



PRESS RELEASE

Panariagroup Industrie Ceramiche S.p.A.: the Board of Directors approves the Consolidated Financial Report as of 30th June 2016.

- Consolidated Net Revenues amounted to 193.8 million Euros (+10.8% on 30th June 2015).
- Gross operating profit amounted to 21.4 million Euros (+30.4% on 30th June 2015).
- Net operating profit amounted to 11.0 million Euros (+64.5% on 30th June 2015).
- Consolidated net profit was 5.4 million Euros (+65.9% on 30th June 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 Financial Report as of 30th June 2016, in accordance with the International Financial Reporting Standard (IFRS).

During the first half of 2016, despite a changing and uncertain economic and political environment, Panariagroup continued to grow, achieving excellent results in all the main macro-areas of the Group, in particular in the European and US markets.

Group net revenues are increased for 10.8% during the first half of 2016, compared to the same period of 2015 and also marginality recorded an important improvement with a gross operating profit growth of 30.4% compared to 30th June 2015.

The main equity indicators showed positive trends; in particular an improvement was recorded in the ratio between the Net Financial Position and Gross Operating Profit, which went from 3.1 in the first half of 2015 to the current 2.5 and the ratio between Net Working Capital and Sales improved from 42.4% in the first half of 2015 to the current 36%.

The significant programme of investments implemented in the 2015-2016 two-year period continued into the first half of 2016 in Group's plant: at the Fiorano Modenese plant is started in March 2016 the production activities of the third laminated grès stoneware production line and the new production line for plate polishing was also installed; at the Aveiro plant was installed a new polishing line and at the Lawrenceburg plant in USA, is at the completion phase the installation of an entire new production line.

FINANCIAL HIGHLIGHTS (thousand Euros)

	30th June 2016	30th June 2015	var. €
Revenues from sales and services	193,795	174,988	18,807
Value of production	199,564	183,374	16,190
Gross operating profit	21,384	16,403	4,981
Net operating profit	10,985	6,676	4,309
Consolidated net profit (loss)	5,418	3,265	2,153



"The excellent results achieved during the first half of 2016 still characterised by a volatile economic context – said **Emilio Mussini, Chairman of Panariagroup** – give us confidence and confirm Group's ability, thanks to its international profile, to quickly adapt to market changes."

"Main powerful feature of Panariagroup's growth – Mussini pointed out – is also the strengthening of a multi brand strategy by having brands with a distinctive and rooted personality with an effective full coverage of the market and its different targets and maximum benefit from Group synergies and common investments in technology."

REVENUES

Net revenues from sales recorded a significant increase, rising from Euro 175.0 million as of 30th June 2015 to Euro 193.8 million as of 30th June 2016 (Euro +18.8 million).

The international vocation of Panariagroup, in an increasingly more globalised market characterised by large operators with a huge investment capacity, representing an important factor of success and distinctive with respect to the majority of Italian competitors.

The turnover of the Group's foreign markets exceeds 80%.

The balanced distribution of sales throughout the world and the flexibility of our sales network, allows the Group to direct its resources to the areas with the best growth opportunities, greatly reducing the risks connected with the trends in the individual markets.

In terms of Revenues, with the exception of the Italian market, which is still stationary, healthy progress was recorded in all the main areas, particularly in the European markets:

EUROPE – On the European markets, the Group further improved its excellent results achieved in the first quarter, achieving overall growth of 24% in the half compared to the same period in 2015. The Group achieved stellar results in many areas, notably in Portugal, Germany and the Netherlands. The Portuguese Business Unit is confirming the trend of the last few years, with growth on the domestic market decidedly higher than the main local competitors, allowing it to become the major industry operator in Portugal. In Germany and in the Netherlands, the strong results achieved on "traditional" customers are augmented by the significant benefits deriving from the acquisition of new customer segments. The increasingly more encouraging growth results on the Eastern European markets should also be noted, whose coverage was ramped up in the second half of 2014. European markets accounted for 34% of total revenues.

USA – Sales in the US market continue to show a positive trend, with growth of 9% in dollars, attributable to all distribution channels. Prospects for the US construction sector, in direct relation to the Group business, continue to be highly interesting and, acknowledging the already consolidated trend, we are analysing initiatives for strengthening the distribution networks and the introduction of innovative products (laminated grès stoneware) in order to acquire new market shares. The US market accounted for 36% of total revenues.

ITALY – The Italian market continues to show essential stability in the construction sector. Panariagroup's results are no exception to this general trend; the slight growth achieved over the first half of 2015 allows us to keep our market share almost unchanged. The Italian market's share of total sales was 19%.

ASIA, CANADA, SOUTH AMERICA, OCEANIA AND AFRICA – The other markets recorded growth of 5% compared to the first half of 2015. These areas are still potentially highly appealing, especially in the large projects channel, in which our Group is strengthening in order to acquire greater penetration. In this regard, we point out that the quality of our products and the wide range of formats and finishes make our offers especially appealing for architectural studios.



The other markets account for 11% of total sales.

OPERATING RESULTS

Gross Operating Profit came to Euro 21.4 million, representing 10.7% of the Value of Production (Euro 16.4 million as of 30th June 2015, or 8.9% of the Value of Production), with growth of Euro 5.0 million.

The increase in sales is the main driver of the improvement in results, triggering a virtuous circle that, through an increase in quantities produced, has generated significant efficiencies at production facilities.

The growth in sales was brought about by an actual increase in volumes, while the price is almost in line with the previous year. The Group's plants increased the volumes produced, in some cases achieving maximum plant use, with a reduction in the incidence of fixed and semi-variable costs. In addition, with reference to production costs, the benefit deriving from expected savings on the energy tariffs in European Business Units should be noted.

Net operating profit amounted to Euro 11.0 million (Euro 6.7 million as of 30th June 2015), with an increase of Euro 4.3 million.

The Consolidated Net Result was a profit of Euro 5.4 million (Euro 3.2 million as of 30th June 2015).

NET FINANCIAL POSITION

Net Financial Position has a negative balance of 89.6 million Euros at 30th June 2016, increased compared to March 2016 (negative balance of 90.3 million Euros).

SHAREHOLDERS' EQUITY

The Shareholders' equity of the Group amounted to 163.4 million Euros as of 30th June 2016 compared to 154.8 million Euros as of 30th June 2015, marking growth of Euros 8.6 million. The increase was determined primarily by the obtainment of positive economic results.

OUTLOOK FOR GROUP OPERATIONS

For all Business Units, for the second half of 2016, the expectations of an improved result compared to the same period in the previous year are confirmed, thanks to the positive impact expected from higher revenues, greater volumes of production, savings on energy tariffs and benefits on production costs as a result of the investments made taking full effect.

In the second part of the year, we will continue to implement projects aimed at making the Italian Business Unit more efficient; the objective is to employ an organisational structure more suited to the current economic context which calls for a greater propensity to change, flexibility and promptness in adopting effective strategies and actions.

All of these factors, allows us to look with confidence to the end of 2016, with an achieving of the highest sales ever recorded in Panariagroup's history, and thanks to the strategies and actions employed, all the signals are detected to returning, in the medium-term, to the pre-crisis profit margin levels.



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

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Milan, 5th August 2016



CONSOLIDATED FINANCIAL STATEMENT - BALANCE SHEET

	06/30/16	03/31/16	12/31/15	06/30/16
Inventories	137,507	138,183	138,208	137,563
Accounts Receivable	95,228	85,978	78,031	88,500
Other current assets	10,720	10,236	11,075	10,753
CURRENT ASSETS	243,455	234,398	227,314	236,816
Account Payables	(82,839)	(76,072)	(76,037)	(73,273)
Other current liabilities	(28,869)	(26,168)	(25,429)	(27,852)
CURRENT LIABILITIES	(111,708)	(102,240)	(101,466)	(101,125)
NET WORKING CAPITAL	131,747	132,158	125,848	135,691
Goodwill	8,139	8,139	8,139	8,139
Intangible assets	8,071	6,468	5,593	3,380
Tangible assets	112,975	108,290	109,115	94,368
Equity Investments and other financial assets	6	189	189	187
FIXED ASSETS	129,191	123,086	123,036	106,074
Receivables due after following year	599	644	802	887
Provision for termination benefits	(5,740)	(5,767)	(5,837)	(6,487)
Provision for risk and charge	(4,459)	(4,365)	(4,333)	(4,322)
Deferred tax assets	7,923	10,060	10,699	11,911
Other payables due after the year	(6,278)	(7,261)	(7,968)	(2,982)
ASSET AND LIABILITIES DUE AFTER THE YEAR	(7,955)	(6,689)	(6,637)	(993)
NET CAPITAL EMPLOYED	252,983	248,555	242,247	240,772

Short term financial assets	(13,753)	(10,010)	(7,500)	(5,756)
Short term financial debt	53,666	43,221	36,372	53,416
NET SHORT TERM FINACIAL DEBT	39,913	33,211	28,872	47,660
Mid-Long term financial debt	49,703	57,108	54,119	38,306
NET FINANCIAL POSITION	89,616	90,319	82,991	85,966
Group Shareholders' Equity	163,367	158,236	159,256	154,806
SHAREHOLDERS' EQUITY	163,367	158,236	159,256	154,806
TOTAL SOURCES OF FOUNDS	252,983	248,555	242,247	240,772



	06/30/2016	%	06/30/2015	%	var.	var. %
Revenues from sales and services	193,795	97.11%	174,988	95.43%	18,807	10.75%
Change in inventories of finished products	45	0.02%	4,642	2.53%	(4,597)	-99.03%
Other revenues	5,724	2.87%	3,744	2.04%	1,980	52.88%
Value of production	199,564	100.00%	183,374	100.00%	16,190	8.83%
Raw, ancillary and consumable materials	(56,359)	-28.24%	(53,624)	-29.24%	(2,735)	5.10%
Services, leases and rentals	(72,881)	-36.52%	(69,020)	-37.64%	(3,861)	5.59%
Personnel costs	(46,876)	-23.49%	(42,542)	-23.20%	(4,334)	10.19%
Other operating expenses	(2,064)	-1.03%	(1,785)	-0.97%	(279)	15.63%
Cost of production	(178,180)	-89.28%	(166,971)	-91.05%	(11,209)	6.71%
Gross operating profit	21,384	10.72%	16,403	8.95%	4,981	30.37%
D&A expenses	(9,135)	-4.58%	(8,436)	-4.60%	(699)	8.29%
Provisions and impairments	(1,264)	-0.63%	(1,291)	-0.70%	27	-2.09%
Net operating profit	10,985	5.50%	6,676	3.64%	4,309	64.54%
Financial income and expense	(2,018)	-1.01%	(1,227)	-0.67%	(791)	64.47%
Pre-tax profit	8,967	4.49%	5,449	2.97%	3,518	64.56%
Income taxes estimated	(3,549)	-1.78%	(2,184)	-1.19%	(1,365)	62.50%
Net profit (loss) for the period	5,418	2.71%	3,265	1.78%	2,153	65.94%