



## **PRESS RELEASE**

**PANARIAGROUP S.p.A. closes an important and strategic asset purchase in the United States for a total consideration of 22,5 million dollar.**

**Acquired the brand and the main assets of Florida Tile Industries Inc., a well-known US company specialized in manufacturing and distributing floor and wall ceramic tiles in the US market.**

**Following the acquisition, Panariagroup controls immediately an outstanding logistic/commercial channel in the United States, the market with the highest expected growth rates, with the outlook of an additional annual turnover of 90 million dollar by the year 2007.**

Finale Emilia (Modena), February 27<sup>th</sup> 2006 – Panariagroup closed the acquisition of the brand and the main assets of Florida Tile Industries Inc. The deal, realized through two US companies entirely controlled, is not subject to the consent of any competent authority or to others suspending clauses.

The agreement has been reached with Milestone, the private equity fund that owned the majority of the share capital of Florida Tile.

The assets purchase price of 22,5 million dollars has been paid at closing and financed with part of the proceeds that Panariagroup received from its IPO in November 2004.

The most important acquired assets are:

- Florida Tile's brand, that has been operating in the US market for 50 years;
- a well organized distribution center located in Lawrenceburg –KY;
- a distribution chain of 26 branches directly managed, mainly located on the East coast of the United States;
- a production plant based in Lawrenceburg –KY,
- a production plant leased sited in Shannon – GA,
- the finished products inventory.

Florida Tile markets its products through branches directly managed and 60 independent distributors.

Products sold are partially manufactured internally and partially bought from Italian and Spanish producers.

“Following this acquisition – states Giuliano Mussini, Chairman of Panariagroup – we have the possibility to control immediately an important logistic and distributing chain in the market with the highest expected growth rates. Creating from scratch an organization like the one acquired would have required far higher investments and time, comparing to which scheduled in this transaction”.

“Since the beginning of this deal – continues Mr. Mussini – we have recognized in the American company synergies and development opportunities for our group. In the short term we will proceed with partial substitution and integration of sourced products with products coming from our Italian and Portuguese plants, with the aim of elevating market positioning and profitability of the products sold.

In a couple of years we forecast the reorganization and the enlargement of at least one of the two production plants aimed at the introduction of state of the art technologies that would enable to reach superior productivity, technical and aesthetic features of the products and further enrichment of the catalogue”.

“After this deal, and thanks to the experience of Panariagroup – Mr. Mussini concludes – we forecast by the year 2007 a turnover (additional to which achieved by our existing brands, that will continue to operate independently) on the US market of ninety million dollar with a target of interesting Ebitda margin. Therefore our group will become one of the most important players in the US ceramic market, guaranteeing outstanding possibilities of growth both in dimension and in profitability”.



After the completion of the acquisition, Panariagroup, with 7 production plants (3 in Italy, 2 in Portugal, 2 in the United States), 7 commercial brands (4 in Italy, 2 in Portugal, 1 in the United States) and 1.900 employees, strengthens its organization and capabilities in manufacturing and distributing floor and wall ceramic tiles for the high-end and deluxe market segment.

Carlo Daveri and Gilberto Baj Macario, partners of Fineurop Soditic as a financial advisors and Labruna Mazziotti Segni and Kirkland & Ellis advised Panariagroup in the carrying out of Florida Tile deal.

## **Contacts**

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