



PRESS RELEASE

Panariagroup Industrie Ceramiche S.p.A.: The Board of Directors approved the interim report on operations at 30 September 2012.

- Consolidated net revenue on sales and services at 216.5 million euros.
- EBITDA of 14.4 million euros.
- Consolidated profit for the period of 0.4 million euros.

The Board of Directors of Panariagroup Industrie Ceramiche S.p.A., which produces and distributes luxury and high-end ceramic floor and wall covering material, today approved the interim report on operations at 30 September 2012, drafted in line with international financial reporting standards (IFRS).

The results for the third quarter of 2012 confirm the main trends that emerged in the previous quarters, in terms both of sales and economic results.

Despite the extremely difficult conditions present on a number of the main reference markets, the Group was able to contain the drop in turnover, thanks to the growth achieved in other areas, such as Asia and America.

As regards profit margins, the results for the period provide confirmation of the negative effects brought about by the increase in energy costs and by the drop in volumes produced compared to the previous year, largely as a result of the earthquake that hit the factory in Finale Emilia.

MAIN ECONOMIC INDICATORS

(000/euros)

Nature	30/09/2012	30/09/2011	Change €
Revenue from sales and services	216.471	220.261	(3.790)
Value of production	218.445	227.173	(8.728)
EBITDA	14.392	19.592	(5.200)
EBIT	115	4.923	(4.808)
Consolidated net profit	438	278	160

“The results obtained in the first nine months of 2012 – said **Emilio Mussini, Chairman of Panariagroup** – demonstrate the efficacy of the strategy adopted by Panariagroup, involving the differentiation of risk through balanced growth on a number of different reference markets. This strategy has allowed the excellent results recorded in North America to compensate for the falls registered on European markets.”

“The Group – continued **Mussini** – intends to continue to pursue this strategy over the coming months, with the aim of achieving further growth on those markets that offer the highest potential for development and of maintaining our market share in those areas where macroeconomic prospects are less encouraging.”



REVENUE

Net revenue from sales amounted to 216.5 million euros, down 1.7% compared to 220.3 million euros at 30 September 2011.

Sharply marked differences can be observed in the Group's main reference markets, with excellence performance recorded in North America and Asia contrasting with the significant drop recorded in the traditional European markets.

EUROPE – The European market shrank overall by 13%, with an overall drop in turnover of about 36%. The country experiencing greatest difficulty is Portugal, where consumption is currently conditioned by the austerity measures adopted by the government there to contain public debt, but also in difficulty are France, Belgium and the Netherlands. In Eastern Europe, on the other hand, there has been no drop in turnover, and a particularly positive note is to be observed as regards performance in Spain.

ITALY – The Italian market, which accounts for 26% of total revenue, registered a drop of about 15%, with a €9.7 million decrease in turnover. This result was due to a considerable deterioration of macro-economic conditions in the sector; according to the figures recently provided by Confindustria Ceramica, the overall decrease in sales on the domestic market was around 17%.

USA – The USA has become the Group's main market, with growth of over 25% achieved. This rise in turnover is principally due to the results achieved by Florida Tile, which has further consolidated the positive performance evident in the previous quarters. On this market, the main prospect indicators (housing starts and building permits) remain encouraging, so expectations remain positive also for the coming months. North American markets account for 29% of the total.

ASIA, OCEANIA AND AFRICA – These markets have maintained high growth rates, exceeding 20%. In these areas, there have been especially significant increases in turnover in the Middle East, Singapore, Japan and South Africa. These markets account for 9% of the total.

PROFIT MARGINS

EBITDA equalled 14.4 million euros, accounting for 6.6% of the Value of Production, compared to 19.6 million euros at 30 September 2011

These figures confirm the main elements that characterised the change in profit margins compared to the previous year, and which had already been highlighted in the first six months of the year:

- a significant drop in the volumes produced compared to 2011 following the temporary closure of the plant in Finale Emilia, as a result of the serious earthquake that hit the Emilia area in May 2012. On this subject, it should be noted that the manufacturing systems in the plant became fully operative again as of the end of August;
- significant rise in energy costs for the European business units, with increases of about 25%;
- drop in turnover of the Italian and Portuguese business units, and thus lower profit margins;



- significant increase in profits in the American business unit as a result of the excellent growth in turnover, combined with the reduction in production costs and the focus on medium-high end products.

EBIT stood at 0.1 million euros (4.9 million euros at 30 September 2011).

During the quarter, the economic damage suffered following the earthquake was re-assessed in the light of the reasonable certainty of this damage being covered through insurance payouts and payouts from the State, also in consideration of the recent measures issued by the Government to support the businesses and areas affected by the earthquake.

Following these reconsiderations, the Group is believed to be reasonably certain to fully recover the "direct damage" caused by the serious earthquake on 20 May 2012.

On the other hand, it must be noted that the 2012 income statement has been penalised to a considerable extent by "indirect damage", the most significant of which include

- the drop in production in the Finale Emilia plant, where operations were halted for 2 months, and where the systems did not become fully operative and efficient until the end of August;
- the slowdown in deliveries and the consequent reduction in the turnover of the Italian business unit;
- the increased effort required on the part of the whole workforce in Finale Emilia in order to overcome the complex technical and organisational difficulties caused by the earthquake, to the partial detriment of their ordinary activities;
- the depreciation and rent of the Finale Emilia facility, payable in full even during the months following the earthquake in which production was either suspended or slowed down.

CONSOLIDATED NET RESULT

The consolidated profit for the period equalled 0.4 million euros, basically in line with 30 September 2011.

FINANCIAL POSITION

The net financial position at 30 September 2012 was negative for €92.5 million, up about €3 million on 30 June 2012. During the nine months, the significant investments in the Group's plants had a considerable impact.

NET EQUITY

The Group's net equity at 30 September 2012 stood at 153.6 million euros.



BUSINESS OUTLOOK

The third quarter of the year substantially confirmed all the main dynamics that characterised 2012, with the unfavourable conditions persisting on European markets and contrasting with particularly interesting growth rates in North America and Asia.

A clear turnaround in this situation is not expected over the coming months, so the Group's efforts will be focused on maximising the opportunities for growth in those areas where forecasts are more favourable and on optimising the resources destined for monitoring and maintaining market shares in the areas where prospects are less positive.

Process of regulatory simplification adopted by Consob with Resolution no. 18079 of 20 January 2012

The Company today approved a resolution to adhere to the regulatory simplification process adopted by Consob with Resolution no. 18079 of 20 January 2012 and which came into force on 6 August 6 2012, by virtue of which listed companies may avail themselves of the option contemplated in article 70, para. 8, and article 71, para.1-bis of the regulation adopted by Consob with regulation no. 11971/1999, exercising the right of exemption to the obligation to prepare and publish an Information Document drafted in accordance with Annex B of the aforesaid regulation, on the occasion of transactions that lie outwith set parameters of significance (such as a merger, split-off, share capital increase through contribution in kind, acquisitions and disposals).

Statement by the Executive in charge of drafting corporate accounts

Pursuant to paragraph 2 of article 154-bis of the Consolidated Finance Law, the Executive in charge of drafting corporate accounts, Mr. Damiano Quarta, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Annexes: Consolidated Balance Sheet and Income Statement for the year

Contacts: Barabino & Partners
Claudio Cosetti
c.cosetti@barabino.it
Tommaso Filippi
t.filippi@barabino.it
Tel. 02/72.02.35.35
Fax 02/89.00.519

Milan, 29 November 2012



Income statement: comparison between 30 September 2012 and 30 September 2011

(in thousands of Euro)

CUMULATED	September 30, 2012		September 30, 2011		var.
		%		%	
Revenues from sales and services	216,471	99.10%	220,261	96.96%	(3,790)
Change in inventories of finished products	(2,745)	-1.26%	2,914	1.28%	(5,659)
Other revenues	4,544	2.08%	3,998	1.76%	546
Value of Production	218,445	100.00%	227,173	100.00%	(8,728)
Raw, ancillary and consumable materials	(59,130)	-27.07%	(62,600)	-27.56%	3,470
Services, leases and rentals	(90,764)	-41.55%	(90,110)	-39.67%	(654)
Personnel costs	(52,660)	-24.11%	(52,988)	-23.32%	328
Change in inventories of raw materials	545	0.25%	384	0.17%	161
Other operating expenses	(2,044)	-0.94%	(2,267)	-1.00%	223
Cost of production	(204,053)	-93.41%	(207,581)	-91.38%	3,528
Gross operating profit	14,392	6.59%	19,592	8.62%	(5,200)
Amortisation and depreciation	(12,925)	-5.92%	(12,827)	-5.65%	(98)
Provisions and impairments	(1,352)	-0.62%	(1,842)	-0.81%	490
Net operating profit	115	0.05%	4,923	2.17%	(4,808)
Financial income and expense	(2,693)	-1.23%	(2,535)	-1.12%	(158)
Pre-tax profit	(2,578)	-1.18%	2,388	1.05%	(4,966)
Income taxes estimated	3,016	1.38%	(2,110)	-0.93%	5,126
Net profit for the period	438	0.20%	278	0.12%	160

CONSOLIDATED FINANCIAL STATEMENTS

	September 30, 2012	June 30, 2012	December 31, 2011	September 30,2011
Inventories	141,639	143,301	142,134	138,169
Accounts Receivable	80,661	91,861	82,997	85,810
Other current assets	18,118	13,908	6,436	5,979
CURRENT ASSETS	240,418	249,070	231,567	229,958
Accounts Payables	(65,221)	(66,920)	(62,306)	(58,392)
Other current liabilities	(28,786)	(27,920)	(26,506)	(28,632)
CURRENT LIABILITIES	(94,007)	(94,840)	(88,812)	(87,024)
NET WORKING CAPITAL	146,411	154,230	142,755	142,934
Goodwill	12,789	12,789	12,789	12,789
Intangible assets	2,452	2,578	2,697	2,734
Tangible assets	93,805	95,715	92,221	88,937
Equity Investments and other financial fixed assets	361	9	5	5
FIXED ASSETS	109,407	111,091	107,712	104,465
Receivables due after the following year	268	276	261	267
Provisions for termination benefits	(5,959)	(5,973)	(6,175)	(6,320)
Provisions for risks and charge and deferred taxes	(611)	(6,169)	(2,381)	(5,804)
Other payables due after the year	(3,345)	(3,353)	(4,045)	(581)
ASSETS AND LIABILITIES DUE AFTER THE YEAR	(9,647)	(15,219)	(12,340)	(12,438)
NET CAPITAL EMPLOYED	246,171	250,102	238,127	234,961
Short term financial assets	(3,903)	(2,388)	(3,101)	(3,205)
Short term financial debt	47,543	46,767	49,316	37,900
NET SHORT TERM FINANCIAL DEBT	43,640	44,379	46,215	34,695
Mid-long term financial debt	48,879	51,077	38,659	49,993
NET FINANCIAL POSITION	92,519	95,456	84,874	84,688
Group Shareholders' Equity	153,652	154,646	153,253	150,273
SHAREHOLDERS' EQUITY	153,652	154,646	153,253	150,273
TOTAL SOURCES OF FUNDS	246,171	250,102	238,127	234,961