PANARIAgroup
INDUSTRIE CERAMICHE S.P.A.

Panariagroup Industrie Ceramiche S.p.A.

INTERIM REPORT ON OPERATIONS AT 31 March 2015

Panariagroup Industrie Ceramiche S.p.A. – Via Panaria Bassa 22/A – 41034 Finale Emilia (Modena)
Taxpayer ID and VAT No. 01865640369 www.panariagroup.it

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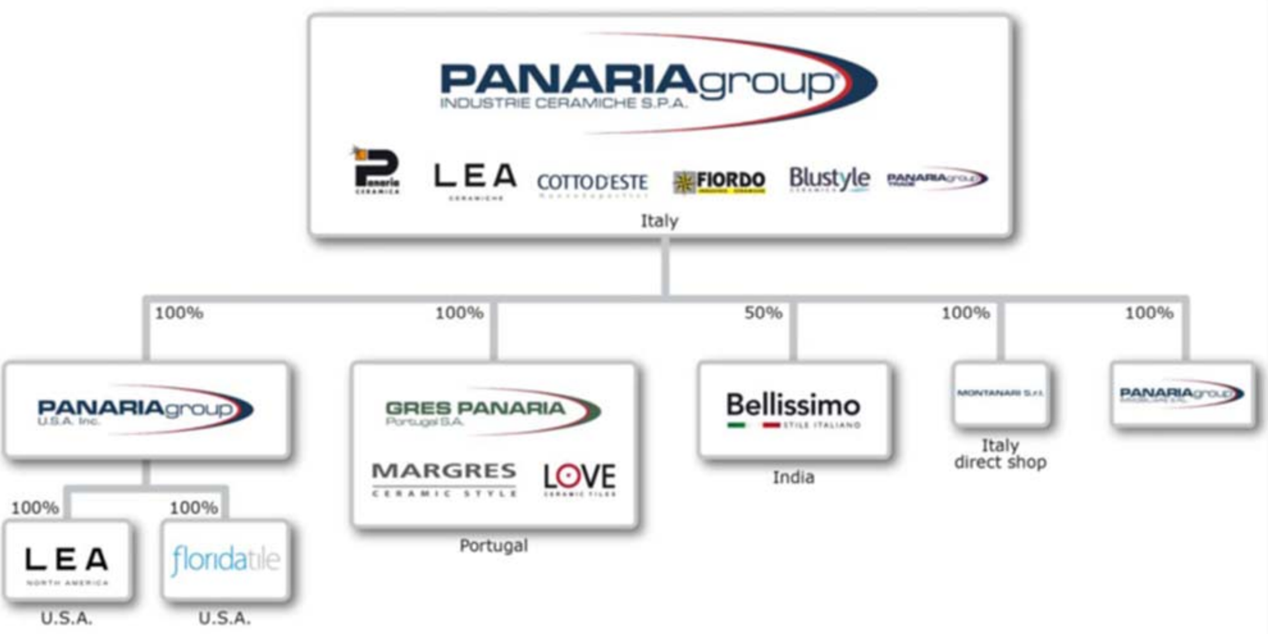
1. STRUCTURE OF THE GROUP

The structure of the Group at 31 March 2015 is as follows:



The parent company is **Panariagroup Industrie Ceramiche S.p.A.**, based in Finale Emilia, Modena (Italy), with share capital of Euro 22,677,645.50.

Panariagroup produces and sells ceramic tiles for floors and walls under five distinctive brand names: Panaria, Lea, Cotto d'Este, Fiordo and Blustyle. All of these brands focus on the high-end and deluxe market segment and mainly sell porcelain gres product lines, both in Italy and abroad.

Gres Panaria Portugal S.A., based in Chousa Nova, Ilhavo (Portugal), share capital of Euro 16,500,000, subscribed and paid in, wholly owned by Panariagroup Industrie Ceramiche S.p.A.

Gres Panaria Portugal produces ceramic tiles for floors and walls under two separate brand names, Margres and Love Tiles, both aimed at the main European markets.

Panariagroup USA Inc., based in Delaware, USA, share capital of USD 65,500,000, wholly owned by Panariagroup Industrie Ceramiche S.p.A.

It owns 100% interests in Florida Tile Inc. and Lea North America LLC.

This company markets Panaria branded products on the North American market.

Florida Tile Inc., based in Delaware, USA, share capital of USD 34,000,000, wholly owned by Panariagroup USA Inc., produces and sells ceramic tiles in the USA through its own distribution network located mainly on the east coast.

Lea North America LLC., based in Delaware, USA, share capital of USD 20,000, wholly owned by Panariagroup USA Inc.
This company markets Lea branded products on the North American market.

Montanari srl, based in Crespellano, Bologna (Italy), share capital of Euro 48,000, 100% owned by Panariagroup Industrie Ceramiche S.p.A. This company runs a retail outlet for ceramic tiles.

Panariagroup Immobiliare, based in Finale Emilia, Modena (Italy), share capital of Euro 10,000, 100% owned by Panariagroup Industrie Ceramiche S.p.A.
This company's main activities are the purchase and sale of buildings.

The Group participates in a Joint Venture Company (JVC) based in the Indian state of Gujarat. This company is 50% held by Panariagroup and 50% by AGL India Ltd, a leading manufacturer in the Indian market.

2. DIRECTORS AND OFFICERS

Board of Directors

Name	Office
Mussini Emilio	Chairman of the Board and Managing Director
Mussini Giuliano	Deputy Chairman of the Board of Directors
Mussini Giovanna	Deputy Chairman of the Board of Directors
Mussini Paolo	Managing Director
Pini Giuliano	Managing Director
Bonfiglioli Sonia	Independent Director
Onofri Paolo	Independent Director
Palandri Enrico	Independent Director
Tunioli Roberto	Independent Director

Board of Statutory Auditors

Name	Office
Muserra Francesca	Chairman of the Board of Statutory Auditors
Ascari Piergiovanni	Standing Auditor
Pincelli Vittorio	Standing Auditor

Independent Auditors

Reconta Ernst & Young S.p.A.

3. INCOME STATEMENT AND BALANCE SHEET

3.1 Income statement – Comparison between 31 March 2015 and 31 March 2014

(in thousands of Euro)

	March 31, 2015	%	March 31, 2014	%
Revenues from sales and services	**81,923**	**95.02%**	**67,945**	**100.61%**
Change in inventories of finished products	2,729	3.17%	(3,034)	-4.49%
Other revenues	1,565	1.82%	2,625	3.89%
Value of Production	**86,217**	**100.00%**	**67,536**	**100.00%**
Raw, ancillary and consumable materials	(24,960)	-28.95%	(18,175)	-26.91%
Services, leases and rentals	(33,040)	-38.32%	(27,283)	-40.40%
Personnel costs	(21,127)	-24.50%	(18,591)	-27.53%
Other operating expenses	(804)	-0.93%	(691)	-1.02%
Cost of production	**(79,931)**	**-92.71%**	**(64,740)**	**-95.86%**
Gross operating profit	**6,286**	**7.29%**	**2,796**	**4.14%**
Amortisation and depreciation	(4,128)	-4.79%	(3,890)	-5.76%
Provisions and expense	(388)	-0.45%	(221)	-0.33%
Net operating profit	**1,770**	**2.05%**	**(1,315)**	**-1.95%**
Financial income and expense	97	0.11%	(797)	-1.18%
Pre-tax profit	**1,867**	**2.17%**	**(2,112)**	**-3.13%**
Income taxes estimated	(850)	-0.99%	402	0.60%
Net profit (loss) for the period	**1,017**	**1.18%**	**(1,710)**	**-2.53%**

3.2 Reclassified balance sheet

(in thousands of Euro)

CONSOLIDATED FINANCIAL STATEMENT - BALANCE SHEET

	March 31, 2015	December 31, 2014	March 31, 2014
Inventories	138,242	129,837	125,044
Accounts Receivable	81,145	69,877	73,590
Other current assets	10,861	9,077	8,807
CURRENT ASSETS	**230,248**	**208,791**	**207,441**
Account Payables	(63,057)	(58,633)	(51,680)
Other current liabilities	(25,207)	(25,119)	(24,328)
CURRENT LIABILITIES	**(88,264)**	**(83,752)**	**(76,008)**
NET WORKING CAPITAL	**141,984**	**125,039**	**131,433**
Goodwill	8,139	8,139	8,139
Intangible assets	3,067	2,202	2,128
Tangible assets	91,870	89,851	88,684
Equity Investments and other financial assets	358	458	357
FIXED ASSETS	**103,434**	**100,650**	**99,308**
Receivables due after following year	1,061	1,064	963
Provision for termination benefits	(6,511)	(6,575)	(6,053)
Provision for risk and charge	(4,160)	(4,230)	(3,958)
Deferred tax assets	13,779	14,111	14,353
Other payables due after the year	(2,716)	(2,647)	(1,152)
ASSET AND LIABILITIES DUE AFTER THE YEAR	**1,453**	**1,723**	**4,153**
NET CAPITAL EMPLOYED	**246,871**	**227,412**	**234,894**

Short term financial assets	(2,807)	(2,932)	(10,529)
Short term financial debt	50,623	38,997	50,573
NET SHORT TERM FINANCIAL DEBT	**47,816**	**36,065**	**40,044**
Mid-Long term financial debt	44,201	44,227	53,396
NET FINANCIAL POSITION	**92,017**	**80,292**	**93,440**
Group Shareholder's Equity	154,854	147,120	141,454
SHAREHOLDERS' EQUITY	**154,854**	**147,120**	**141,454**
TOTAL SOURCES OF FOUNDS	**246,871**	**227,412**	**234,894**

3.3 Consolidated Net Financial Position

(in thousands of Euro)

	March 31, 2015	December 31, 2014	March 31, 2014
Securities	-	-	-
Cash and cash equivalents	(2,807)	(2,932)	(10,529)
Short-term financial assets	**(2,807)**	**(2,932)**	**(10,529)**
Due to banks	50,363	39,796	50,573
Leasing	260	230	-
Short-term financial indebtedness	**50,623**	**40,026**	**50,573**
Due to banks	43,334	42,301	53,396
Leasing	867	796	-
Due to bondholders	-	-	-
Long-term financial indebtedness	**44,201**	**43,097**	**53,396**
Net financial indebtedness	**92,017**	**80,191**	**93,440**

4. COMMENTS ON THE FINANCIAL STATEMENTS

4.1 Accounting principles adopted

This interim report is prepared pursuant to Article 154-ter of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act) and Consob Issuers Regulations.

As regards the provisions on the conditions applied to the listing of parent companies, incorporated companies or companies regulated under the laws of countries outside of the European Union and which have a significant impact on the consolidated financial statements, it should be noted that:

- As of 31 March 2015 three of the companies controlled by Panariagroup come under these regulations: Panariagroup USA Inc., Florida Tile Inc and Lea North America LLC
- Adequate procedures have been adopted to ensure thorough compliance with the new rules (art. 36 of Market Regulations issued by Consob).

Panariagroup adopted the IFRS issued by the International Accounting Standards Board.
The accounting policies used in preparing this interim report do not differ from those applied since the date of adoption of IFRS; moreover, the accounting figures given in this interim report do not include any estimates other than those normally used to prepare the annual financial statements.

In relation to the Group's US companies, there were no significant differences between local accounting principles (US GAAP) and the accounting standards adopted in the consolidated financial statements (IFRS).

This Interim Report has not been audited.

The amounts reported and commented are in thousands of Euro, unless otherwise indicated.

4.2 Scope of consolidation

The scope of consolidation includes:

- **Panariagroup Industrie Ceramiche S.p.A**. Parent Company
- **Gres Panaria Portugal S.A.**,100% owned
- **Panariagroup USA Inc.**, 100% owned
- **Florida Tile Inc.** 100% owned
- **Lea North America LLC.** 100% owned
- **Montanari Srl,** ,100% owned
- **Panariagroup Immobiliare,** 100% owned.

All of the companies included in the scope of consolidation have been consolidated on a line-by-line basis.

The Group also holds a 50% interest in a Joint Venture Company (JVC) in India called Asian Panaria, measured at Equity.

4.3 Report on operations

Income statement – Key figures at 31 March 2015

(in thousands of Euro)

	March 31, 2015	%	March 31, 2014	%	var. €
Revenues from sales and services	**81,923**	**95.02%**	**67,945**	**100.61%**	**13,978**
Value of Production	**86,217**	**100.00%**	**67,536**	**100.00%**	**18,681**
Gross operating profit	**6,286**	**7.29%**	**2,796**	**4.14%**	**3,490**
Net operating profit	**1,770**	**2.05%**	**(1,315)**	**-1.95%**	**3,085**
Net profit for the period	**1,017**	**1.18%**	**(1,710)**	**-2.53%**	**2,727**

Briefly, the results for the period are the following:

- **Consolidated revenues from sales** amounted to **Euro 81.9 million**, an increase of **20.6%** compared to March 2014.
- **Gross operating profit** amounted to **Euro 6.3 million** (Euro 2.8 million at 31 March 2014).
- **Net operating profit** amounted to **Euro 1.8 million** (negative by Euro 1.3 million at 31 March 2014).
- The **consolidated result** amounted to **Euro 1.0 million** (versus a loss of Euro 1.7 million at 31 March 2014).

The beginning of 2015 seems to have confirmed expectations of a general recovery in the European economy; the expansive measures applied by the ECB have also contributed to creating an atmosphere of greater confidence which is resulting in easier access to credit, even on the part of families, and serves as an important foundation for the expected recovery of residential constructions.

In the meantime, the positive and now consolidated trend which characterizes the US real estate market is confirmed while growth in the Middle Eastern and Far Eastern markets remains strong.

Within this context - which is significantly more positive compared to recent years - the Group has managed to take advantage of the primary opportunities offered by market trends, thereby attaining significant growth of more than 20% (Euro +14 million in revenues in the quarter compared to the same period of the previous year).

The important initiatives of re-organization and rationalization which were completed in the last two years contributed to this result.

The positive sales performance had a significant impact on margins with a consequent attainment of a positive net result.

With respect to the first quarter of 2014, significant improvements were reported, including a change in gross operating profit of Euro 3.5 million, Euro 3.1 million in the net operating profit and Euro 2.7 million in the Net Result.

The results of the first quarter of 2015 are in line with the positive trend that already was expressed in the second quarter of 2014, thereby confirming a trend which appears to be increasingly solid.

Consolidated Revenues

Revenues from sales increased significantly, rising from Euro 67.9 million at 31 March 2014 to Euro 81.9 million at 31 March 2015 (Euro +14 million).

Principal markets

Within all primary markets, the Group generated a decidedly significant increase in revenues.

The **US market**, the first country of reference for the Group, reported growth of 20% in USD through the positive contribution of all distribution channels.

Forecasts for the US market are positive for all of 2015 due to the dynamic nature of the real estate sector; even the responses generated in the recent fair of Coverings confirmed the significantly favourable environment.

The US Market accounts for 37% of total sales.

Within the **Italian market**, following a few years in slowdown of sales, the Group generated a growth in revenues of 6%. This result is very important because we believe it can be representative of a change in trend which was already partially exploited in the second half of 2014.

It should be noted that the result of Panariagroup in the domestic market was better compared to the overall sector trend (-2%), according to recent data supplied by Confindustria Ceramica.

The Italian market's share of total sales is **20%**.

A positive growth in sales of overall 8% was confirmed within all the primary **European markets**, with the exception of France. The increase in revenues in Portugal, Spain and Germany was particularly positive, with growth of more than 20%.

European markets account for **31%** of total sales.

Other markets (Asia, South America, Oceania and Africa) confirmed the growth of 2014 that was more than 20%.

The most significant increases were those in Asia and Africa where the Group is continuing its specific commercial actions on the basis of significant growth prospects in those areas.

The other markets account for **12%** of total sales.

Revenues in the foreign markets of the Group reached their maximum historical incidence in this quarter at 80% of revenues and with a quota of non-EU markets now close to 50%.

The current distribution of revenues, which is well balanced across the various geographical regions, allows the Group to significantly diversify risk, while at the same time significantly improving its ability to take advantage of growth opportunities in the most dynamic areas.

The strategies which were implemented over the years have therefore allowed for a balanced positioning in global markets.

The Group currently has a strong international presence and intends to continue this growth path.

Performance of the Group’s Divisions

Recovery within European markets and the improvements attained within the domestic market have allowed the **Italian divisions** - which primarily operate in these markets (Panaria, Lea, Cotto d’Este, Fiordo, Blustyle, Panariagroup Private Label) - to overall generate a positive trend in the first quarter of 2015. The growth of the brands Cotto d’Este and Blustyle was particularly dynamic since they benefited from the recent commercial restructuring which resulted in the unification of sales networks.

The satisfactory results within the Panariagroup Private Label have continued and have confirmed the quality and competitiveness of our products.

The Panariagroup Trade division - following the expansion of its areas of competence during the course of 2014 - re-affirmed its positive results in the "historical" areas of pertinence (Asia and Oceania) in addition to reporting excellent growth performances in the new areas (Eastern Europe).

The succes of Gres Laminate has continued and its market is gradually expanding; given its versatility of use, it is very appreciated and has allowed for the attainment of significant work orders.

The Italian brands continue to be appreciated for their quality and aesthetics; this is confirmed by their use in prestigious architectural designs such as the "Bosco Verticale" (Vertical Wood) of Milan in which our products were used for both the external facades and interiors; this building was claimed to be the "most beautiful skyscraper in the world" (International Highrise Award).

The **Portuguese division**, in line with the brilliant results of 2014, reported growth in revenues of 19%, thereby demonstrating that the activities for repositioning the range of products and the reorganization of the sales networks turned out to be positive. In particular, the significant recovery in sales within the domestic market continued; growth in the primary European and African nations was also excellent.

All **US Business Unit Divisions**, net of the USD/EUR exchange rate effect, reported positive revenue growth.

The primary protagonist of this growth remains Florida Tile due to its diversified distribution model and now almost capillary presence across all the US territory.

The Indian Joint Venture is continuing its sales development activity, and during the first quarter 2015 its revenues increased with respect to the first quarter 2014.

The information and know-how we are acquiring from this experience are helping us to interpret the market trends in India which is constantly evolving and developing

Operating results

Gross operating profit amounted to **Euro 6.3 million**, i.e. 7.3% of the Value of Production (Euro 2.8 million at 31 March 2014, or 4.1% of the Value of Production), a growth of Euro 3.5 million.

The improvement in margins is the effect of the significant growth in revenues and the greater use of the production capacity of all plants of the Group.

The decision to aim for an increase in volumes with determination and to activate alternative sales channels has allowed for the triggering of a virtuous circle which allows for a more effective use of the productive capacity of our plants, thereby significantly reducing the incidence of fixed costs.

All Divisions contributed to the improvement of the Gross Operating Profit; the US BU was the primary contributor (Euro +2.5 million) but the contribution of the European BU (Euro +1.0 million) was also positive.

In the first quarter, the European Business Units did not receive significant benefits from the decrease in energy rates which are expected to be more significant in the next 9 months.

As previously noted, the positive trend in the first quarter of 2015 confirms the gradual improvement that began in the second quarter of 2014.

With regard to revenues, this progression was particularly evident, as reported in the following table:

	Q2	Q3	Q4	Q1	Last 12 months
REVENUES 2014-2015	**78,060**	**72,057**	**72,617**	**81,923**	**304,657**
REVENUES 2013-2014	**74,747**	**66,486**	**65,084**	**67,945**	**274,262**
VARIATION	**4.4%**	**8.4%**	**11.6%**	**20.6%**	**11.1%**

The average growth of revenues in the last 12 months was 11.1% but with a trend in continual improvement quarter after quarter.

The margins in the last four quarters were as follows:

	Q2 2014		Q3 2014		Q4 2014		Q1 2015		Last 12 months	
EBITDA	**6,639**	**8.7%**	**5,231**	**7.1%**	**6,372**	**7.9%**	**6,286**	**7.3%**	**24,528**	**7.7%**
EBIT	**1,101**	**1.4%**	**875**	**1.2%**	**1,259**	**1.6%**	**1,770**	**2.1%**	**5,005**	**1.6%**
Net result	**(162)**	**-0.2%**	**(111)**	**-0.2%**	**143**	**0.2%**	**1,017**	**1.2%**	**887**	**0.3%**

The attainment of a positive economic result in the last 12 months is a clear signal that we have definitively emerged from the negative phase which characterized the 2012-2013 period.

The **net operating profit** amounted to Euro 1.8 million (negative by Euro 1.3 million at 31 March 2014).

Amortisation and depreciation increased slightly with respect to the first quarter of 2014.

Financial expenses were lower with respect to the first quarter of 2014 by Euro 0.9 million; this was exclusively due to the exchange rate gains attained in 2015 through the appreciation of the USD versus the Euro.

The **consolidated Net Result** is positive by Euro 1.0 million (versus a loss of Euro 1.7 million at 31 March 2014).

Review of the balance sheet
Balance sheet summary

(in thousands of Euro)

	March 31, 2015	December 31, 2014	March 31, 2014
Net Working Capital	**141,984**	**125,039**	**131,433**
Fixed Assets	**103,434**	**100,650**	**99,308**
Assets and Liabilities due after the year	**1,453**	**1,723**	**4,153**
NET CAPITAL EMPLOYED	**246,871**	**227,412**	**234,894**
Net Financial Position	**92,017**	**80,292**	**93,440**
Shareholders' Equity	**154,854**	**147,120**	**141,454**
TOTAL SOURCES OF FOUNDS	**246,871**	**227,412**	**234,894**

Net Working Capital

Net working Capital increased compared with 31 March 2014 by Euro 10.5 million.

This change includes Euro 9.5 million derived from the increased value of financial balance of the US Business Unit due to the significant gains of the USD versus the Euro (+22% in the last twelve months); as a result, the change in NWC at constant exchange rates was in reality on Euro 1 million.

The figure is compared with the first quarter of 2014 since it is more comparable than the year-end figure, due to the seasonal nature of trends in the main NWC components (trade receivables and payables, inventory).

A table which highlights the balances of the items composing the Net Working Capital given a constant exchange rate is shown below (utilizing the EUR/USD exchange rate in force on 31 March 2014, equal to 1.3788):

NET WORKING CAPITAL "AT CONSTANT EXCHANGE RATE"

	1.3788	1.3788
	March 31, 2015	**March 31, 2014**
Inventories	127,640	125,044
Accounts Receivable	77,643	73,590
Other current assets	10,257	8,807
CURRENT ASSETS	**215,540**	**207,441**
Account Payables	(58,365)	(51,680)
Other current liabilities	(24,733)	(24,328)
CURRENT LIABILITIES	**(83,098)**	**(76,008)**
NET WORKING CAPITAL	**132,442**	**131,433**

Despite the significant increase in generated sales, there was only a modest increase in the level of warehouse inventories - given a constant exchange rate - of 2% with an improvement in the turnover ratio.
Even trade receivables increased to a significantly lower degree compared to the change in revenues; the growth in the export quota, characterized by markets with collection times that were lower than the domestic market, allowed for the overall index of "average collection days" to be improved.
Payables due to suppliers express the natural increase deriving from the increase in production activities in all plants of the Group.
One of our primary objectives remains the maintenance of Net Working Capital at levels that are adequate with respect to revenues, with particular focus on warehouse stocks.
It should be noted that, during the course of the last three years, we have applied a significant level of optimization in stocks, both in quantitative and qualitative terms, but we are committed to further improvement.

Non-current assets

Non-current assets have increased by approximately Euro 2.8 million since the start of the year; this was primarily due to the appreciation of the USD.
In particular, movements in the quarter were determined as follows:

- capital expenditure for the period, of approximately Euro 4.2 million, of which Euro 2.6 million invested in Italy, Euro 1.3 million in Portugal and Euro 0.3 million in the United States.
- depreciation and amortisation for the period, amounting to Euro 4.1 million.
- the higher value of fixed assets of the US sub-consolidation expressed in Euro, because of the appreciation of the dollar since the end of 2014, of Euro 2.7 million.

In the first months of 2015, the project for integration of the IT system through adoption of a single platform (SAP) was initiated for all Business Units of the Group.
This project was very important, both in terms of the size of the investment and because it is part of the internationalization strategy of Panariagroup; the implementation will allow us to improve our processes by increasing aligning ourselves with best practices and will allow for a more homogenous management in all companies of the Group, both Italian and foreign, thereby simplifying interactions amongst the various Business Units.

In the 2015-2016 period, important investments of industrial nature were planned.

In particular, the sales forecasts of the US Business Unit estimate growth in all distribution channels with the need to strengthen production activities in the plant of Lawrenceburg which serves as an important success factor for our Group in the United States.

In Portugal, a strategic production hub due to its combination of competitive costs and excellent product quality, technological updgrades are forecasted which will allow us to expand the range of products (in particular, "large format" ones).

In Italy, interventions will be necessary in order to strengthen production and processing lines for gres laminate in order to full take advantage of additional growth opportunities for this technology and type of product.

Net Financial Position

Financial cash flow
(thousands euro)

	March 31, 2015	December 31, 2014	March 31, 2014
Net financial position (debt) - beginning	**(80.2)**	**(90.9)**	**(90.9)**
Net Result for the period	1.0	(1.8)	(1.7)
D & A	4.1	16.7	3.9
Net Variation Provisions	1.0	0.0	(0.8)
Non monetary changes	(0.4)	(1.0)	0.0
Internal operating Cash flow	**5.7**	**13.9**	**1.4**
Change in net working capital and other assets and liabilities	(12.2)	11.3	(1.7)
Net Investments	(4.2)	(13.6)	(2.1)
Exchange rate diiff. from foreign financial statement conversions	(1.1)	(0.9)	(0.1)
Net financial position (debt) - final	**(92.0)**	**(80.3)**	**(93.4)**

In order to more effectively understand the effect of the exchange rate on the Net Financial Position, a methodology for reporting financial flows was utilized whereby changes in individual financial items are reported "net" of the exchange rate effect which is fully considered within the item "NFP change due to the exchange rate change". This item represents the effective impact of the exchange rate change on the Net Financial Position of the Group.

The summary Cash Flow Statement reports a significant improvement in the operational Self-Funding which increased from Euro 1.4 million on 31 March 2014 to Euro 5.7 million on 31 March 2015 (Euro +4.3 million).
Net Financial Indebtedness grew by Euro 11.7 million compared to the start of the year, while it declined by Euro 1.4 million compared to March 2014.
The increase in net financial indebtedness compared to the start of the year is a typical first quarter trend, particularly as a result of the seasonal trends in trade receivables.
We believe that, in the upcoming quarters and as occurred in previous years, there will be a decrease in financial indebtedness due to the absorption of Net Working Capital.
We reiterate our intention to maintain a focus on financial equilibrium in order to improve the Net Financial Position/Gross Operating Profit ratio.

5. OUTLOOK

We are satisfied of the results obtained in the first quarter of 2015 and are aware that these results are not only due to improved market conditions but also due to the strategic policies adopted in the last two years.

In recent quarters, we expect an additional improvement in results due to different factors of both exogeneous and endogenous nature.

We believe that the macro-economic context has reached a level of equilibrium that can guarantee an additional and gradual recovery in those areas which were most affected by the economic crisis as well as the maintenance of positive growth rates in other areas.

We expect savings in upcoming months deriving from a decrease in energy rates.

We also are confident in being able to utilize the advantages deriving from the EUR/USD exchange rate during all of 2015.

With regard to internal activities, we will continue to benefit from the positive effect of greater sales volumes; according to current production plans, a significantly higher level of production compared to 2014 is forecasted for all plants of the Group, while always focusing on containing warehouse stocks.

In addition, our efforts are particularly focused on the process of organizational and commercial improvement of the Italian business unit, with the objective of completing this process by the end of the year.

The positive experience that was recorded in similar circumstances in the foreign Business Units gives us confidence that we can successfully complete this operation and obtain significant advantages in 2016.

6. SUBSEQUENT EVENTS

There are no significant events.