows the following breakdown of sales by main geographic areas:

USA – In the United States, it confirmed the “double digit” growth in revenues, with an increase of 14% in dollars; the positive effect in Euro terms was clearly greater thanks to the considerable appreciation of the US dollar against the European currency compared to 2014.

The main contribution to the positive performance came from Florida Tile, which generated growth in turnover in all distribution channels; moreover, it should be noted that the Lea North America and Panariagroup USA Divisions are registering considerable growth as a whole.

The US market accounted for **38%** of total revenues.

EUROPE – The European markets, as a whole, also recorded solid growth of 9%. Only the “Francophone” area recorded a slight fall in revenues (-3%), however in line with the data recorded by Confindustria Ceramica for the Industry, while the performance recorded in Portugal (where the subsidiary Gres Panaria Portugal is the leading player in terms of revenues) and in Germany were highly satisfactory, both with growth of more than 20%. The results obtained in Eastern Europe also stood out, up 24% excluding Russia. European markets accounted for **30%** of total revenues.

ITALY – On the Italian market, the Group recorded an increase of 5%; this positive result allowed a recovery in market shares, in consideration of the “flat” trend in the ceramics sector as a whole (as



per the quarterly survey of Confindustria Ceramica) and was made possible, in particular, by the development of alternative sales channels to those through which the Group traditionally operated. The Italian market's share of total sales was **20%**.

ASIA, SOUTH AMERICA, CANADA, OCEANIA AND AFRICA – The other markets confirmed the rates of growth from previous years, with an increase of 20% in turnover. The most significant increases were recorded in the Asian and African areas, in which the Group is continuing to carry out specific sales initiatives based on the substantial growth prospects. The other markets accounted for **12%** of total revenues.

FINANCIAL RESULTS

Gross Operating Profit came to Euro 24.2 million, representing 9.0% of the Value of Production (Euro 14.7 million at 30.09.14, or 6.7% of the Value of Production), with a significant growth of Euro 9.6 million.

The increase in revenues, associated with greater use of plants' production capacity, are the growth factors of the Group's margins.

The successful sales initiatives implemented, also through the creation of alternative channels, are at the root of the recent positive developments in margins and of the greater efficiency in exploiting the production facilities.

Moreover, in the first 9 months of 2015, the Group benefitted from the positive effect of the reduction in energy tariffs, for around Euro 1.5 million, with respect to the same period in the previous year; the contracts already signed also guarantee further savings for the final quarter of 2015, in addition to a benefit for the next year too.

Net operating profit amounted to Euro 9.3 million (Euro 0.6 million at 30th September 2014), with an increase of Euro 8.6 million.

The Consolidated net result was a profit of Euro 4.4 million (versus a loss of Euro 2.0 million at 30th September 2014) with an improvement of Euro 6.4 million.

NET FINANCIAL POSITION

The Net Financial Position as of 30th September 2015 is negative for Euro 86.6 million, and is substantially in line with 30th June 2015.

SHAREHOLDERS' EQUITY

The Shareholders' equity of the Group amounted to 155.3 million Euros as of 30th September 2015, compared to 145.6 million Euros as of 30th September 2014.

OUTLOOK FOR GROUP OPERATIONS

We expect for the final quarter an improvem



ent over the fourth quarter of 2014; it should be noted that, for reasons of a seasonal nature, the profits of the final quarter are normally lower than the previous three quarters.

Despite the significant results obtained, we believe there are still margins for improvement, in consideration of the in-depth restructuring processes concerning the Italian Business Unit whose effects, in terms of higher sales and greater production, should be even more noticeable in 2016.

The positive signs identified in the macro-economic trends, associated with our Group's greater capacity to seize growth opportunities, provide the basis for an important investment programme, already commenced, which will also characterise next year and which will allow us to maintain the technological excellence characteristic of Panariagroup's products and which enables us to operate at the high-end of the market.

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

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Milan, 13th November 2015



CONSOLIDATED FINANCIAL STATEMENT - BALANCE SHEET

	30/9/2015	30/6/2015	31/12/2014	30/9/2014
Inventories	136,224	137,563	129,837	122,818
Accounts Receivable	83,275	88,500	69,877	74,374
Other current assets	12,049	10,753	9,077	8,999
CURRENT ASSETS	231,548	236,816	208,791	206,191
Account Payables	(71,342)	(73,273)	(58,633)	(55,036)
Other current liabilities	(27,703)	(27,852)	(25,119)	(27,059)
CURRENT LIABILITIES	(99,045)	(101,125)	(83,752)	(82,095)
NET WORKING CAPITAL	132,503	135,691	125,039	124,096
Goodwill	8,139	8,139	8,139	8,139
Intangible assets	4,013	3,380	2,202	2,098
Tangible assets	99,594	94,368	89,851	90,234
Equity Investments and other financial assets	187	187	458	458
FIXED ASSETS	111,933	106,074	100,650	100,929
Receivables due after following year	867	887	1,064	1,076
Provision for termination benefits	(6,530)	(6,487)	(6,575)	(6,102)
Provision for risk and charge	(4,425)	(4,322)	(4,230)	(4,128)
Deferred tax assets	10,516	11,911	14,111	14,090
Other payables due after the year	(2,964)	(2,982)	(2,647)	(1,335)
ASSET AND LIABILITIES DUE AFTER THE YEAR	(2,536)	(993)	1,723	3,601
NET CAPITAL EMPLOYED	241,900	240,772	227,412	228,626
Short term financial assets	(5,908)	(5,756)	(2,932)	(2,871)
Short term financial debt	52,562	53,416	38,997	40,666
NET SHORT TERM FINANCIAL DEBT	46,654	47,660	36,065	37,795
Mid-Long term financial debt	39,916	38,306	44,227	45,214
NET FINANCIAL POSITION	86,570	85,966	80,292	83,009
Group Shareholder's Equity	155,330	154,806	147,120	145,617
SHAREHOLDERS' EQUITY	155,330	154,806	147,120	145,617
TOTAL SOURCES OF FUNDS	241,900	240,772	227,412	228,626



Income Statement: comparison between 30 September 2015 and 30 September 2014

(in thousands of Euro)

	30/09/2015	%	30/09/2014	%	var.
Revenues from sales and services	259,447	96.55%	218,062	100.26%	41,385
Change in inventories of finished products	3,513	1.31%	(7,995)	-3.68%	11,508
Other revenues	5,764	2.14%	7,420	3.41%	(1,656)
Value of Production	268,724	100.00%	217,487	100.00%	51,237
Raw, ancillary and consumable materials	(77,812)	-28.96%	(58,706)	-26.99%	(19,106)
Services, leases and rentals	(101,517)	-37.78%	(86,760)	-39.89%	(14,757)
Personnel costs	(62,614)	-23.30%	(55,155)	-25.36%	(7,459)
Changes in inventories of raw materials	(2,558)	-0.95%	(2,200)	-1.01%	(358)
Cost of production	(244,501)	-90.99%	(202,821)	-93.26%	(41,680)
Gross operating profit	24,223	9.01%	14,666	6.74%	9,557
D&A expenses	(13,047)	-4.86%	(12,238)	-5.63%	(809)
Provisions and other impairments	(1,911)	-0.71%	(1,767)	-0.81%	(144)
Net operating profit	9,265	3.45%	661	0.30%	8,604
Financial income and expense	(1,906)	-0.71%	(1,901)	-0.87%	(5)
Pre-tax profit	7,359	2.74%	(1,240)	-0.57%	8,599
Income taxes estimated	(2,939)	-1.09%	(743)	-0.34%	(2,196)
Net profit (loss) for the period	4,420	1.64%	(1,983)	-0.91%	6,403



Income Statement: comparison between Third Quarters 2015 and 2014

(in thousands of Euro)

	Q3 2015	%	Q3 2014	%	var.
Revenues from sales and services	84,459	98.96%	72,057	98.37%	12,402
Change in inventories of finished products	(1,129)	-1.32%	(1,528)	-2.09%	399
Other revenues	2,020	2.37%	2,719	3.71%	(699)
Value of Production	85,350	100.00%	73,248	100.00%	12,102
Raw, ancillary and consumable materials	(24,188)	-28.34%	(19,742)	-26.95%	(4,446)
Services, leases and rentals	(32,497)	-38.07%	(29,805)	-40.69%	(2,692)
Personnel costs	(20,072)	-23.52%	(17,723)	-24.20%	(2,349)
Changes in inventories of raw materials	(773)	-0.91%	(747)	-1.02%	(26)
Cost of production	(77,530)	-90.84%	(68,017)	-92.86%	(9,513)
Gross operating profit	7,820	9.16%	5,231	7.14%	2,589
D&A expenses	(4,611)	-5.40%	(4,259)	-5.81%	(352)
Provisions and other impairments	(620)	-0.73%	(97)	-0.13%	(523)
Net operating profit	2,589	3.03%	875	1.19%	1,714
Financial income and expense	(679)	-0.80%	(385)	-0.53%	(294)
Pre-tax profit	1,910	2.24%	490	0.67%	1,420
Income taxes estimated	(755)	-0.88%	(601)	-0.82%	(154)
Net profit (loss) for the period	1,155	1.35%	(111)	-0.15%	1,266