



Milan, March 28th 2018

COMPANY PRESENTATION

PANARIAgroup®

PANARIAGROUP

Over 40 years of experience

Leading company in high-end and luxury ceramic surfaces

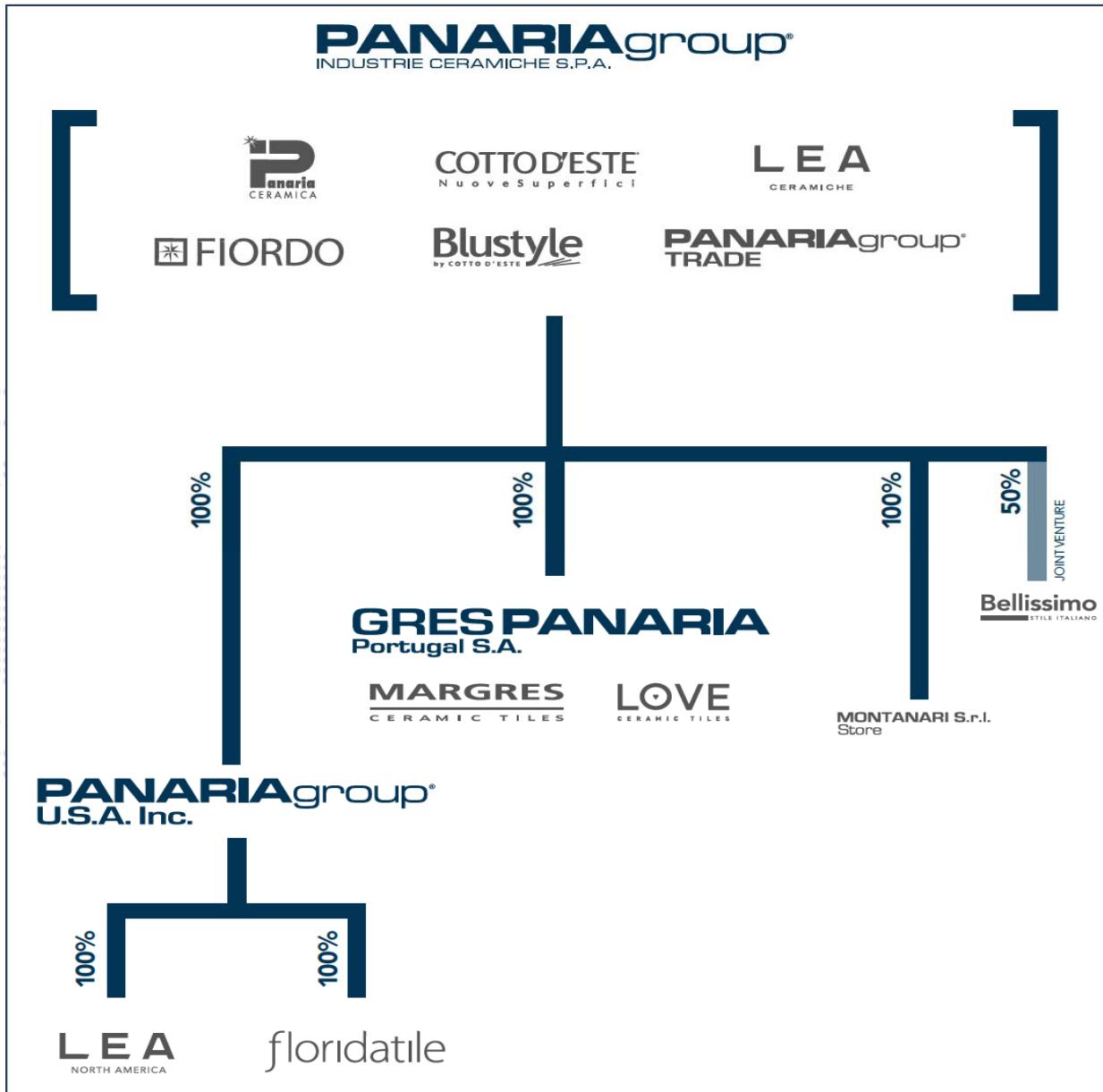
An evolution based on internationalization and technology development

9 commercial brands distributed all over the world

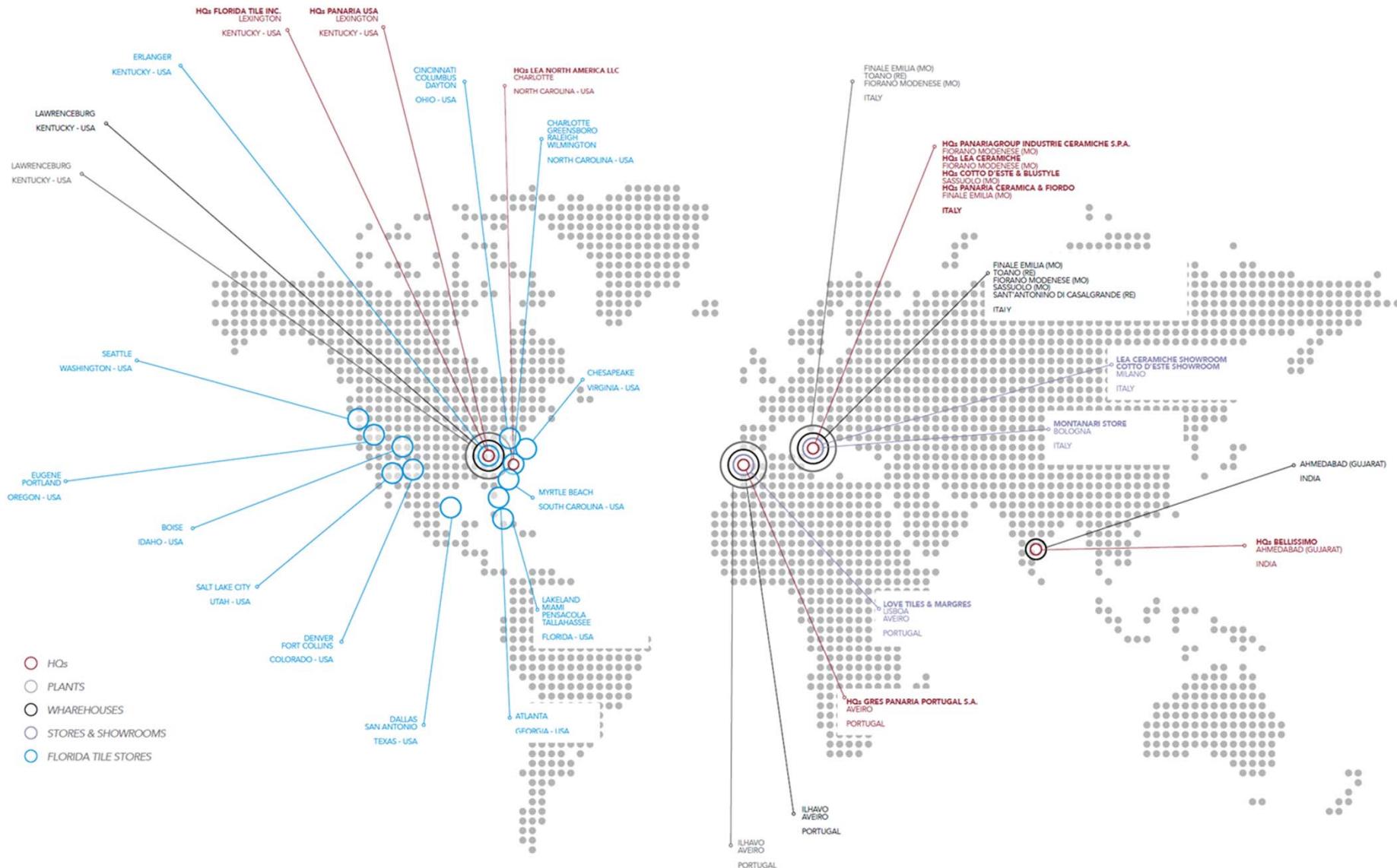


PANARIAgroup®

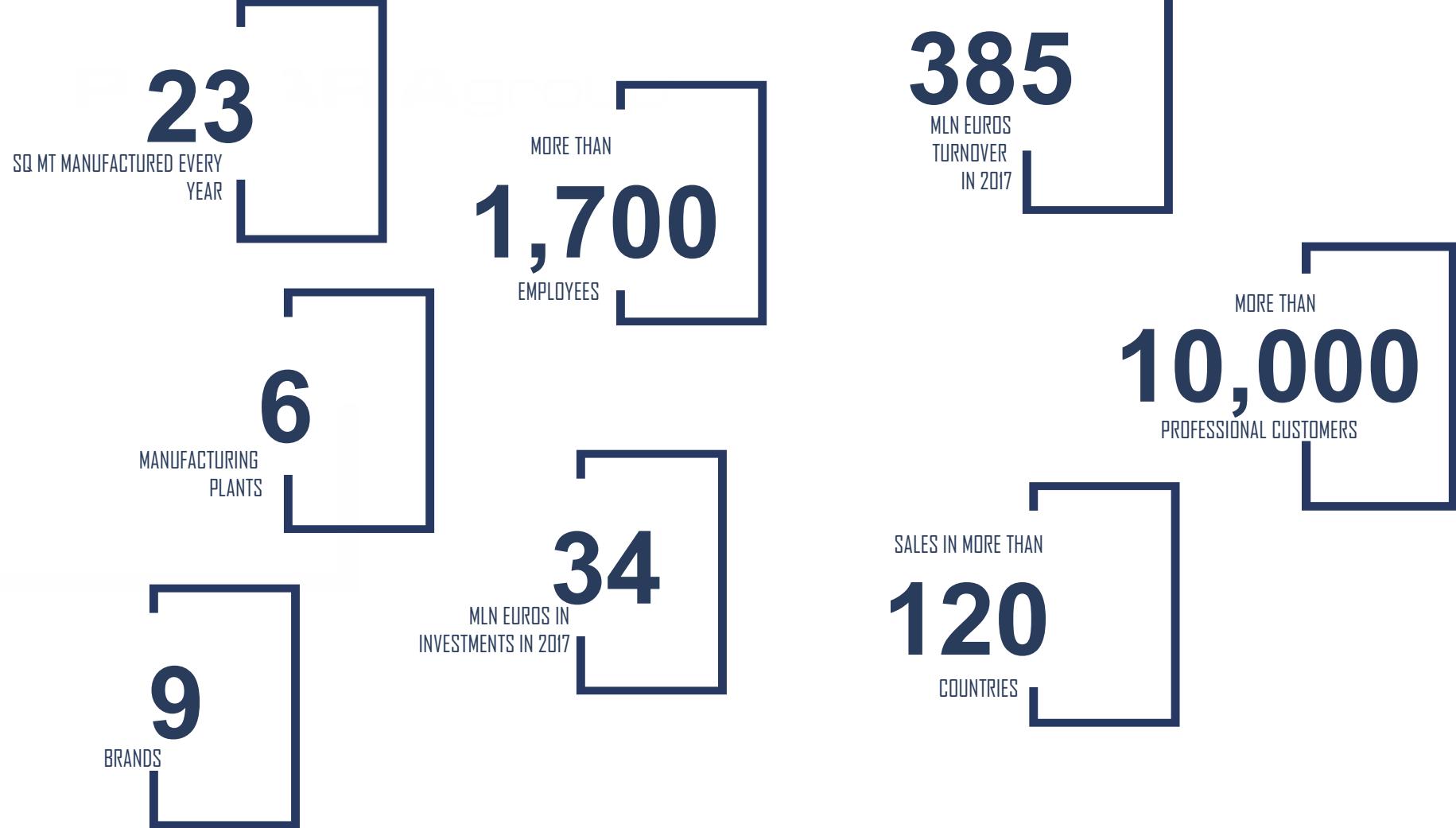
THE GROUP ORGANIZATION



PLACES



THE FIGURES 2017



OUR COMPETITIVE ADVANTAGES

- Balanced Worldwide Geographic Sales;
- Retail Distribution Channel in USA (24 stores);
- Listed in the Stock Market;
- Thin Tiles & Big Slabs know –how;
- Manufacturing Capabilities in three continents;
- Global Position of the Brands in the High-End Segments;
- Focused multibrand strategy;
- Differentiation through innovation and technology (e.g. antimicrobial, laminated porcelain);
- Sustainability strategy (in year 2016 first Company Sustainability Report);
- Dedicated sales organization to specific channels and market segments;
- Reliability and trust (partnerships with leading brands and architects worldwide).

VISION AND STRATEGY STATEMENTS

- Reach 500M€ in Sales and 75M€ in EBITDA with organic growth (with no acquisitions) by Year 2021;
- Enforce Balanced worldwide geographic sales by increasing market share in high growth markets (Far East, Middle East, North America);
- Increase market share in Europe;
- Growth in Big Slabs Market;
- Growth in the «Projects» and Key Accounts channel.

OUR VALUES

TECHNOLOGICAL LEADERSHIP

We continuously invest in research, technology, and cutting-edge facilities to respond to every need of architecture and interior design with innovative solutions that become a reference point in the industry.

QUALITY AND AESTHETIC EXCELLENCE

We strive for industrial excellence, from the quality of raw materials to process efficiency, to achieve products that combine the utmost aesthetic value with the highest technical performance.

RESPONSIBILITY

We always place people and quality of life at the centre of our activities, with products that are safe and environmentally sustainable while operating with maximum respect for those who work with us.

RELIABILITY

The reliability of a Group that, from its family roots within the ceramic district of Sassuolo to its listing in Milan Stock Exchange, has grown to become an international company, operating worldwide while maintaining its Italian soul.

HISTORY

1974

Panaria Ceramica founded

1992

Cotto d'Este established

Acquisition of Ceramiche Artistiche Lea

2002

First acquisition in Portugal

2004

Panariagroup established and listed on the Stock Exchange

2006

Acquisition of Florida Tile

Gres Panaria Portugal founded

2010

New Business Unit Panariagroup Trade

2012

Joint Venture in India

2017

New Business Unit dedicated to Projects

WORLDWIDE PRODUCTIONS

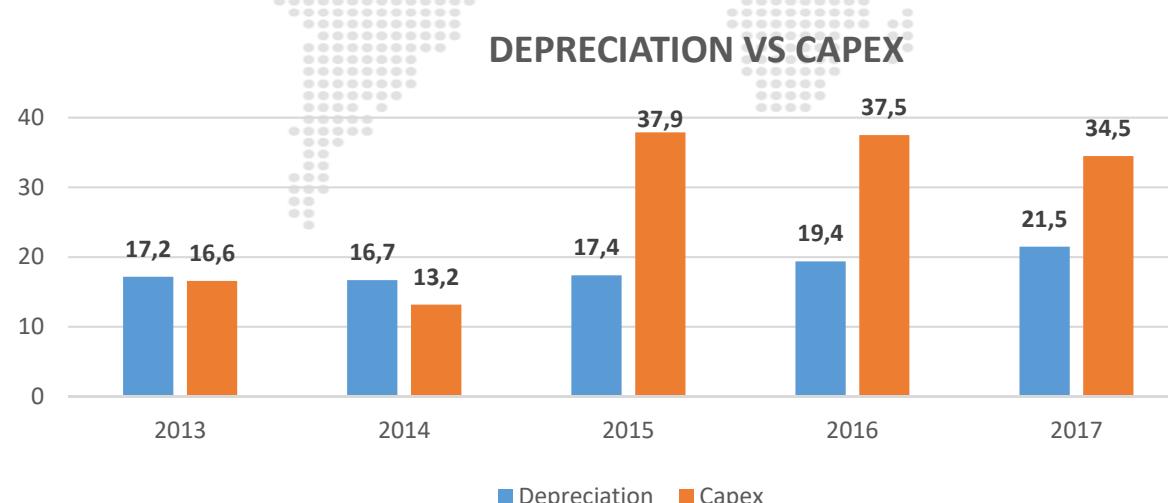


CAPITAL EXPENDITURE

In the last 3 years, 110 € millions Capex

- ❑ In 2013 Capital Investments for 16,6M€;
- ❑ In 2014 Capital Investments for 13,2M€;
- ❑ In 2015, 37,6 M€ in Capital investments: in Italy 3rd new line of Gres Laminated Porcelain 3/5 mm in the Fiorano plant, in USA new complete manufacturing Line;
- ❑ In 2016, 37,5 M€ in Capital investments: in Italy completion of 3rd new line of Gres Laminated Porcelain 3/5 mm in the Fiorano plant, in USA National Distribution Center expansion;
- ❑ In 2017, 34,5 M€ in Capital investments: in Gres Panaria new complete manufacturing line in Aveiro plant; in Italy digital machines, rectifying line and new dryer in Finale Emilia and Toano plant, new cutting line in the Fiorano plant; in USA completion of the National Distribution Center expansion;

Thanks to the investments made in the last 3 years, we have capacity available to growth around 80 M€ in Revenues without increasing capacity.



PANARIAgroup

GROUP PLANTS



ITALY



Panariagroup #1 Plant
Finale Emilia (MO)



Panariagroup #2 Plant
Toano (RE)



Panariagroup #3 Plant
Fiorano (MO)



PORTUGAL

Panariagroup #4 Plant
Ilhavo



Panariagroup #5 Plant
Aveiro



USA

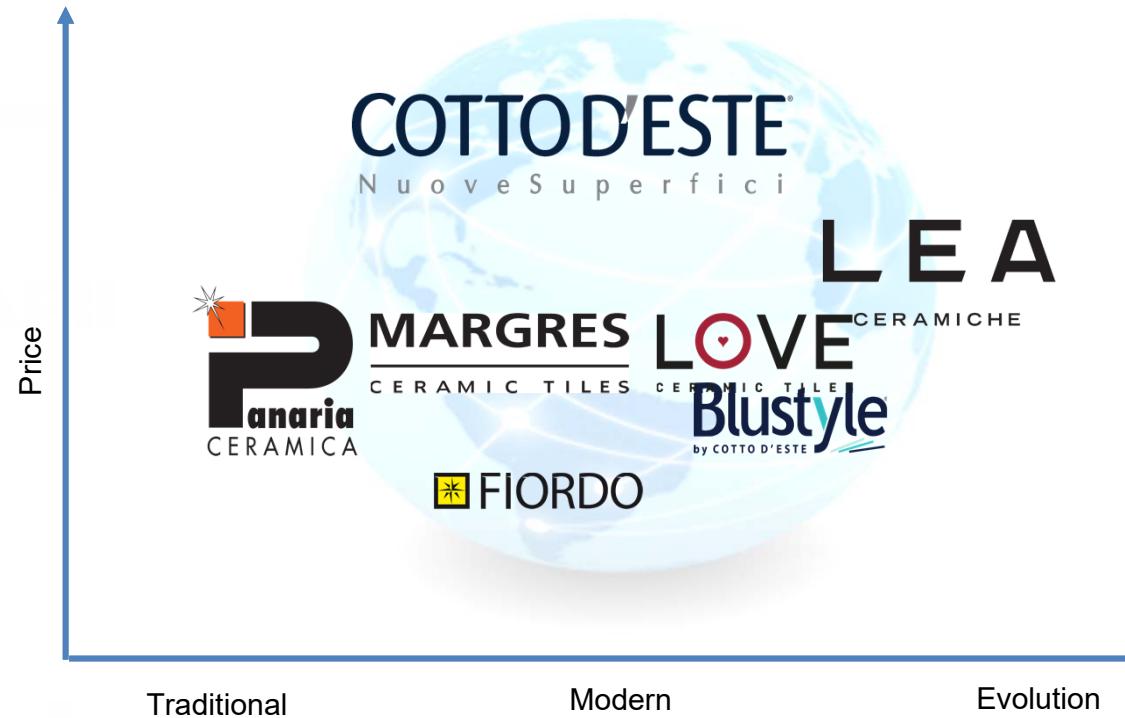
Panariagroup #6 Plant
Lawrenceburg (KY)



OUR BRANDS



Global brands



Local brands



floridatile



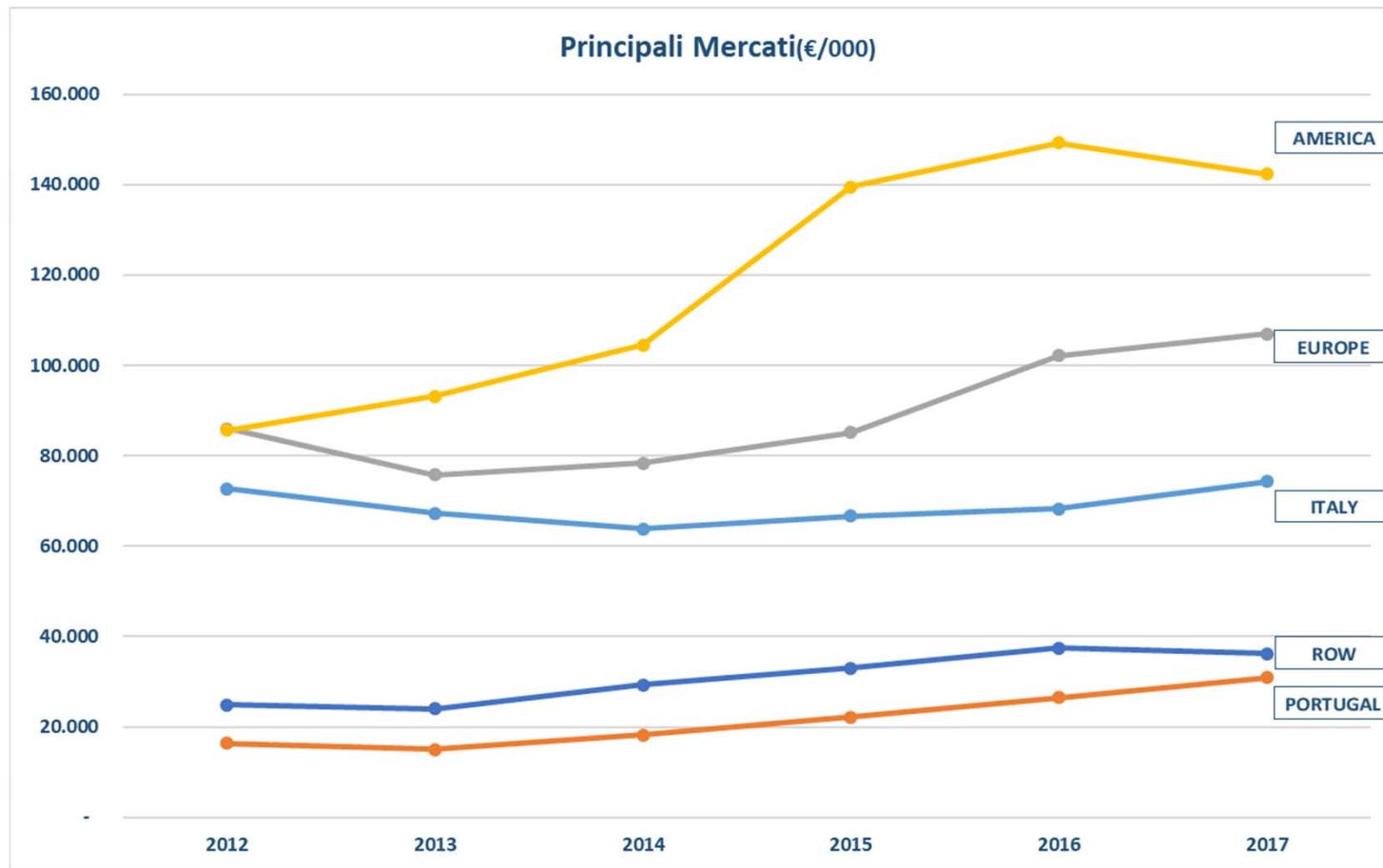
Bellissimo
STILE ITALIANO

PANARIAgroup®

GROUP SALES

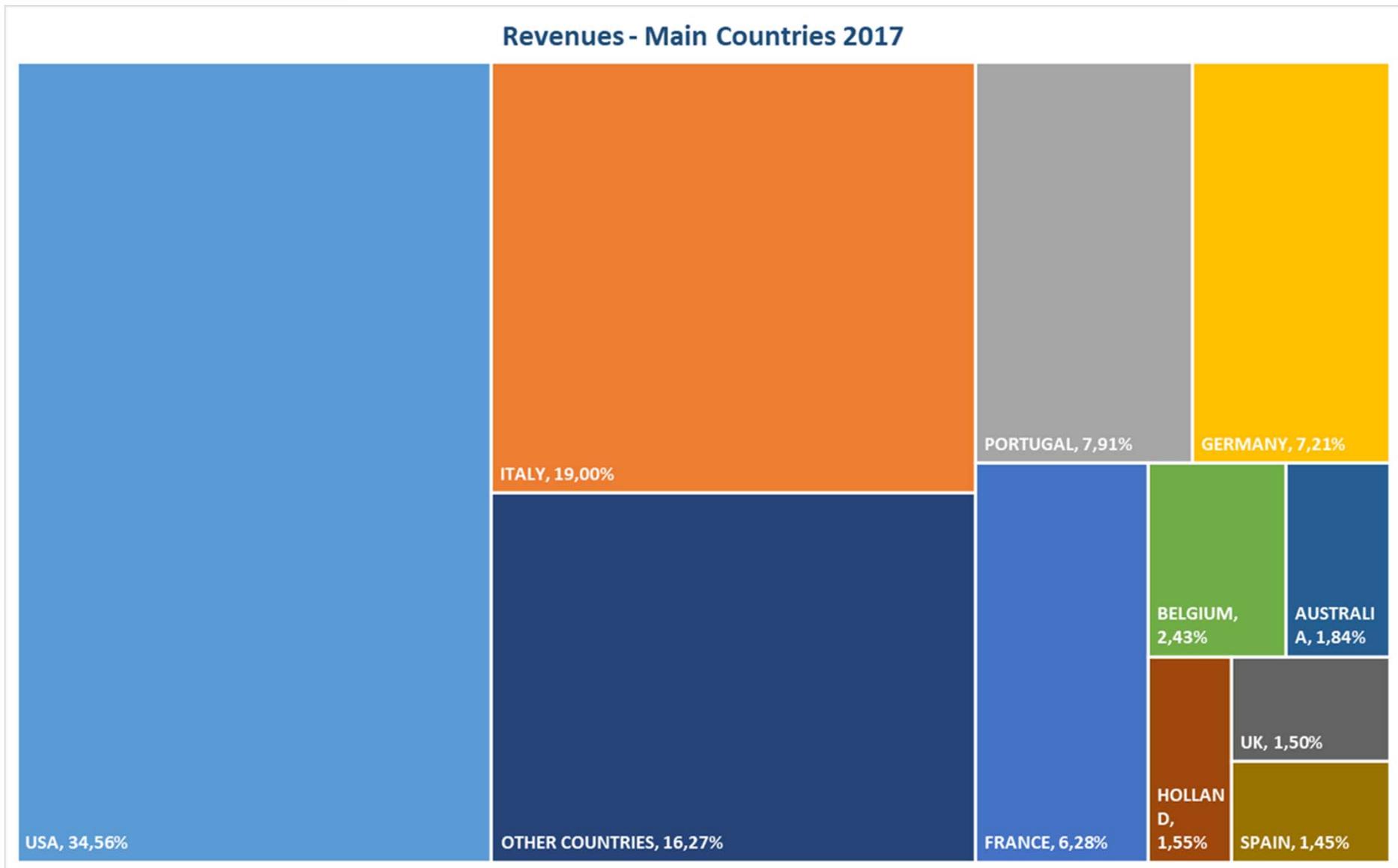


GROUP SALES - MAIN MARKETS

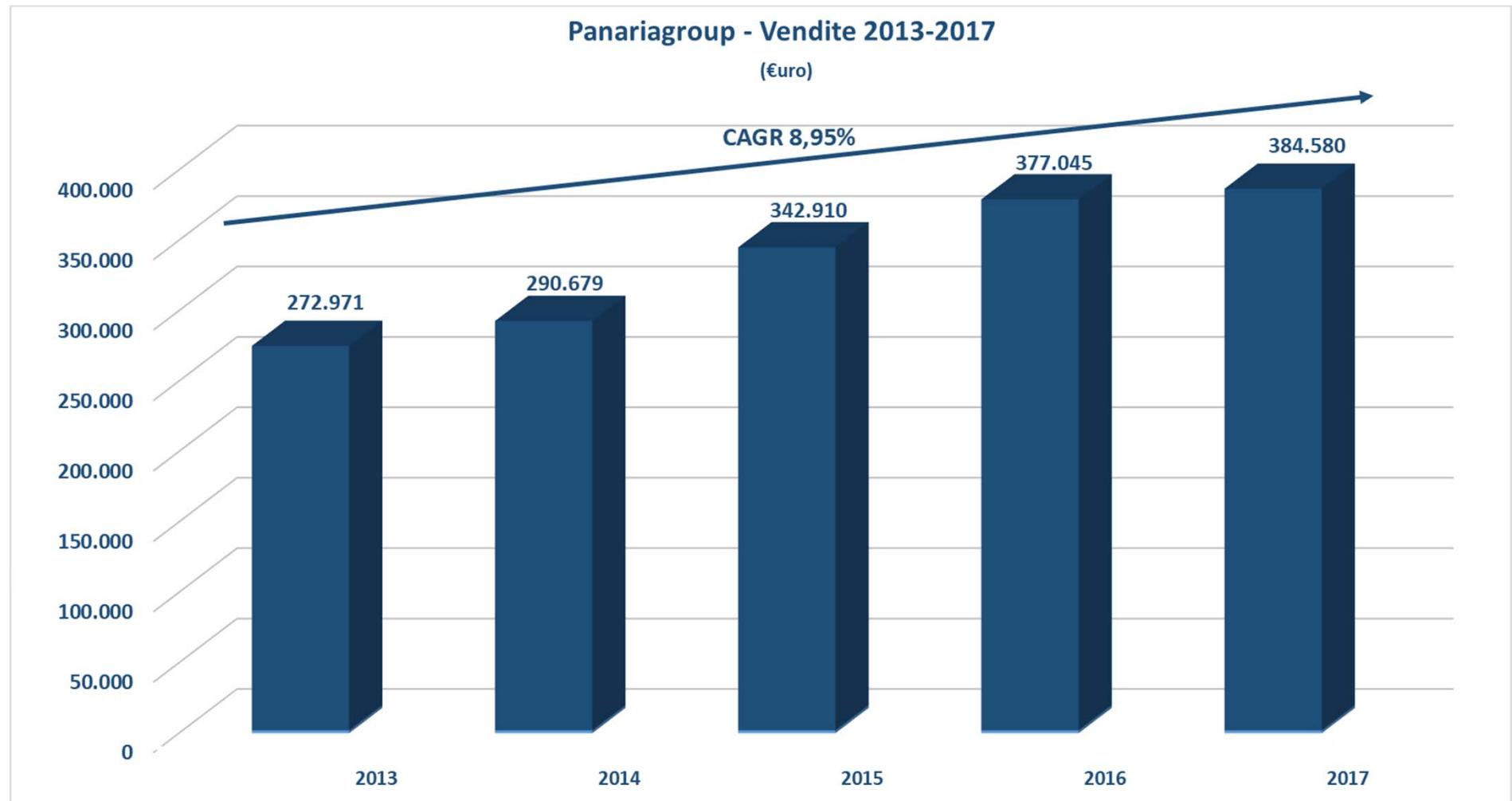


MARKET	2012	2013	2014	2015	2016	2017
ITALY	72.696	67.312	63.888	66.693	68.271	74.257
PORTUGAL	16.397	15.061	18.201	22.234	26.464	30.926
EUROPE	86.056	75.783	78.398	85.171	102.119	106.989
AMERICA	85.662	93.130	104.571	139.540	149.266	142.419
ROW	24.867	24.055	29.343	33.013	37.426	36.268

GROUP SALES – TOP COUNTRIES



GROUP SALES 2013-2017

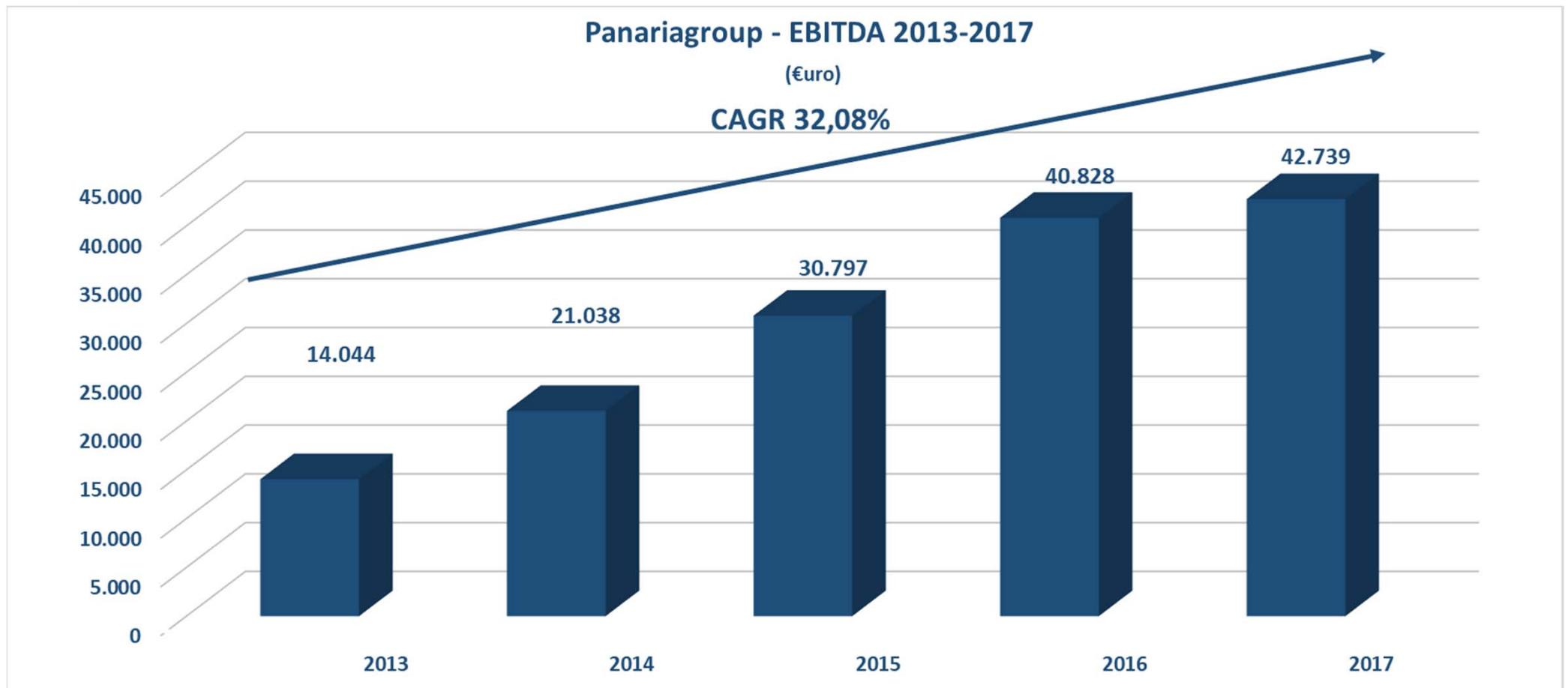


Sales growth 112 millions in the last four years

FINANCIAL RESULTS – Consolidated Income Statement

<i>Euro/000</i>	<i>2012</i>	<i>%</i>	<i>2013</i>	<i>%</i>	<i>2014</i>	<i>%</i>	<i>2015</i>	<i>%</i>	<i>2016</i>	<i>%</i>	<i>2017</i>	<i>%</i>
Gross revenues	280.778	94,2%	272.971	100,9%	290.679	97,5%	342.910	95,5%	377.045	96,3%	384.580	92,7%
<i>Growth</i>	-3,64%		-2,78%		6,49%		17,97%		9,95%		2,00%	
Value of Production	297.917	100,0%	270.463	100,0%	298.247	100,0%	359.248	100,0%	391.440	100,0%	414.857	100,0%
<i>Growth</i>	-1,88%		-9,22%		10,27%		20,45%		8,96%		5,98%	
EBITDA	21.096	7,1%	14.044	5,2%	21.038	7,1%	30.797	8,6%	40.828	10,4%	42.739	10,3%
<i>Growth</i>	-17,68%		-33,43%		49,80%		46,39%		32,57%		4,68%	
EBIT	-5.546	-1,9%	-6.845	-2,5%	1.920	0,6%	11.097	3,1%	19.066	4,9%	18.918	4,6%
<i>Growth</i>									71,81%		-0,78%	
Net income	1.591	0,5%	-7.851	-2,9%	-1.840	-0,6%	5.865	1,6%	11.215	2,9%	11.356	2,7%
									91,22%		1,26%	
									Dividend		3.145	28,0%
											3.145	27,7%

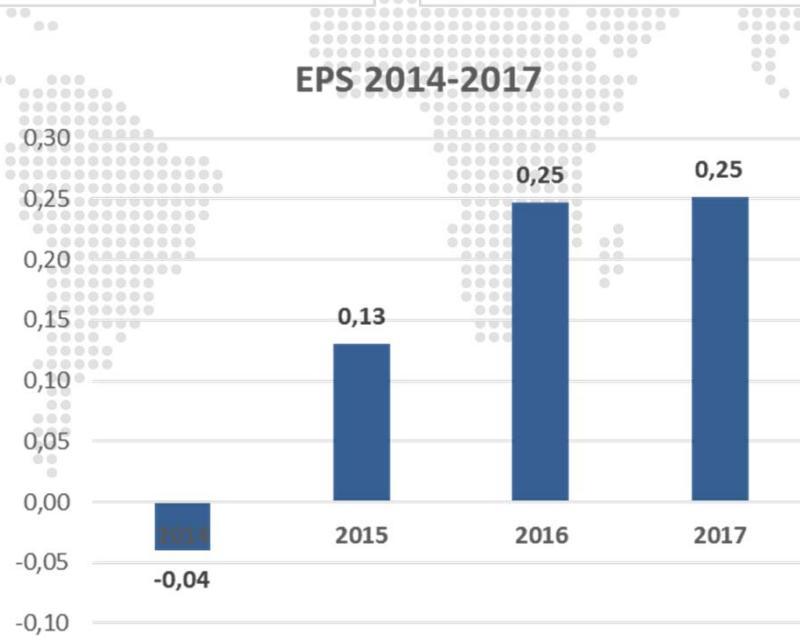
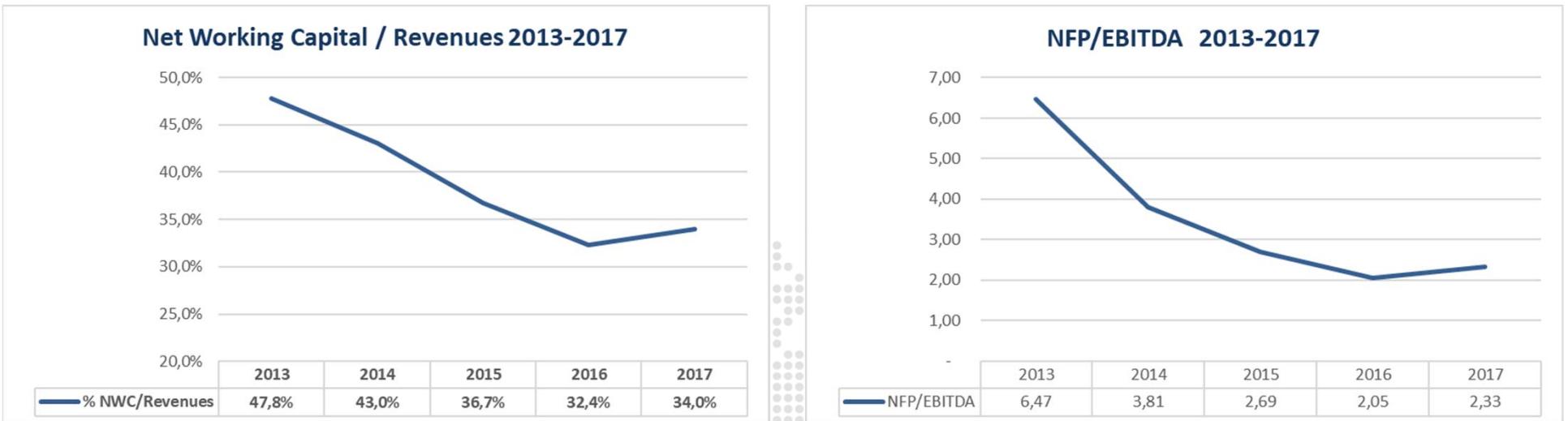
GROUP EBITDA 2013-2017



FINANCIAL RESULTS – Consolidated Balance Sheet

Euro/000	2012	2013	2014	2015	2016	2017
Goodwill	8.139	8.139	8.139	8.139	8.139	8.139
Assets	94.050	92.507	92.053	114.708	133.562	140.244
Financial fixed assets	361	358	458	189	81	300
Fixed assets	102.550	101.004	100.650	123.036	141.782	148.683
Current assets	232.677	204.812	208.791	227.314	233.734	242.749
Current liabilities	(85.231)	(74.325)	(83.752)	(101.466)	(111.744)	(112.178)
Net Working Capital	147.446	130.487	125.039	125.848	121.990	130.571
Assets and Liabilities due after	(4.154)	2.521	1.723	(6.637)	(7.842)	(8.461)
NET CAPITAL EMPLOYED	245.842	234.012	227.412	242.247	255.930	270.793
Net Financial Position	92.147	90.852	80.292	82.991	83.712	99.484
Shareholders' equity	153.695	143.160	147.120	159.256	172.218	171.309
Total sources of funds	245.842	234.012	227.412	242.247	255.930	270.793

WORKING CAPITAL, NET FINANCIAL POSITION RATIO AND EPS



Europe Outlook and Key Initiatives

- 7 Brands (5 Italian and 2 Portuguese) and 5 Plants (3 in Italy and 2 in Portugal);
- Leader position in the Portuguese market;
- Continue to growth in the European markets at a rate greater then overall market;
- Italian and Portuguese BU, in 2017 growth 6% and 10% respectively;
- All European Brands are in the high end /deluxe market segment;
- In the Italian market, the average selling price of the Italian BU is >60% of the average overall market;
- Continue the deployment of the «Commercial Strategy» in the Italian Business Unit: centralised new products development and marketing activity;
- Effectiveness of the New Business Unit for Projects and Key Accounts

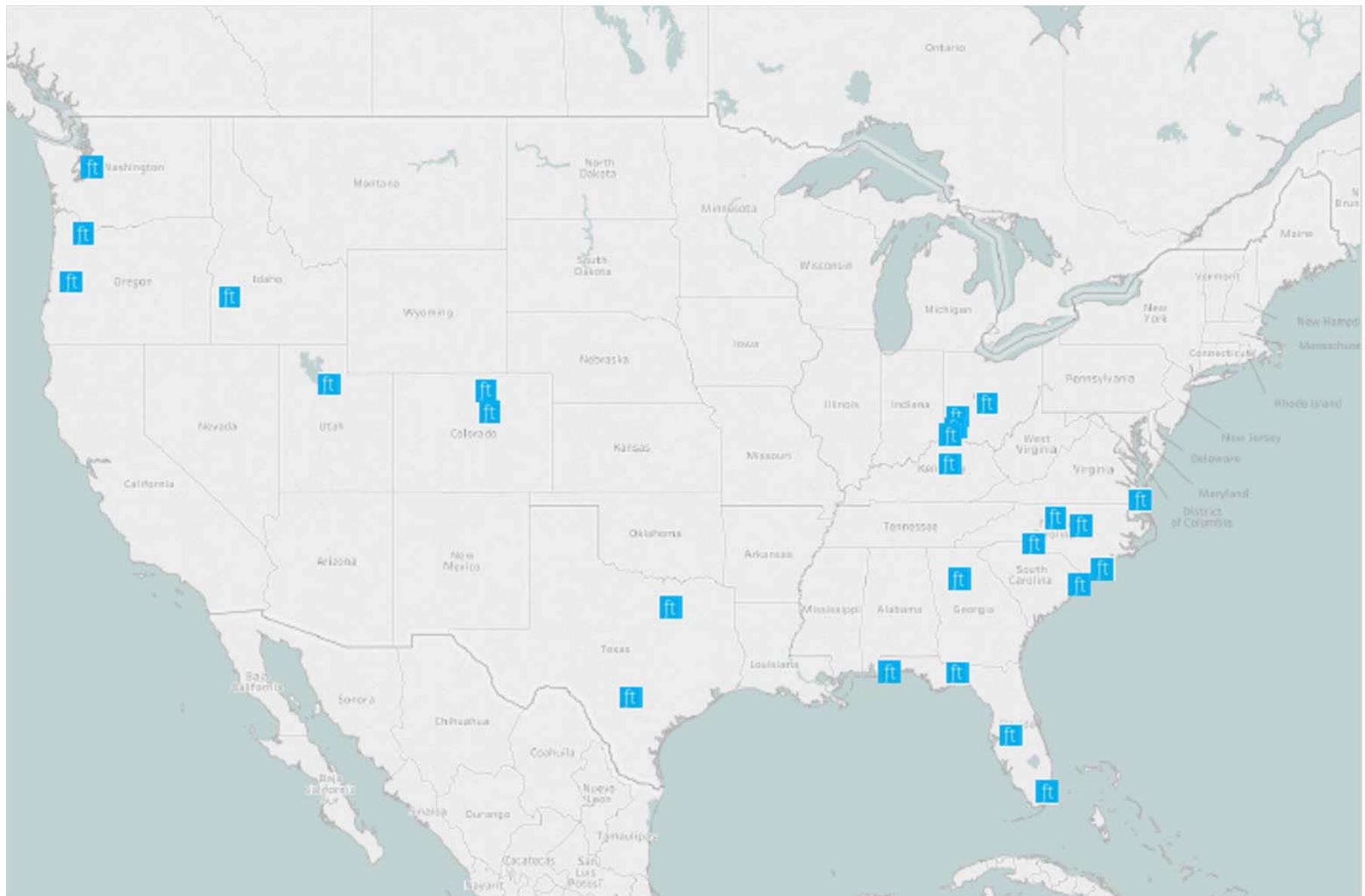
USA Outlook

- The American brand is Florida Tile;
- Plant and Distribution Center in Kentucky;
- 24 branches (5 opened in the last 3 years);
- Sales Organization and manufacturing in USA also for the Italian brands;
- R&D activity in collaboration with the Italian Business Unit;
- Commercial synergies with the European Business Units.

USA Key Initiatives

- Growth at a rate greater than overall market;
- Increase of Product portfolio;
- Growth of the distribution network: Mid size distributor and open new branches;
- Growth in the Home Center segment;
- Distribute Cotto d'Este in US territory with the sales team of Florida tile.

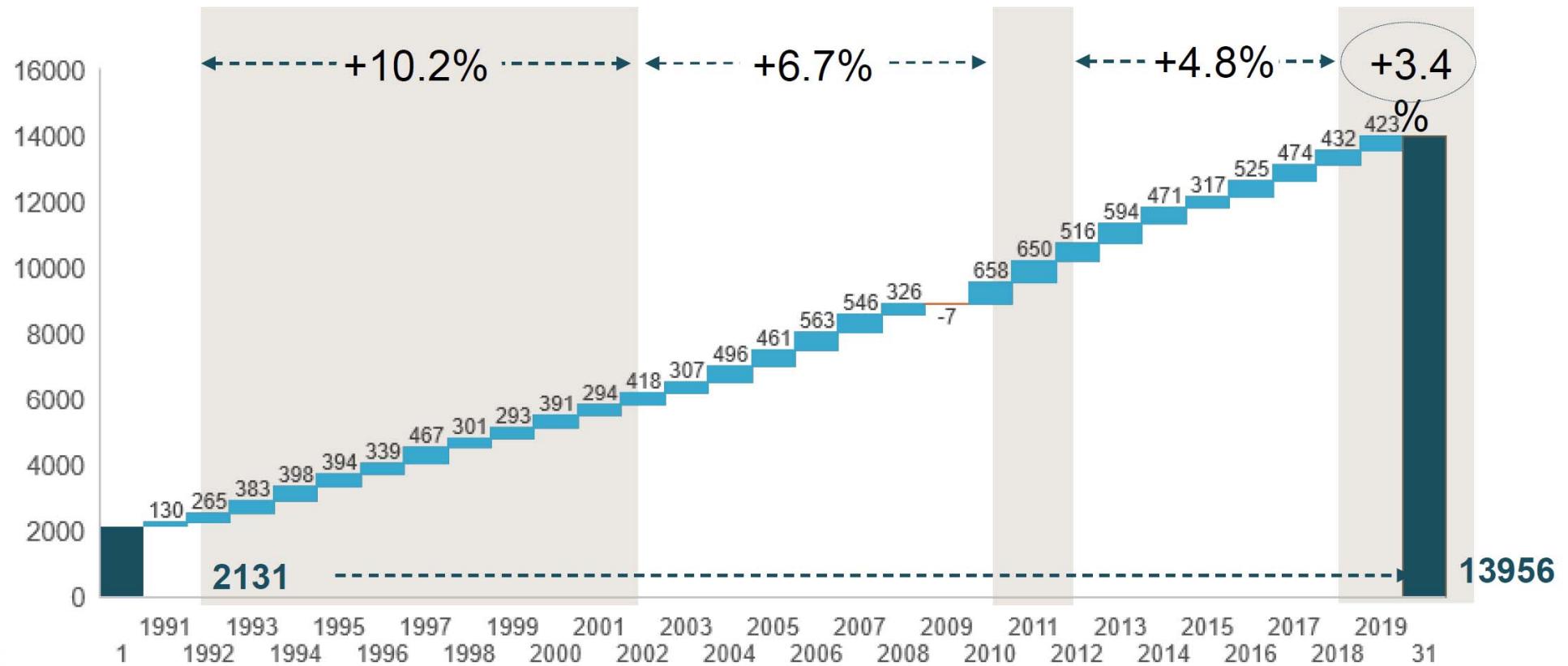
USA Outlook – Floridatile store locations



TILE MARKET

WORLD CONSUMPTION – sqm millions

World Consumption CAGR

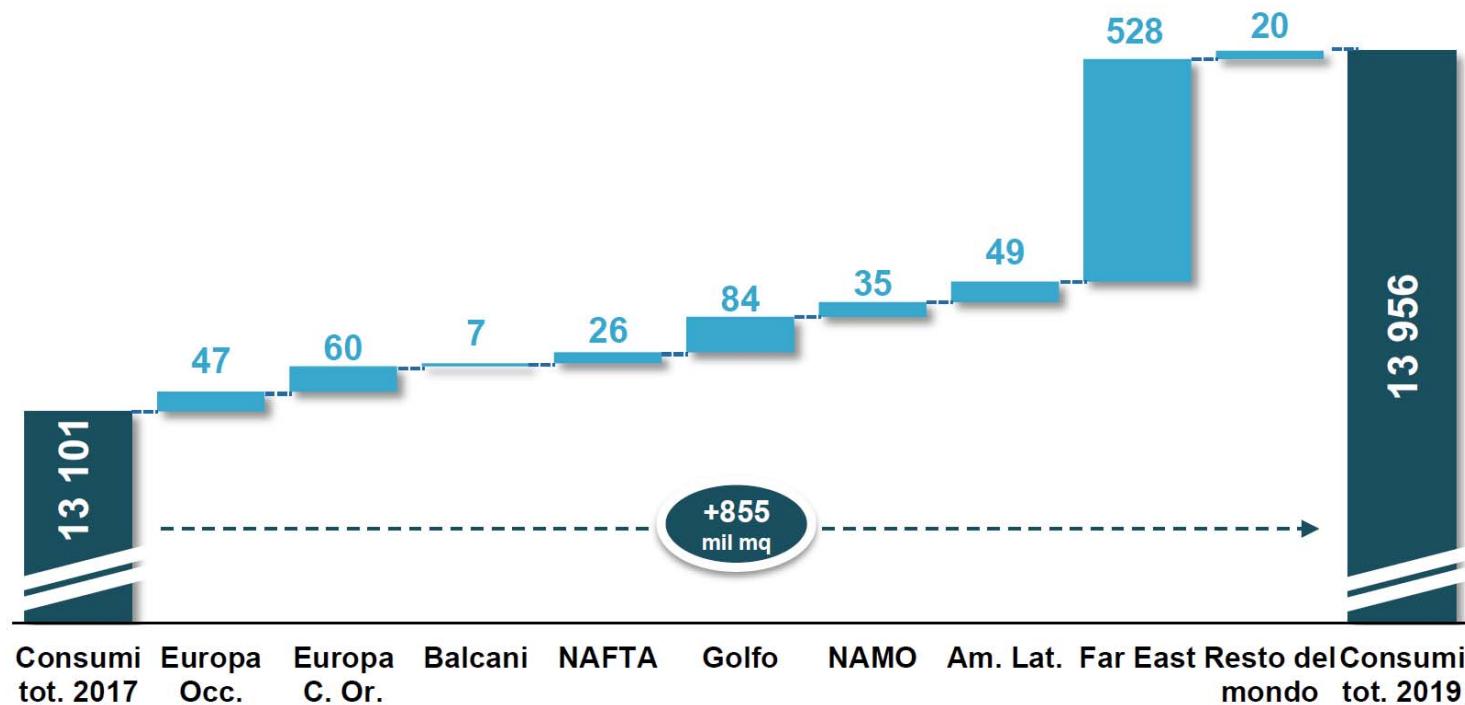


Source: Confindustria Ceramica & Prometeia

PANARIAgroup

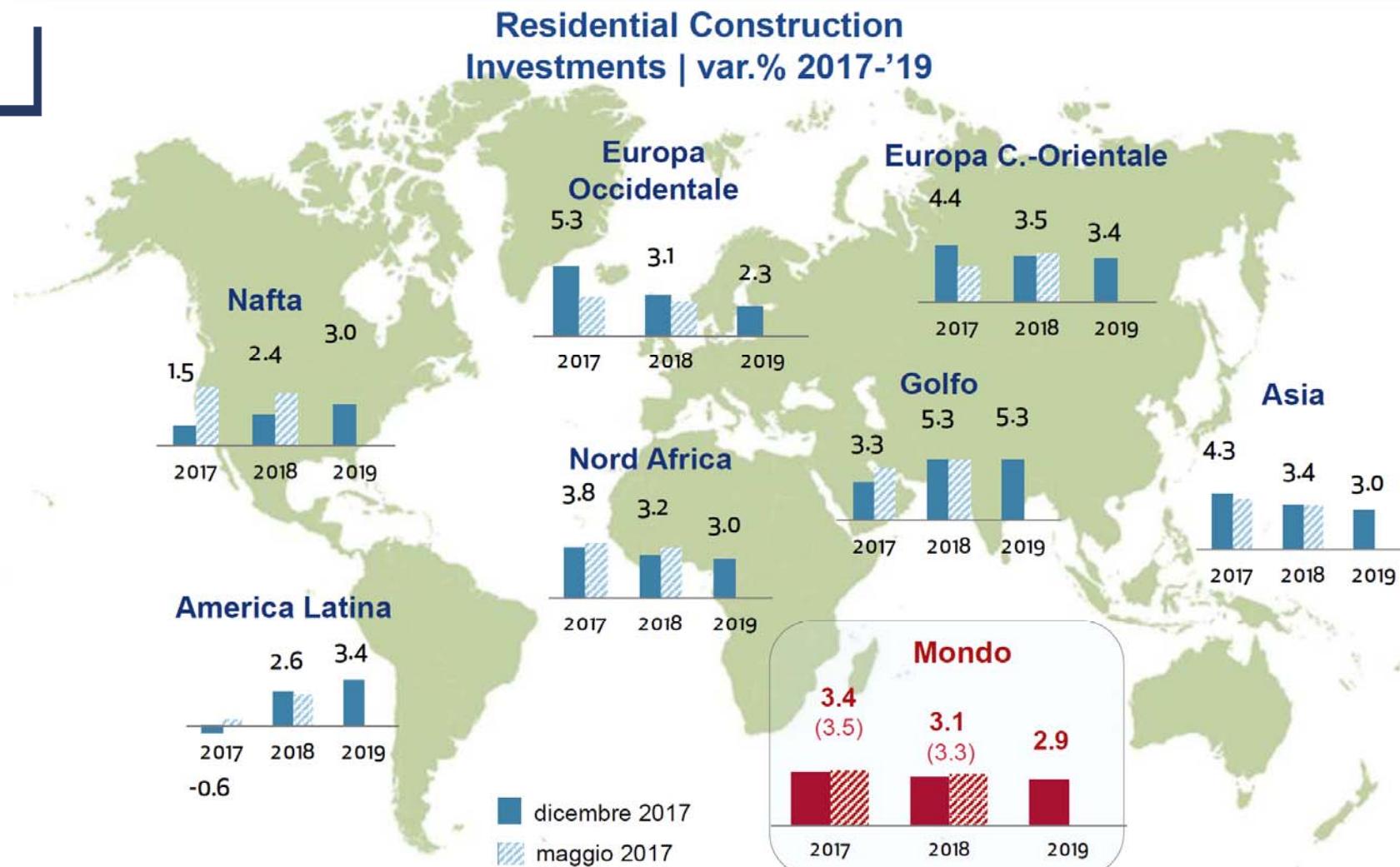
World Tile Consumption 2017-2019 mil/sqm

Contribution by main area



Source: Confindustria Ceramica

Worldwide Residential Construction Scenario



Source: Confindustria Ceramica

PANARIAgroup®

TILE MARKET – MAIN PLAYERS WORLDWIDE (Year 2016)

	Group/Company	Country	Turnover Tile Segment 2016 (mill €)	Total Turnover 2016 (mill €)	Production (mill sqm)	Capacity (mill sqm)	Export share	Tile Plants/Location	Main Tile Brands/Companies
1	MOHAWK INDUSTRIES, INC	USA	3174	8.954 (tiles, carpet, laminate & wood)	225-245 estimated on official company data	25-245 estimated on official company data	N/A	17 in North America, Mexico, Europe, Russia	American Olean, Dal Tile, KA, Kerama, Marazzi, Rago
2	ROCA	Spain	N/A	1.717 (tiles, sanitaryware, distribution)	35	35	N/A	5 in Spain, Brasil, USA	Roca, Incepa, USCT, Laufen (USA)
3	Concorde Group	Italy	estimates >700	estimates >700	N/A	N/A	N/A	Novoceram (France), Italon (Russia), Landmark (USA).	Atlas Concorde, Keope, Supergres, Mirage, Caesar, Marca Corona, Refin, Fap
4	SCG GROUP	Thailand	755	907 (tile + sanitaryware)	206	225	11%	21 Thailand, 7 Vietnam, 4 Indonesia, 1 Philippines	Cotto, Prime, Mariwasa, Sosuco, Campana, Kia, DK, Trend
5	LAMOSA	Mexico	664	N/A	105-110	140	19%	10 in Mexico, 3 Argentina, 3 Colombia, 1 in Peru	Lamosa, Porcelanite, Firenze, Italica, Verve
6	Fiandre - Iris Group	Italy	530	530	22		80%	Stonepeak(USA), Porcelaingres (Germany)	Fiandre, Iris, Eiffelgres, Ariostera, La Ceramica, Matimex, FMG, Arcarel, Tecomix, Savoia Canada, Granitech, Technoriume, Sapienstone
7	RAK	UAE	442	687 (tiles , sanitary)	82,5	113	79%	10 UAE, 4 Bangladesh, 1 China, 1 India, 1 Iran	RAK Ceramics, Elegance
8	Finfloor Group	Italy	406,8	406,8	27		79%	Florim USA	Florim, (Floor Gres, Cerim, Casamood, Rex, Casa Dolce Casa), Maker
9	PORTOBELLO	Brazil	379	379	42	48	14%	2 in Brazil	Portobello, Pointer
10	Panariagroup	Italy	377	377	23	27	82%	Florida Tile (USA), Margres, Love Tiles, Gres Panaria (Portugal)	Panaria, Lea, Cotto d'Este, Fiordo, Blustyle

Source: Ceramic World Review

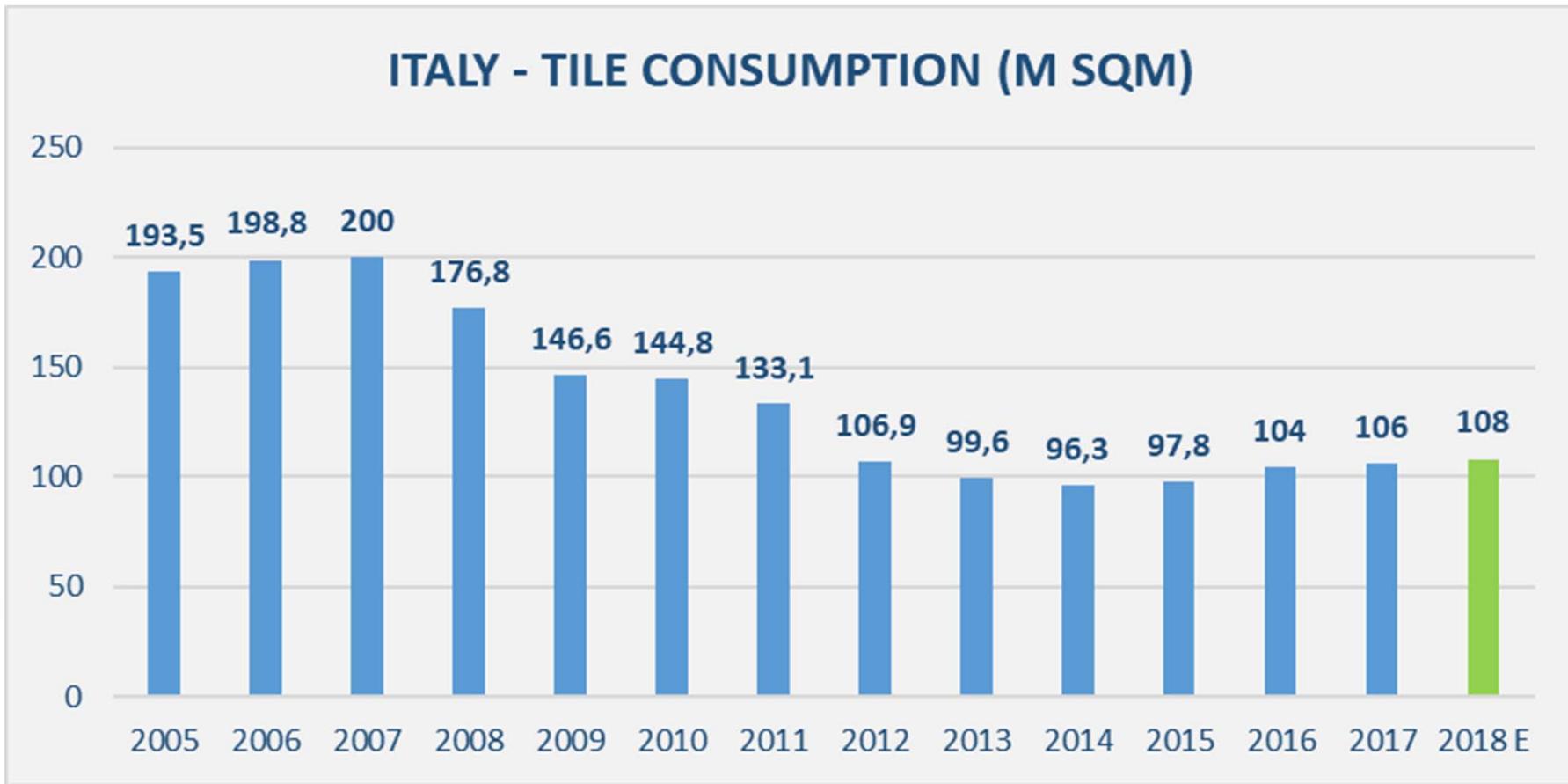
PANARIAgroup

Analytics | EXPORT COUNTRIES

	2006	2010	2015	2016	2017	2018	2019	2015	2017	2019	
EXPORT	milioni di m2								quote %		
Italia	396	289	317	332	340	352	363	12.3	12.3	12.1	
Spagna	336	248	378	395	416	437	455	14.6	15.1	15.2	
Portogallo	36	31	29	30	32	33	34	1.1	1.1	1.1	
Altri Europa Occ.	55	50	60	56	58	61	64	2.3	2.1	2.1	
Europa Centro Or.	78	97	131	140	145	150	155	5.1	5.3	5.2	
Turchia	93	84	77	81	86	91	96	3.0	3.1	3.2	
Brasile	115	57	77	94	98	101	106	3.0	3.5	3.5	
Messico	55	57	69	64	60	64	67	2.7	2.2	2.2	
Altri America	50	60	59	56	58	59	61	2.3	2.1	2.0	
Cina	399	628	859	846	876	905	941	33.3	31.7	31.4	
India	15	19	132	183	191	205	222	5.1	6.9	7.4	
Altri paesi	277	320	396	390	400	412	433	15.3	14.5	14.4	
Mondo	1903	1939	2583	2667	2760	2871	2998	100	100	100	

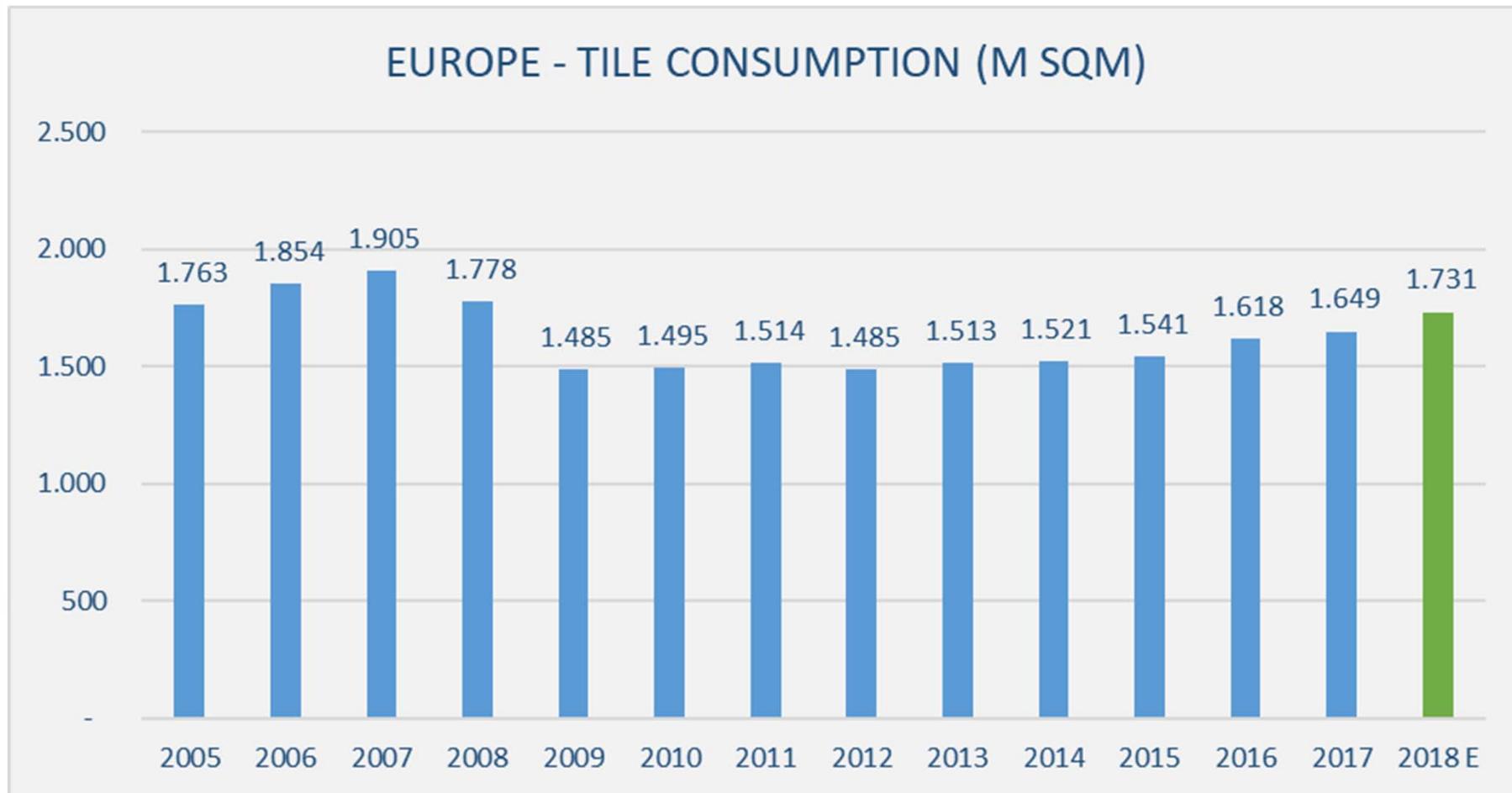
Source: Confindustria Ceramica

Italian Market



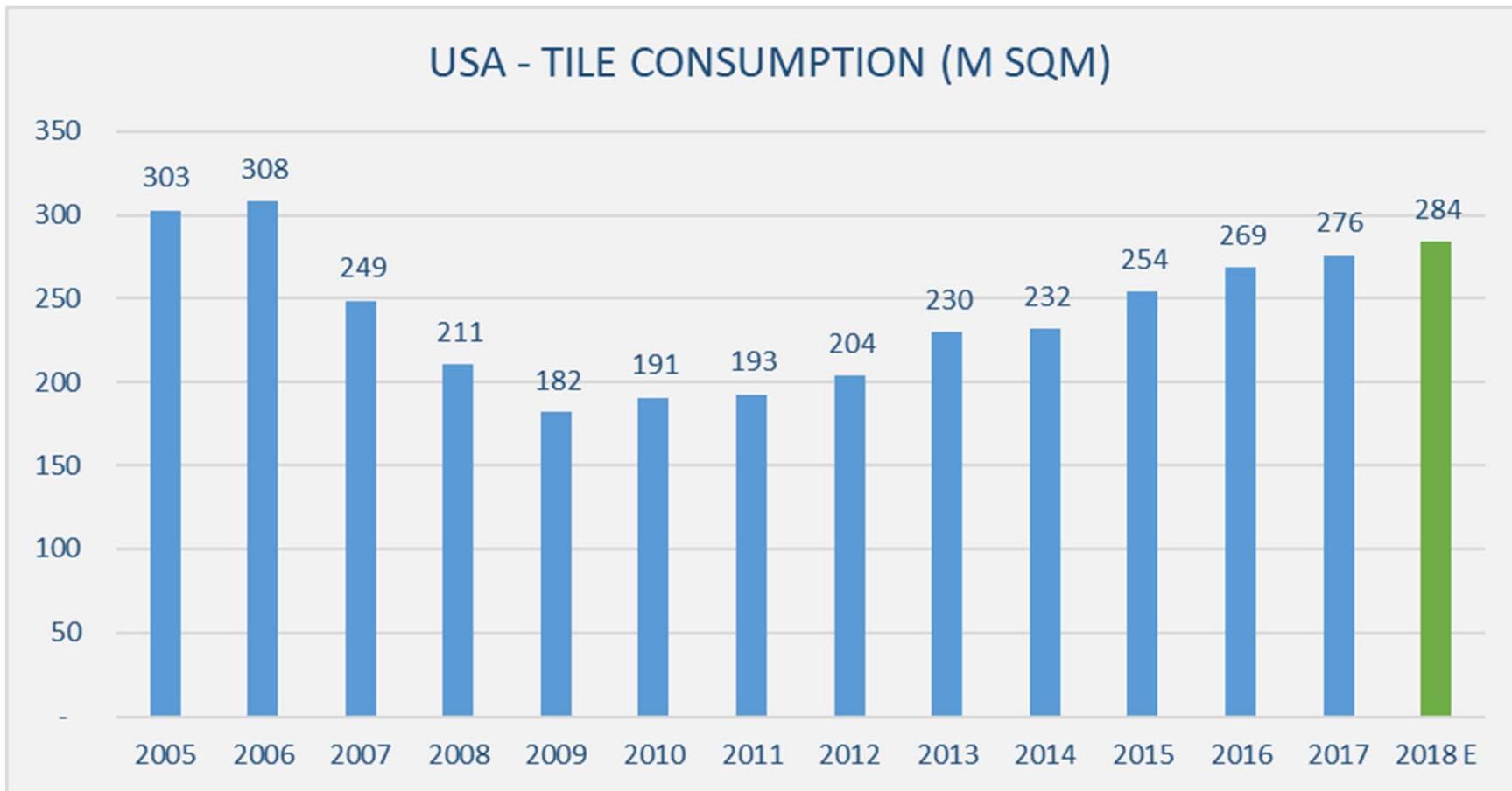
Source: Confindustria Ceramica

Europe Market



Source: Confindustria Ceramica

US Market



Source: Confindustria Ceramica

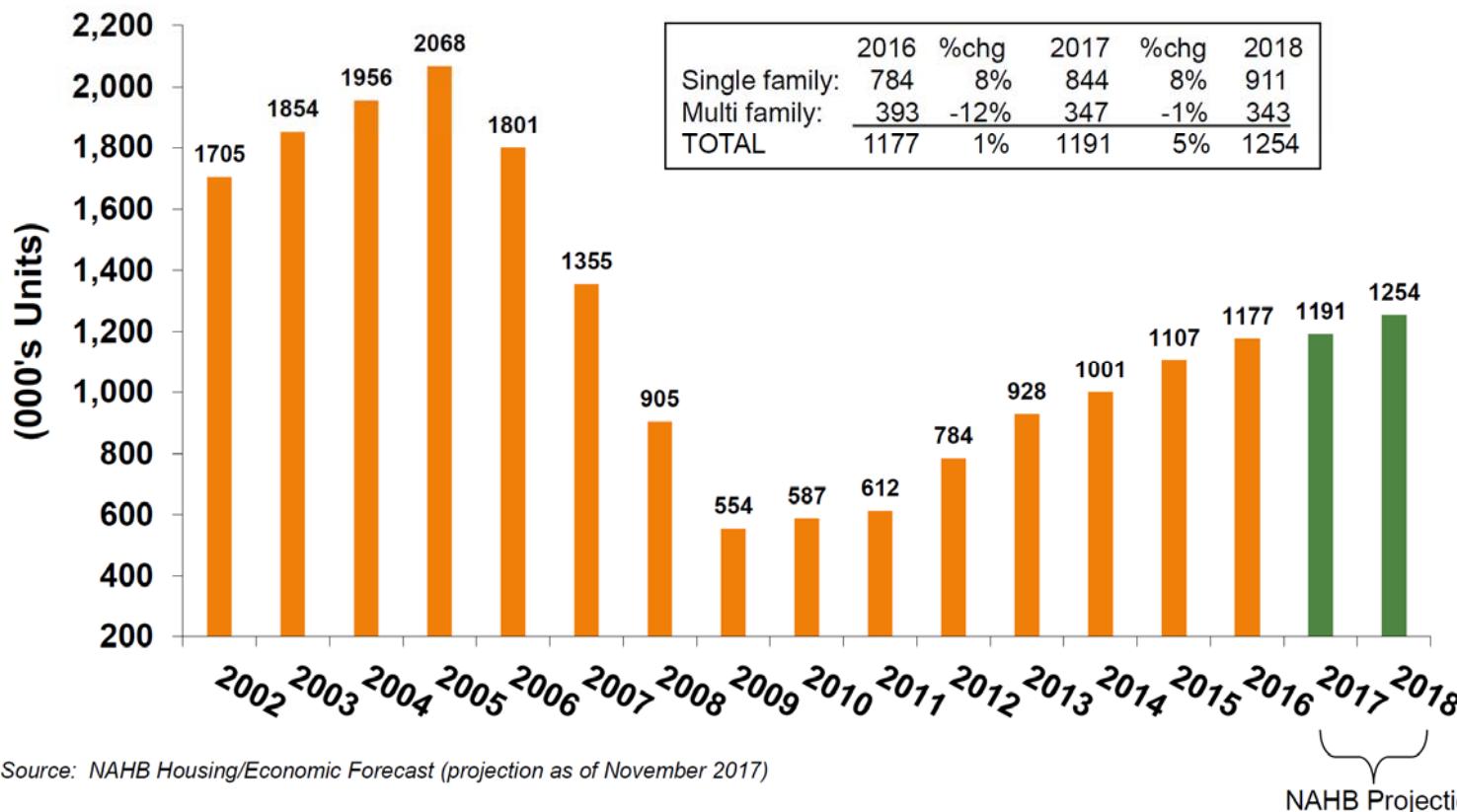
PANARIAgroup®

USA Outlook

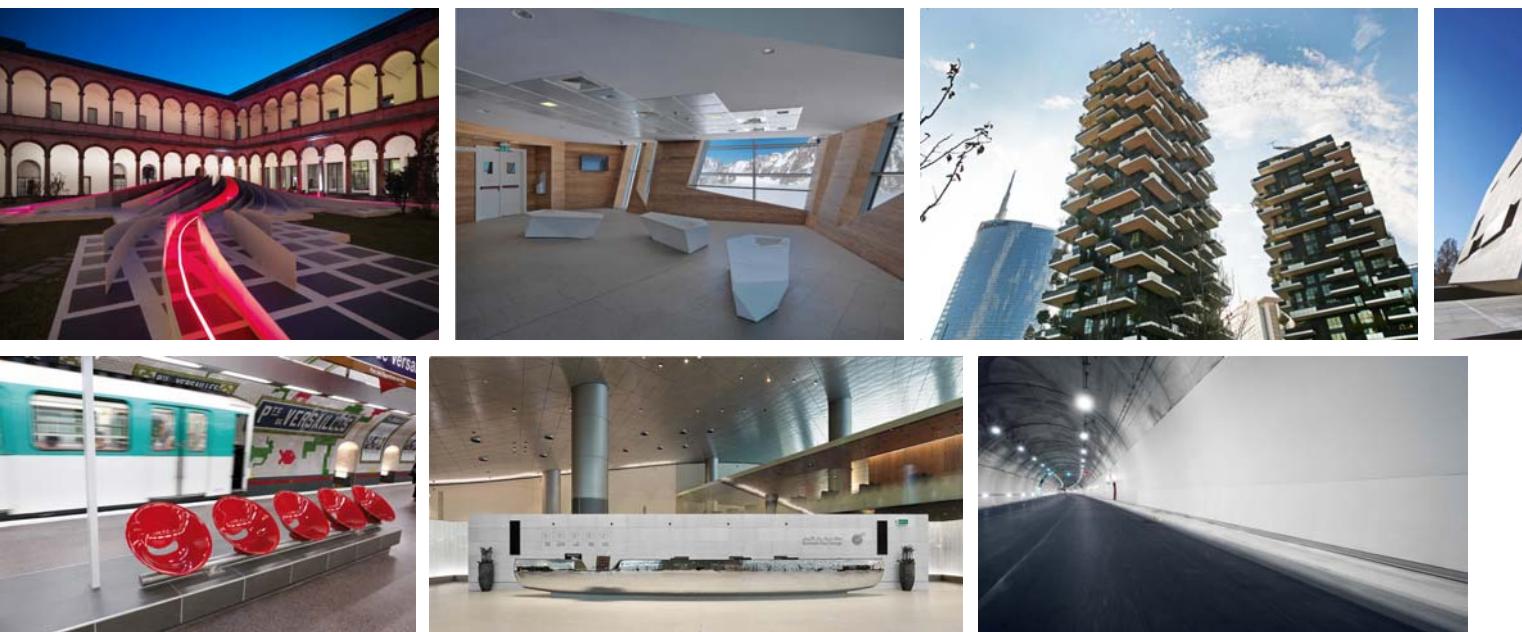
Annual Housing Starts

JLC
JOSEPH
LUNDGREN
CONSULTING

Growth rates remain positive but are slowing. Multi-family is expected to decline



PROJECTS AND CREDITS



ABDR ARCHITETTI ASSOCIATI
ANDREA MAFFEI ARCHITECTS
ANTONIO CITTERIO & PATRICIA VIEL
INTERIORS
ARATA ISOZAKI & ASSOCIATES
ARCH. CILLARA ROSSI
ARUP ITALIA
BORIS PODRECCA ARCHITECT
CIBIC WORKSHOP
COORGAN ASSOCIATES
CREW-CREMONESE WORKSHOP
DIEGO GRANDI
FABIO NOVEMBRE STUDIO
HOK PRODUCT DESIGN
KRAVITZ DESIGN
M+T & PARTNERS
MARIO CUCINELLA ARCHITECTS
OPEN PROJECT
OVE ARUP & PARTNERS
PATRICK NORQUET
PHILIPPE NIGRO
POLICREO
STEFANO BOERI ARCHITETTI
VITTORIO GRASSI ARCHITETTO &
PARTNERS
ZAHAA HADID ARCHITECTS
ZAO GORPROJECT

PANARIAgroup®



www.panariagroup.it

PANARIAgroup®