

## PANARIAGROUP Industrie Ceramiche S.p.A.

### PRESS RELEASE

**Today, the Shareholders approved the financial statements as at and for the year ended 31 December 2018**

**The members of the Board of Auditors were appointed for the 2019-2021 three-year term  
Emilio Mussini was re-appointed as Chairman of the Board of Directors**

**Finale Emilia, 29 April 2019** - The Ordinary Meeting of the Shareholders of Panariagroup Industrie Ceramiche S.p.A., which heads the group of the same name and produces and distributes ceramic material for high-end and luxury floor and wall coverings, was held today on single call, to resolve on the following agenda:

#### **1) Approval of the financial statements as at and for the year ended 31 December 2018**

Panariagroup's Shareholders approved the Company's financial statements as at and for the year ended 31 December 2018.

**Uncertain economic conditions and certain external factors, particularly the depreciation of the dollar and the higher cost of energy, impacted results in 2018.**

**The decrease in revenues was consistent with the general market performance, as Panariagroup was able to defend its market shares. The Portuguese business unit performed well, posting 3% growth in turnover on 2017.**

#### **CONSOLIDATED PERFORMANCE HIGHLIGHTS**

(in thousands of Euro)

	<b>2018</b>	<b>2017</b>	<b>Change € (000)</b>
Revenues from sales and services	370,995	383,682	-12,687
Production revenues	391,566	413,959	-22,393
Gross operating profit	19,317	42,000	-22,683
Net operating profit/loss	-5,257	18,179	-23,436
Net profit/loss	-4,098	11,356	-15,454

The Italian parent company, Panariagroup Industrie Ceramiche S.p.A., reported Revenues of € 196,808,586 and a net profit for the year of €114,966. The Shareholders approved the proposal submitted by the Board of Directors for the allocation of the net profit for the year as follows:

- 5% of the net profit to the legal reserve;
- the remainder to the extraordinary reserve.

## **2) Report on Remuneration; resolutions pursuant to Article 123-ter, paragraph 6, of Italian Legislative Decree no. 58 of 24 February 1998.**

Pursuant to Article 123-ter, paragraph 6, of Italian Legislative Decree no. 58 of 24 February 1998, the Shareholders approved the first section of the Report on Remuneration, which sets out the Company's policy on the remuneration of the members of the management bodies, the general managers and managers with strategic responsibilities. The Report on Remuneration is available on the Company's website [www.panariagroup.it](http://www.panariagroup.it) and on the 1Info authorised storage mechanism [www.1info.it](http://www.1info.it).

## **3) Appointment of the members and Chairman of the Board of Auditors for the 2019-2021 three-year term and determination of their fees;**

Voting by lists, the Shareholders appointed the members of the new Board of Auditors for 2019, 2020 and 2021. In this respect, only one list was presented for the appointment of the members of the Board of Auditors by the majority shareholder Finpanaria S.p.A., which owns 69.301% of the Company's share capital.

The members of the Board of Auditors, appointed from the only list that was presented, are therefore: Sergio Marchese, Pier Giovanni Ascari and Francesca Muserra, as Standing Auditors, and Vittorio Pincelli and Federica Santini as Alternate Auditors.

In accordance with the by-laws, the Shareholders also appointed Sergio Marchese as the Chairman of the Board of Auditors and determined the annual fees as follows: €24,000 for the Chairman and €20,000 for the other Standing Auditors

The CV of each member of the Board of Auditors is published, together with the list presented, on the Company's website [www.panariagroup.it](http://www.panariagroup.it).

## **4) Determination of the fees of the Board of Directors**

Panariagroup's Shareholders have also established a maximum annual gross amount of €615,000 for the fixed fees to be paid to the Board of Directors for 2019 and, in any case, until the approval of the financial statements at 31 December 2019, and a maximum annual gross amount of €200,000 for the variable fees for the Directors with executive duties for 2019.

## 5) Renewal of the authorisation to purchase and sell treasury shares

Lastly, Panariagroup's Shareholders renewed the authorisation to the Board of Directors to purchase 9,071,058 (nine million, seventy one thousand and fifty eight) Panaria shares, equal to 20% of the share capital, in one or more tranches, including the number of treasury shares held by the Company and its subsidiaries at the time of each transaction.

As of today, the Company directly holds 432,234 treasury shares (equal to 0.953% of share capital) with a par value of €0.50 per share; Panariagroup's subsidiaries do not hold any shares in their parent company.

The purchase of treasury shares will take place within the limits of distributable earnings and available reserves shown in the most recent annual or interim financial statements that have been regularly approved at the time of each transaction, dully considering any other availability restrictions that should subsequently apply.

The authorisation also includes the right to subsequently sell the treasury shares (in whole, in part or in several tranches), even before reaching the maximum number of shares that can be purchased and, if necessary, repurchasing them to an extent that the treasury shares held by the Company and, where applicable, by its subsidiaries, do not exceed the limit established in the authorisation.

Any purchases must be made on the market: (i) at a price that does not deviate by over 20% more or less than the share's quoted price on the trading day prior to each transaction, and in any case (ii) at a consideration that does not exceed the higher of the price of the last independent transaction and the price of the highest current independent purchase bid in the trading venue where the purchase is made.

Purchases will be made in compliance with Articles 2357 et seq. of the Italian Civil Code and Article 132 of Italian Legislative Decree no. 58/98, Article 144-bis of the Issuers' Regulation and any other applicable regulation, including Regulation (EU) 596/2014 and Delegated Regulation (EU) 2016/1052, as well as in accordance with current market practices (if applicable) and the Regulations issued by Borsa Italiana S.p.A.

The maximum number of treasury shares that can be purchased each day may not be more than 25% of the daily average volume of Panaria shares traded on the market.

The authorisation was renewed to pursue the interests of the Company, as described in the Directors' Report.

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The minutes of the Shareholders' Meeting will be made available to the public in accordance with the terms and methods laid down by current law.

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It should also be noted that, today, the Board of Directors, which held a meeting immediately after the Shareholders' Meeting, approved the start of a treasury share purchase programme, the duration, value and maximum quantity of which were established by the above mentioned Shareholders' resolution granting authorisation.

Lastly, the Board of Directors approved a motion whereby the maximum number of shares that can be purchased daily is that laid down by the Delegated Regulation (EU) 2016/1052.

During this meeting, the Board of Directors appointed Emilio Mussini as Chairman, Paolo Mussini and Andrea Mussini as Deputy Chairmen and Giuliano Pini as Managing Director and General Manager. Paolo Mussini was appointed as Managing Director of the Cotto d'Este/Blustyle divisions, while the Panaria, Lea, and Panariagroup Trade brands will remain under the direct responsibility of the Chairman Emilio Mussini.

The Board of Directors also re-appointed Damiano Quarta as the Manager in charge of financial reporting for 2019 and, in any case, until the approval of the financial statements at 31 December 2019, with the prior approval of the Board of Auditors.

As recommended by the Corporate Governance Committee on the Directors' independence requirements, we would like to announce that the Board of Directors has assessed the existence, pursuant to Italian Legislative Decree no. 58 of 24 February 1998 and the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A., of the independence requirements of the Directors Sonia Bonfiglioli, Tiziana Ferrari and Francesca Bazoli.

Furthermore, the Board also acknowledged the Board of Auditors' assessment on whether the auditors met the independence requirements of article 148, paragraph 3 of the Consolidated Finance Act and the Code of Conduct. In conducting this assessment, the Board of Auditors applied all the independence criteria established by the Code of Conduct for the Directors.

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The manager in charge of Panariagroup Industrie Ceramiche S.p.A.'s financial reporting, Damiano Quarta, states, pursuant to article 154-bis, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, that the accounting information in this press release corresponds with the documents, ledgers and accounting entries.

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The financial statements as at and for the year ended 31 December 2018 of Panariagroup Industrie Ceramiche S.p.A., together with the Directors' Report, the Consolidated Non-Financial Disclosures for 2018, the report of the Board of Auditors and the report of the independent auditors, the consolidated financial statements as at and for the year ended 31 December 2018 and the Directors'

reports on other matters on the agenda are available to whoever requests them at the Company's registered office and at Borsa Italiana S.p.A. ([www.borsaitaliana.com](http://www.borsaitaliana.com)). They may also be consulted on the Company's website [www.panariagroup.com](http://www.panariagroup.com) and on the authorised storage mechanism 1Info ([www.1Info.it](http://www.1Info.it)).

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Pursuant to Article 125-quater, paragraph 2, of the Consolidated Finance Act and Article 77, paragraph 3 of the Issuers' Regulation, a summary report of the voting, containing the number of shares represented at the Shareholders' Meeting and the shares for which votes were cast, the percentage of share capital that the shares represented, as well as the number of votes for and against each motion and the number of abstentions, will be made available to the public on the Company's website within five days of the date of the Shareholders' Meeting.

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## PANARIAGROUP

### CONSOLIDATED INCOME STATEMENTS

(THOUSANDS OF EURO)

	31-Dec-2018		31-Dec-2017	
<b>REVENUES FROM SALES AND SERVICES</b>	<b>370.995</b>	<b>94,7%</b>	<b>384.580</b>	<b>92,7%</b>
Change in inventories of finished products	9.426	2,4%	18.202	4,4%
Other revenues	11.145	2,8%	12.075	2,9%
<b>VALUE OF PRODUCTION</b>	<b>391.566</b>	<b>100,0%</b>	<b>414.857</b>	<b>100,0%</b>
Raw materials	(117.203)	-29,9%	(114.861)	-27,7%
Services, leases and rentals	(158.315)	-40,4%	(158.973)	-38,3%
<i>of whic, related party transactions</i>	<i>(5.544)</i>	<i>-1,4%</i>	<i>(5.478)</i>	<i>-1,3%</i>
Personell costs	(93.705)	-23,9%	(94.501)	-22,8%
Other operating expenses	(3.026)	-0,8%	(3.783)	-0,9%
<b>PRODUCTION COSTS</b>	<b>(372.249)</b>	<b>-95,1%</b>	<b>(372.118)</b>	<b>-89,7%</b>
<b>GROSS OPERATING PROFIT</b>	<b>19.317</b>	<b>4,9%</b>	<b>42.739</b>	<b>10,3%</b>
Amortisation and depreciation	(21.099)	-5,4%	(22.089)	-5,3%
Provisions and writedowns	(3.475)	-0,9%	(1.732)	-0,4%
<b>NET OPERATING PROFIT</b>	<b>(5.257)</b>	<b>-1,3%</b>	<b>18.918</b>	<b>4,6%</b>
Financial income (expense)	(1.026)	-0,3%	(3.699)	-0,9%
<b>PRE-TAX PROFIT</b>	<b>(6.283)</b>	<b>-1,6%</b>	<b>15.219</b>	<b>3,7%</b>
Income taxes	2.185	0,6%	(3.863)	-0,9%
<b>NET PROFIT FOR THE PERIOD</b>	<b>(4.098)</b>	<b>-1,0%</b>	<b>11.356</b>	<b>2,7%</b>

## STATEMENT OF CONSOLIDATED FINANCIAL POSITION (THOUSANDS OF EURO)

Notes	ASSETS	31-Dec-2018	31-Dec-2017
	<b>NON-CURRENT ASSETS</b>	<b>182.737</b>	<b>180.585</b>
<b>1.a</b>	Goodwill	8.139	8.139
<b>1.b</b>	Intangible assets	15.553	14.239
<b>1.c</b>	Property, plant and equipment	124.840	126.005
<b>1.d</b>	Equity Investments	161	300
<b>1.e</b>	Deferred tax assets	14.426	12.467
<b>1.f</b>	Other non-current assets	564	537
<b>1.g</b>	Non-current Financial Assets	19.054	18.898
	<b>CURRENT ASSETS</b>	<b>256.813</b>	<b>250.951</b>
<b>2.a</b>	Inventories	159.948	151.480
<b>2.b</b>	Receivables from customers	64.954	79.142
<b>2.c</b>	Due from tax authorities	9.160	6.953
<b>2.d</b>	Other current assets	4.659	5.091
<b>2.e</b>	Current Financial Assets	1.182	1.129
<b>2.f</b>	Cash and cash equivalents	16.910	7.156
	<b>TOTAL ASSETS</b>	<b>439.550</b>	<b>431.536</b>
	<b>LIABILITIES AND EQUITY</b>	<b>31-Dec-2018</b>	<b>31-Dec-2017</b>
<b>3</b>	<b>EQUITY</b>	<b>167.062</b>	<b>171.309</b>
	Share capital	22.678	22.678
	Reserves	148.482	137.275
	Net profit (loss) for the period	(4.098)	11.356
	<b>NON-CURRENT LIABILITIES</b>	<b>120.479</b>	<b>122.258</b>
<b>4.a</b>	Liabilities for employee benefits	5.066	5.531
<b>4.b</b>	Deferred tax liabilities	7.612	7.834
<b>4.c</b>	Provisions for risks and charges	4.506	4.569
<b>4.d</b>	Other non-current liabilities	3.139	3.531
<b>4.e</b>	Due to banks	76.578	78.988
<b>4.f</b>	Other non-current financial payables	23.578	21.805
	<b>CURRENT LIABILITIES</b>	<b>152.009</b>	<b>137.969</b>
<b>5.a</b>	Payables due to suppliers	88.342	83.198
<b>5.b</b>	Due to tax authorities	3.833	3.609
<b>5.c</b>	Other current liabilities	24.373	25.371
<b>5.d</b>	Due to banks	33.679	23.651
<b>5.e</b>	Other current financial payables	1.782	2.140
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>439.550</b>	<b>431.536</b>

## SEPARATED - INCOME STATEMENT (EURO)

	31/12/2018		31/12/2017	
<b>Revenues from sales and services</b>	<b>196.808.586</b>	<b>93,7%</b>	<b>201.463.775</b>	<b>92,3%</b>
Change in inventories of finished products	4.309.669	2,1%	7.731.982	3,5%
Other revenues	8.894.059	4,2%	9.164.803	4,2%
<b>Value of Production</b>	<b>210.012.315</b>	<b>100,0%</b>	<b>218.360.560</b>	<b>100,0%</b>
Raw, ancillary and consumable materials	(60.018.139)	-28,6%	(56.518.281)	-25,9%
Services, leases and rentals	(89.457.967)	-42,6%	(88.923.832)	-40,7%
<i>of which, related party transactions</i>	<i>(5.543.830)</i>	<i>-2,6%</i>	<i>(5.478.050)</i>	<i>-2,5%</i>
Personnel costs	(52.497.784)	-25,0%	(50.913.168)	-23,3%
Other operating expenses	(1.821.702)	-0,9%	(2.012.110)	-0,9%
<b>Cost of production</b>	<b>(203.795.593)</b>	<b>-97,0%</b>	<b>(198.367.390)</b>	<b>-90,8%</b>
<b>Gross operating profit</b>	<b>6.216.722</b>	<b>3,0%</b>	<b>19.993.170</b>	<b>9,2%</b>
D&A expenses	(10.148.199)	-4,8%	(11.542.710)	-5,3%
Provisions and other impairments	(871.756)	-0,4%	(578.812)	-0,3%
<b>Net operating profit</b>	<b>(4.803.234)</b>	<b>-2,3%</b>	<b>7.871.648</b>	<b>3,6%</b>
Financial income and expense	4.149.806	2,0%	(1.525.077)	-0,7%
<b>Pre-tax profit</b>	<b>(653.428)</b>	<b>-0,3%</b>	<b>6.346.571</b>	<b>2,9%</b>
Income taxes	768.394	0,4%	(1.521.069)	-0,7%
<b>Net profit (loss) for the period</b>	<b>114.966</b>	<b>0,1%</b>	<b>4.825.503</b>	<b>2,2%</b>
<b>BASIC AND DILUTED EARNING PER SHARE</b>	<b>0,003</b>		<b>0,106</b>	



## SEPARATED - BALANCE SHEET (EURO)

<u>ASSETS</u>	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>NON CURRENT ASSETS</b>	<b>171.456.006</b>	<b>167.224.513</b>
Intangible assets	6.294.646	5.856.698
Tangible assets	43.726.625	43.971.579
Equity Investments	89.980.915	90.111.492
Deferred Tax Assets	7.034.671	6.552.199
Receivables due after following year	291.827	147.824
Non-current Financial Assets	24.127.322	20.584.721
<b>CURRENT ASSETS</b>	<b>166.122.267</b>	<b>159.635.152</b>
Inventories	83.685.002	79.961.345
Accounts Receivables	60.496.781	68.607.068
Tax Receivables	4.724.282	3.252.712
Other current assets	2.949.780	3.804.206
Current Financia Assets	375.000	1.500.000
Cash and cash equivalents	13.891.423	2.509.822
<b>TOTAL ASSETS</b>	<b>337.578.273</b>	<b>326.859.665</b>
<b>LIABILITIES AND EQUITY</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
<b>EQUITY</b>	<b>144.309.937</b>	<b>147.393.749</b>
Share Capital	22.677.646	22.677.646
Reserves	121.517.326	119.890.601
Result of the period	114.966	4.825.503
<b>NON CURRENT LIABILITIES</b>	<b>85.733.014</b>	<b>88.135.786</b>
Liabilities for employee benefits	4.957.170	5.430.672
Deferred Tax liabilites	392.793	624.635
Provision for risk and charge	3.691.775	3.740.965
Other non current liabilites	2.463.817	2.879.248
Mid-Long term financial debt	74.227.458	75.460.266
<b>CURRENT LIABILITIES</b>	<b>107.535.322</b>	<b>91.330.130</b>
Accounts Payables	55.639.640	48.022.963
Tax Payables	2.614.037	2.324.388
Other current liabilities	19.576.548	20.298.587
Short term financial debt	29.705.096	20.684.192
<b>TOTAL EQUITY AND LIABILITES</b>	<b>337.578.273</b>	<b>326.859.665</b>