



PRESS RELEASE

Panariagroup Industrie Ceramiche S.p.A.: the Board of Directors approves the Consolidated Quarterly Report as of 31st March 2016.

- Net Consolidated Revenues amounted to 91.5 million Euros (+11.7% on 31st March 2015).
- Gross operating profit amounted to 9.3 million Euros (+48.3% on 31st March 2015).
- Net operating profit amounted to 4.4 million Euros (+149.9% on 31st March 2015).
- Consolidated net profit was 1.9 million Euros (+87.1% on 31st March 2015).

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 2016, in accordance with the International Financial Reporting Standard (IFRS).

During the first quarter of 2016, important improvements were reported compared to the same period of 2015, with increases in Revenues of Euro 9.6 million, in the Gross Operating Profit of Euro 3.0 million, in the Net Operating Margin of Euro 2.7 million and in the Net Result of Euro 0.9 million.

The improvement involved all Business Units, while confirming the validity of the choices that were made by each single Company. The Portuguese and American foreign Divisions further improved the already good margins, and the Italian Division is beginning to show signs of improved profitability.

The Group's equity and financial position is balanced, with its Net Working Capital and the Net Financial Position that decreased compared to the first quarter of 2015, confirming the positive trend reported over the last few years.

FINANCIAL HIGHLIGHTS

(thousand Euros)

Type	31-Mar-2016	31-Mar-2015	var. €
Revenues from sales and services	91,516	81,923	9,593
Value of production	95,731	86,217	9,514
Gross operating profit	9,320	6,286	3,034
Net operating profit	4,423	1,770	2,653
Consolidated net profit (loss)	1,903	1,017	886



“Within this uncertain macro-economic framework – said **Emilio Mussini, Chairman of Panariagroup** – our sector showed signs of improvement, and thanks to a highly international view of our Group, we obtained higher growth rates with respect to this trend.”

“Good results achieved in sales during this first quarter – continued **Mussini** – support the improvement in terms of financial results and revenue, and they are also the effect of a constant activity in investing and consolidation of managerial structure, both in Italian and foreign Business Units”.

REVENUES

Net revenues from sales reported 11.7% increase, from Euro 81.9 million at 31st March 2015 to Euro 91.5 million at 31st March 2016 (Euro +9.6 million).

The revenues of the Group's foreign markets was higher than 80%. Non-European markets accounted for nearly 50% of revenues.

The territorial diversification strategy carried out by the Group, allowed for a better use of the Group's resources in the most dynamic markets, while offsetting any possible slowdown in other areas.

In terms of turnover in all the main areas, the Group generated significant growth, in several cases higher than the good performance reported by Italian competitors.

USA – USA market recorded once more a “double digit” growth, up by 11% in US Dollars, attributable to all distribution channels. The main indicators on the US economy continue to be positive. During the recent US trade show (Coverings) held in Chicago, we were able to acknowledge a general confidence among operators in our sector. The US market accounted for 37% of total revenues.

EUROPE - European markets reported a very important growth, equal to 20%, driven by the brilliant performance of Portugal, Germany and the Netherlands. In the last few years, our Portuguese company has always reported a “double digit” growth in the domestic market, clearly higher than the main local competitors. While continuously increasing its market share, this company is now the main operator in the market. In Germany and the Netherlands, not only good results were obtained with “traditional” customers, but also a significant development is to be noted within new distribution channels. European markets accounted for 32% of total revenues.

ITALY – The Italian market confirmed its slight recovery signs that were already reported last year, up by 5% that is substantially consistent with the figures of the sector. In the domestic market, however, the perspectives of a real recovery of the real estate segment are not yet clearly visible. The Italian market's share of total sales was 19%.

ASIA, CANADA, SOUTH AMERICA, OCEANIA AND AFRICA – The other markets are still growing and in the first quarter of 2016 reported 9% increase. Homogeneous improvements were reported in the main areas. An intense trade activity is being performed in these markets to better seize their development potentialities. The other markets account for 12% of total sales.

OPERATING RESULTS

Gross Operating Profit came to Euro 9.3 million, representing 9.7% of the Value of Production (Euro 6.3 million at 31st March 2015, or 7.3% of the Value of Production).



Operating margins benefited from two main factors, such as the increase in sales and the greater use of production capacity.

With reference to the first factor, it is worth noting that the growth in revenue was determined by a growth in volumes sold, while the price remained unchanged compared to last year. The increase in volumes produced involved all Group plants, with a consequent reduction in the impact of their fixed costs and semi-variable costs.

Moreover, as regards production costs, it is worth noting that the expected savings on energy tariffs in the European Business Unit resulted in a remarkable reduction in costs of around 10%.

The increase in volumes, obtained also thanks to the presence of new sales channels, allowed for the triggering of a positive absorption mechanism of overhead costs, resulting in significant economic benefits.

All Divisions contributed to the improvement in the Gross Operating margin, where the contribution of the Italian BU (half the increase obtained) was of key importance.

Net operating profit amounted to Euro 4.4 million (Euro 1.8 million at 31st March 2015).

The Consolidated net result was a profit of Euro 1.9 million (Euro 1.0 million at 31st March 2015).

NET FINANCIAL POSITION

Net Financial Position has a negative balance of 90.3 million Euros at 31st March 2016, decreased (- 1.7 million Euros) compared to March 2015.

SHAREHOLDERS' EQUITY

The Shareholders' equity of the Group amounted to 158.2 million Euros as of 31st March 2016 compared to 154.9 million Euros as of 31st March 2015.

OUTLOOK FOR GROUP OPERATIONS

While keeping reserves on the overall macro-economic context that reported unstable performance over the first months of 2016, the Group is confident that the current organization will allow to fully exploit the competitive advantages obtained over the last few years from rationalization, re-organization and investment activities.

We therefore deem that the process aimed at improving corporate efficiency has not been completed yet. Especially in the Italian Business Unit. In 2016, we will continue reviewing existing organizational models in order to achieve benefits in line with foreign Business Units.

For the remaining part of 2016, we are expecting that the significant savings in energy tariffs be confirmed for the European Business Units. Further benefits on production costs are expected from investments made in the plant in Fiorano (third line and in-sourcing of the polishing of sheets).

From a strategic point of view, the Group will continue to further strengthen the distinctive factors of our Group, like the strategic position in the high-end market segments, internationalisation, focus on new product and process technologies, as we are convinced that they represent the real assets which will ensure our success not only in the short term but also in the medium/long-term.



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 Income Statement

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

Milan, 13th May 2016

CONSOLIDATED FINANCIAL STATEMENT - BALANCE SHEET

	31-Mar-2016	31-Dec-2015	31-Mar-2015
Inventories	138,183	138,208	138,242
Accounts Receivable	85,978	78,031	81,145
Other current assets	10,236	11,075	10,861
CURRENT ASSETS	234,398	227,314	230,248
Account Payables	(76,072)	(76,037)	(63,057)
Other current liabilities	(26,168)	(25,429)	(25,207)
CURRENT LIABILITIES	(102,240)	(101,466)	(88,264)
NET WORKING CAPITAL	132,158	125,848	141,984
Goodwill	8,139	8,139	8,139
Intangible assets	6,468	5,593	3,067
Tangible assets	108,290	109,115	91,870
Equity Investments and other financial assets	189	189	358
FIXED ASSETS	123,086	123,036	103,434
Receivables due after following year	644	802	1,061
Provision for termination benefits	(5,767)	(5,837)	(6,511)
Provision for risk and charge	(4,365)	(4,333)	(4,160)
Deferred tax assets	10,060	10,699	13,779
Other payables due after the year	(7,261)	(7,968)	(2,716)
ASSET AND LIABILITIES DUE AFTER THE YEAR	(6,689)	(6,637)	1,453
NET CAPITAL EMPLOYED	248,555	242,247	246,871

Short term financial assets	(10,010)	(7,500)	(2,807)
Short term financial debt	43,221	36,372	50,623
NET SHORT TERM FINANCIAL DEBT	33,211	28,872	47,816
Mid-Long term financial debt	57,108	54,119	44,201
NET FINANCIAL POSITION	90,319	82,991	92,017
Group Shareholders' Equity	158,236	159,256	154,854
SHAREHOLDERS' EQUITY	158,236	159,256	154,854
TOTAL SOURCES OF FUNDS	248,555	242,247	246,871

CONSOLIDATED INCOME STATEMENT

	31-Mar-2016	%	31-Mar-2015	%	var.	var. %
Revenues from sales and services	91,516	95.60%	81,923	95.02%	9,593	11.71%
Change in inventories of finished products	1,579	1.65%	2,729	3.17%	(1,150)	-42.14%
Other revenues	2,637	2.75%	1,565	1.82%	1,072	68.47%
Value of Production	95,731	100.00%	86,217	100.00%	9,514	11.04%
Raw, ancillary and consumable materials	(27,298)	-28.52%	(24,960)	-28.95%	(2,338)	9.37%
Services, leases and rentals	(34,714)	-36.26%	(33,040)	-38.32%	(1,674)	5.07%
Personnel costs	(23,530)	-24.58%	(21,127)	-24.50%	(2,403)	11.37%
Other operating expenses	(869)	-0.91%	(804)	-0.93%	(65)	8.08%
Cost of production	(86,411)	-90.26%	(79,931)	-92.71%	(6,480)	8.11%
Gross operating profit	9,320	9.74%	6,286	7.29%	3,034	48.27%
D&A expenses	(4,460)	-4.66%	(4,128)	-4.79%	(332)	8.04%
Provisions and other impairments	(437)	-0.46%	(388)	-0.45%	(49)	12.63%
Net operating profit	4,423	4.62%	1,770	2.05%	2,653	149.89%
Financial income and expense	(1,151)	-1.20%	97	0.11%	(1,248)	
Pre-tax profit	3,272	3.42%	1,867	2.17%	1,405	75.26%
Income taxes estimated	(1,369)	-1.43%	(850)	-0.99%	(519)	61.06%
Net profit (loss) for the period	1,903	1.99%	1,017	1.18%	886	87.12%