



PANARIAGROUP Industrie Ceramiche S.p.A.

PRESS RELEASE

The Shareholders' Meeting today approved the financial statements at 31 December 2015

Appointment of the Board of Statutory Auditors for FYs 2016, 2017 and 2018.

Mr Emilio Mussini reconfirmed as Chairman of the Board of Directors

Finale Emilia, 28 April 2016 – The Ordinary Shareholders' Meeting of Panariagroup Industrie Ceramiche S.p.A., the parent Company of the Group of the same name producing and distributing luxury and high-end ceramic floor and wall covering material, was held today in a single call to resolve upon the following items on the agenda:

1) Approval of the financial statements at 31 December 2015

The Shareholders' Meeting of Panariagroup approved the 2015 financial statements.

Following a number of challenging years as a result of the difficult macro-economic situation and the consequent need for a reorganisation in order to adapt to the changes in market conditions, 2015 may be considered as a turning point for the results recorded by Panariagroup.

The improvement in results, which began in 2014, was consolidated, with excellent growth in revenue and margins.

In spite of the ongoing fluctuation of the international economic context, in 2015 the Group's revenue recorded significant growth, +18% and + € 52.2 million compared to 2014, due to an increase in volumes and a continuous expansion of trade on all the main reference markets.

The increase in margins, with EBITDA up 46.4% and + € 9.8 million compared to 2014, was due to two factors: the growth in turnover on every market and the increase in production, with a lower impact of overheads.

MAIN CONSOLIDATED INCOME STATEMENT INDICATORS
(000/euros)

Nature	31/12/2015	31/12/2014	Change €
Revenue from sales and services	342,910	290,679	52,231
Value of production	359,248	298,247	61,001
EBITDA	30,797	21,038	9,759
EBIT	11,097	1,920	9,177
Consolidated net profit (loss)	5,865	(1,840)	7,705

Concerning the Italian parent company, Panariagroup Industrie Ceramiche S.p.A., which recorded a loss of € 1,103,081, the Shareholders' Meeting approved the proposal advanced by the Board of Directors to carry the loss forward.

2) Remuneration report: resolutions pursuant to article 123-ter, para. 6) of Legislative Decree no. 58 of 24 February 1998

Pursuant to article 123-ter, para. 6 of Legislative Decree no. 58 of 24 February 1998, the Meeting expressed its favourable vote on the first section of the Remuneration Report, which illustrates the Company's policy on remuneration of the members of the boards. The Remuneration Report is available on the Company's website www.panariagroup.it, and on the authorised storage mechanism Info at www.linfo.it.

3) Appointment of the members and Chairman of the Board of Statutory Auditors for the 2016-2018 three-year period, as well as determination of the relevant remuneration.

Using a list vote system, the Meeting appointed the members of the new Board of Statutory Auditors for FYs 2016, 2017 and 2018.

The Board of Auditors is made up of (i) Mr Sergio Marchese (Chairman) and Fabio Andreoli (Alternate Auditor) appointed from the list filed by the shareholder Equilybra Capital Partners S.p.A., which obtained the lower number of votes in the Meeting, and (ii) by Mr Pier Giovanni Ascari (Statutory Auditor), Ms Francesca Muserra (Statutory Auditor) and Mr Vittorio Pincelli (Alternate Auditor) appointed from the list filed by the shareholder Finpanaria Ceramic Group S.p.A., which obtained the higher number of votes in the Meeting.

The Meeting also resolved to determine the yearly remuneration of Statutory Auditors, i.e. € 24,000 for the Chairman and € 20,000 for the two other Statutory Auditors.

4) Determination of the remuneration of the Board of Directors

In the same session, after hearing the opinion of the Board of Statutory Auditors and the Remuneration Committee, Panariagroup Shareholders' Meeting also determined the gross threshold of € 655,000 per year as the fixed fee to be paid to the Board of Directors for FY2016, and in any case up to the approval of the financial statements at 31 December 2016, and the gross threshold of € 310,000 per year as variable emoluments for 2016 to be paid to directors entrusted with executive duties.

5) Renewal of the authorisation for the sale and purchase of treasury shares

Lastly Panariagroup Shareholders Meeting renewed the authorisation to the Board of Directors to sell and purchase treasury shares up to a threshold of 9,071,058 shares and in any case in compliance with law provisions, ordinary treasury shares with a par value of € 0.50 each, for a maximum counter value not exceeding the available reserves resulting from the last duly approved financial statements and until the approval of the financial statements at 31 December 2015, up to an extent that at no time exceeds a total of 20% of the share capital.

To date, the Company directly holds no. 432.234 treasury shares, equal to 0.953% of the share capital; Panariagroup subsidiaries hold no shares of the parent company.

Any purchases must be made on the market: for purchases aimed at implementing stock option plans, at a price not exceeding the reference price reported by the stock on the trading day

immediately prior to each individual transaction and not less than 20% of the reference price reported by stock on the trading day immediately prior to each individual transaction, and for other purchases, at a price not exceeding and not less than 20% of the official reference price reported by the stock on the trading day immediately prior to each individual transaction. The potential maximum outlay for the purchase shall not exceed the reserves available resulting from the last duly approved financial statements.

The maximum number of treasury shares to be purchased daily shall not exceed 25% of the average daily volume of “Panaria” shares traded on the market. Pursuant to article 5 of EC Regulation 2273/2003, this limit can be exceeded in case of extremely low market liquidity, at the conditions provided for in the above-mentioned regulation; in any case, the maximum number of treasury shares that can be purchased daily shall not exceed 50% of the daily average volume. The authorisation was renewed in order to pursue, in the Company’s interest, the aims provided for by the applicable legislation in force, such as: to encourage and retain the professionals, employees and directors of the Company and/or its subsidiaries; fulfil the obligations deriving from convertible debt instruments or debt instruments that can be exchanged with equity instruments; carry out extraordinary or strategic transactions for the Company involving the exchange or the payment of the fee in shares; carry out subsequent sale and purchase transactions, within the limits allowed by the market practices admitted, including activities to support market liquidity in order to favour the regular trading other than the ordinary changes due to market trends; or carry out sale, exchange, contribution transactions or other deeds of disposal of treasury shares to acquire interest and/or properties and/or sign agreements (also trade agreements) with strategic partners and/or to accomplish industrial plans or extraordinary corporate transactions envisaged in the Company’s and Panaria Group’s expansion objectives.

Please also note that the Board of Directors, which met after the Meeting, today approved the beginning of a plan for the purchase of treasury shares, the purpose, duration, countervalue and maximum amount of which were established by the aforementioned authorisation resolved upon by the Meeting. The Board of Directors also resolved to define the maximum number of shares to be purchased daily in compliance with article 5 of EC Regulation 2273/2003.

The Board, for FY2016 and until the approval of the financial statements at 31 December 2016, reconfirmed the appointment of Emilio Mussini as Chairman of the Board of Directors, Giuliano Mussini and Giovanna Mussini as Vice-Chairperson, Giuliano Pini as CEO and General Manager, and Paolo Mussini as CEO of the Cotto d’Este/Blustyle division, whereas the Chairman Emilio Mussini is still directly in charge of Panaria, Lea, Fiordo and Panariatrade brands.

After hearing the opinion of the Board of Statutory Auditors, the Board of Directors also reconfirmed Mr Damiano Quarta as executive in charge of drafting corporate accounts, for FY2016 and in any case until the approval of the financial statements at 31 December 2016.

As recommended in the Self-Regulatory Code promoted by Borsa Italiana S.p.A. regarding the independence requisites of directors, please also note that the Board of Directors of the Company assessed whether, pursuant to Legislative Decree no. 58 of 24 February 1998 and to the Self-Regulatory Code, the independence requirements had been met by the directors Roberto Tunioli, Sonia Bonfiglioli, Enrico Palandri and Paolo Onofri.

Moreover, pursuant to article 8.C.1 of the Self-Regulatory Code, as amended in July 2015, the Board of Statutory Auditors, after being appointed, met to verify compliance of its members with the independence criteria as per the Self-Regulatory Code and applicable law. The Board of Statutory Auditors subsequently sent said verifications to the Board of Directors, who acknowledged them in its meeting held today. Below are the conclusions of the Board of Statutory Auditors regarding said verifications:

Consolidated Balance Sheet

(Amounts in Thousands Euro)

	12/31/2015	12/31/2014
Inventories	138,208	129,837
Accounts Receivable	78,031	69,877
Other current assets	11,076	9,077
CURRENT ASSETS	227,315	208,791
Account Payables	(76,336)	(58,633)
Other current liabilities	(25,130)	(25,120)
CURRENT LIABILITIES	(101,466)	(83,753)
NET WORKING CAPITAL	125,849	125,038
Goodwill	8,139	8,139
Intangible assets	5,593	2,202
Tangible assets	109,115	89,851
Equity Investments and other financial assets	180	357
FIXED ASSETS	123,027	100,549
Receivables due after following year	802	1,064
Provision for termination benefits	(5,837)	(6,575)
Provision for risk and charge	(4,333)	(4,230)
Deferred tax assets	10,699	14,111
Other payables due after the year	(7,968)	(2,647)
ASSET AND LIABILITIES DUE AFTER THE YEAR	(6,637)	1,723
NET CAPITAL EMPLOYED	242,239	227,310

Short term financial assets	(7,500)	(2,932)
Short term financial debt	36,373	40,027
NET SHORT TERM FINANCIAL DEBT	28,873	37,095
Mid-Long term financial debt	54,110	43,096
NET FINANCIAL POSITION	82,983	80,191
Group Shareholder's Equity	159,256	147,119
SHAREHOLDERS' EQUITY	159,256	147,119
TOTAL SOURCES OF FUNDS	242,239	227,310

Consolidated Profit and Loss Account

(Amounts in Thousands Euro)

	12/31/2015	%	12/31/2014	%	var.
Revenues from sales and services	342,910	95.56%	290,679	97.46%	52,231
Change in inventories of finished products	5,201	1.45%	(2,882)	-0.97%	8,083
Other revenues	10,742	2.99%	10,450	3.50%	292
Value of Production	358,853	100.00%	298,247	100.00%	60,606
Raw, ancillary and consumable materials	(103,570)	-28.86%	(80,048)	-26.84%	(23,522)
Services, leases and rentals	(136,548)	-38.05%	(118,238)	-39.64%	(18,310)
Personnel costs	(84,294)	-23.49%	(75,636)	-25.36%	(8,658)
Changes in inventories of raw materials	(3,644)	-1.02%	(3,287)	-1.10%	(357)
Cost of production	(328,056)	-91.42%	(277,209)	-92.95%	(50,847)
Gross operating profit	30,797	8.58%	21,038	7.05%	9,759
D&A expenses	(17,454)	-4.86%	(16,727)	-5.61%	(727)
Provisions and other impairments	(2,247)	-0.63%	(2,391)	-0.80%	144
Net operating profit	11,096	3.09%	1,920	0.64%	9,176
Financial income and expense	(1,846)	-0.51%	(2,519)	-0.84%	673
Pre-tax profit	9,250	2.58%	(599)	-0.20%	9,849
Income taxes	(3,385)	-0.94%	(1,241)	-0.42%	(2,144)
Net profit (loss) for the period	5,865	1.63%	(1,840)	-0.62%	7,705



Panariagroup S.p.A.- Balance Sheet
(thousands of Euro)

	31/12/2015	31/12/2014
Inventories	69.070	67.745
Accounts Receivable	61.286	53.102
Other current assets	7.779	7.983
CURRENT ASSETS	138.135	128.830
Account Payables	(46.468)	(36.835)
Other current liabilities	(19.649)	(20.062)
CURRENT LIABILITIES	(66.117)	(56.897)
NET WORKING CAPITAL	72.018	71.933
Goodwill	0	0
Intangible assets	1.995	746
Tangible assets	43.956	38.022
Equity Investments and other financial assets	90.047	90.219
FIXED ASSETS	135.998	128.987
Receivables due after following year	9.611	13.449
Provision for termination benefits	(5.756)	(6.501)
Provision for risk and charge and Deferred Taxes	4.421	5.825
Other payables due after the year	(3.654)	(1.925)
ASSET AND LIABILITIES DUE AFTER THE YEAR	4.622	10.848
NET CAPITAL EMPLOYED	212.638	211.768
Short term financial assets	(5.475)	(1.020)
Short term financial debt	30.745	36.395
NET SHORT TERM FINANCIAL DEBT	25.270	35.375
Mid-Long term financial debt	44.555	32.726
NET FINANCIAL POSITION	69.825	68.101
Group Shareholder's Equity	142.813	143.667
SHAREHOLDERS' EQUITY	142.813	143.667
TOTAL SOURCES OF FUNDS	212.638	211.768



Panariagroup S.p.A.- Profit and Loss
(thousands of Euro)

	12/31/2015	%	12/31/2014	%
Revenues from sales and services	172.838	94,34%	157.487	97,66%
Change in inventories of finished products	1.483	0,81%	(3.629)	-2,25%
Other revenues	8.889	4,85%	7.396	4,59%
Value of Production	183.210	100,00%	161.254	100,00%
Raw, ancillary and consumable materials	(49.484)	-27,01%	(39.043)	-24,21%
Services, leases and rentals	(77.064)	-42,06%	(68.794)	-42,66%
Personnel costs	(47.062)	-25,69%	(46.616)	-28,91%
Changes in inventories of raw materials	(1.743)	-0,95%	(1.833)	-1,14%
Cost of production	(175.353)	-95,71%	(156.286)	-96,92%
Gross operating profit	7.857	4,29%	4.968	3,08%
D&A expenses	(9.747)	-5,32%	(10.016)	-6,21%
Provisions and other impairments	(1.711)	-0,93%	(1.065)	-0,66%
Net operating profit	(3.601)	-1,97%	(6.113)	-3,79%
Financial income and expense	2.922	1,59%	2.837	1,76%
Pre-tax profit	(679)	-0,37%	(3.276)	-2,03%
Income taxes	(424)	-0,23%	756	0,47%
Net profit (loss) for the period	(1.103)	-0,60%	(2.520)	-1,56%