



## PRESS RELEASE

### **Panariagroup Industrie Ceramiche S.p.A.: today's Shareholders' Meeting approved the financial statements for the year ended 31 December 2013**

The Ordinary Shareholders' Meeting of Panariagroup Industrie Ceramiche S.p.A., a Group which produces and sells ceramic materials for floor and wall coverings in the high end luxury market, was held today on a single call and approved the following matters on the agenda:

#### **Approval of the financial statements for the year ended 31<sup>st</sup> December 2013**

The Shareholders' meeting of Panariagroup approved the Financial Statements for the year ended 31<sup>st</sup> December 2013.

During the course of 2013, international economic activity was characterized by different scenarios in different geographical areas; a decrease in growth rates in emerging markets was accompanied by a confirmation of the trend of economic recovery in North America while the recession within the Eurozone has continued.

In this context, the revenues of Panariagroup had a slight decrease, thanks to the good trend of sales in US Business Unit that partially balanced the difficulties of the European Business Units.

The economic result of the year was partly influenced by a decrease in revenues but, in particular, reflects the managerial policies that were implemented with determination in 2013 and which aimed to achieve efficient financial management of the company and were realized through an organizational rationalization of the Portuguese Business Unit as well as a significant decrease in the productive activities of European plants in order to decrease net working capital.

It should be noted that this policy allowed us to reduce net working capital by Euro 17 million, with an improvement of the net financial position despite an unsatisfactory economic result.

An important restructuring operation was applied to the Portuguese Business Unit, involving the productive, logistical and commercial departments; this operation will allow significant savings starting from 2014.

The results for the year ended 31<sup>st</sup> December 2013 are summarised below:

- Net revenues equal to 273.0 million euros, -2.8% from 2012 (280.8 million euros)
- Gross operating profit equal to 14.0 million euros (21.1 million euros in 2012)
- Net operating profit equal to -6.8 million euros (-5.5 million euros in 2012)
- Net loss amounts to 7.9 million euros (profit of 1.6 million euros in 2012)

With respect to the Italian parent company, Panariagroup Industrie Ceramiche S.p.A., which achieved a net profit for the year of Euro 3,749,874, the Shareholders' Meeting approved the proposal submitted by the Board of Directors regarding the allocation of the net profit for the year as follows:

- 5% to the legal reserve;
- the balance to the extraordinary reserve.

**Remuneration report; resolutions pursuant to art. 123-ter, paragraph 6, of  
Legislative Decree no. 58 of 24 February 1998.**

Furthermore, pursuant to art. 123-ter, paragraph 6, of Legislative Decree no. 58 of 24/2/1998, the Shareholders' Meeting approved the first section of the Report on Remuneration, which sets out the Company's policy on the remuneration of the members of the administrative bodies, of the general managers and of managers with strategic responsibilities. The report on remuneration is available on the Company's website [www.panariagroup.it](http://www.panariagroup.it).

**Appointment of Members of Board of Director for the financial years 2014 to 2016**

Following the expiration of the previous engagement, pursuant to art. 21 of the Articles of Association, the Shareholders' Meeting, fixed the number of members of the Board of Directors in 9 members and, with a voting list system, appointed the new members, that will remain in charge for 3 years (2014-2016) until the approval of the Financial Statement as of 31<sup>st</sup> December 2016.

The Board of Directors is thus comprised of Mr. Emilio Mussini, Mr. Giuliano Mussini, Mr. Paolo Mussini, Ms. Giovanna Mussini, Mr. Giuliano Pini together with Ms. Sonia Bonfiglioli (as Independent Member), Mr. Enrico Palandri (as Independent Member), Mr. Paolo Onofri (as Independent Member), all appointed from the list submitted by the shareholder Finpanaria S.p.A. that obtained in the Shareholders' Meeting an higher number of votes and Mr. Roberto Tunioli (as Independent Member), appointed from the list submitted by the shareholder Equilybra Capital Partners S.p.A. that obtained in the Shareholders' Meeting a lower number of votes.

It should be noted that the curricula of the newly appointed members of the Board of Directors have been deposited, together with the lists of nominations to the Board of Directors, with the Company and is available on the website [www.panariagroup.it](http://www.panariagroup.it).

The Shareholders' Meeting determined a maximum yearly gross amount of Euro 655,000 as fixed share of the remuneration for the fiscal year 2014, and a maximum yearly gross amount of Euro 210,000 as variable share for the fiscal year 2014, this one only for the Executive Directors.

## **Renewal of the authorisation to purchase and sell treasury shares**

Lastly, the Panariagroup Shareholders' Meeting renewed the authorisation granted to the Board of Directors to purchase and sell treasury shares, up to the date of approval of the financial statements for the year ending 31<sup>st</sup> December 2014, in accordance with the legal and regulatory provisions applicable from time to time and the regulations issued by Borsa Italiana S.p.A., as well as EU rules on such matters. Upper limits were set, in terms of numbers, of 4,535,529 ordinary shares of a nominal value of Euro 0.50 each and, in terms of value, of the amount of distributable reserves reported by the latest approved financial statements. However, at any time, the treasury shares may not exceed 20% of the share capital.

As of today, the Parent Company Panariagroup Industrie Ceramiche S.p.A. holds 432,234 treasury shares (equal to 0.953% of share capital); the Company's subsidiaries do not hold any shares in their parent company.

Any purchases will have to be made on the market; purchases made for Stock Option Programs, have to be made at a price not higher than the official market price of the shares quoted during the trading day prior to each transaction and not lower of 20% than the official market price of the shares quoted during the trading day prior to each transaction, while, for the other kind of purchases, at a price not higher and not lower both of 20% than the official market price of the shares quoted during the trading day prior to each transaction.

The maximum outlay for the purchase of treasury shares may not exceed the distributable reserves shown in the latest approved financial statements.

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. In accordance with art. 5 of EU Regulation 2273/2003, this limit can be exceeded in the event of very low liquidity on the market, at the conditions foreseen in the regulation; in any case, the maximum number of treasury shares that can be bought on any one day cannot exceed 50% of the daily average volume.

The authorisation was renewed as a suitable means of pursuing the Company's interests for the purposes permitted by applicable law, such as, for example, to provide incentives for collaborators, employees and directors of the Company and/or its subsidiaries and to increase their sense of loyalty to the firm; to meet commitments deriving from debt instruments that can be converted into or exchanged for shares; to carry out extraordinary or strategic operations for the Company involving the exchange of shares or payment of the consideration in shares; or to carry out subsequent purchases and sales within the limits of permitted market practice, inclusive of transactions to support market liquidity; to realize operations of sale, exchange, contribution and each act of disposal of treasury shares for the acquisition of investments and/or fixed assets and/or the conclusion of agreements (also commercial) with strategic partners, and/or to realize industrial projects or extraordinary finance operations, that are part of the expansion objectives of the Company and of the Group.

\*\*\*\*\*

It should also be noted that the Board of Directors held a meeting immediately after the Shareholders' Meeting where appointed, for the 2014 financial year and up to the approval of the financial statements for the year ending 31 December 2014, Emilio Mussini as Chairman of the Board of Directors, Giuliano Mussini and Giovanna Mussini as Deputy Chairpersons and Giuliano Pini as Managing Director and General Manager, as well as Paolo Mussini as Managing Directors of the Cotto d'Este/Blustyle Divisions, while the Lea, Panaria, Fiordo and Panariatrade Divisions are direct responsibility of the Chairman Emilio Mussini.

With the prior agreement of the Board of Statutory Auditors, the Board of Directors also reconfirmed, for the 2014 financial year and up to the approval of the financial statements for the year ending 31 December 2014, Mr Damiano Quarta as Financial Reporting Manager.

The Board of Directors appointed the Independent Member Mr. Paolo Onofri, as lead independent Director of the Company.

The Board of Directors resolved to establish two internal committees, the Remuneration Committee and the Controls and Risks Committee, this one also with the functions of Related Parties Committee and appointed as Members of the Control and Risks Committee Mr. Enrico Palandri (Chairman), Mr. Paolo Onofri, and Ms. Sonia Bonfiglioli until the expiration of their assignment as Directors of the Company.

In the same meeting, the Board of Directors has charged the Director Mr. Giuliano Pini to manage the Internal Control system and Risks Management system and has appointed as members of the Remuneration Committee Mr. Enrico Palandri (Chairman), Mr. Paolo Onofri and Ms. Sonia Bonfiglioli until the expiration of their assignment as Directors of the Company.

As recommended by the Corporate Governance Committee, regarding the Independence requirement of the Directors, it has also to be noted that the Board of Directors: (i) has evaluated the presence of these requirements, pursuant to D.Lgs. 24 February 1998, n.58 and in agreement with the Self-Disciplined Code of the Listed Companies, encouraged by Borsa Italiana S.p.A. of the Members Mr. Roberto Tunioli, Ms. Sonia Bonfiglioli, Mr. Enrico Palandri and Mr. Paolo Onofri; and (ii) has conformed to the recommendations of the Self-Disciplined Code of the Listed Companies on the definition of Independence of the Directors adopting the criteria of the prevalence of the substance above the form.

It has also to be noted that the Board of Directors has evaluated the current Related Parties Procedure, approved by the Board of Directors of the Company as of 12 November 2010, following the recommendation included in the Consob Communication n.DEM/10078683 dated 24<sup>th</sup> September 2010. The result of the evaluation of the procedure, with the prior agreement of the Related Parties Committee, entirely composed by Independent Directors, is positive in term of completeness and effectiveness and so, it was decided to make only the changes necessary to adequate it to the modifications of the Self-Disciplined Code generated in the month of December 2011.

In accordance with art. 154-bis, paragraph 2, of Legislative Decree no. 58 of 24 February 1998, the Financial Reporting Manager of Panariagroup Industrie Ceramiche S.p.A., Mr Damiano Quarta, declares that the accounting information contained in this press release agrees with the books of account, accounting entries and supporting documentation.

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

\*\*\*\*

The financial statements for the year ended 31 December 2013 of Panariagroup Industrie Ceramiche S.p.A., together with the directors' report, the report of the Board of Statutory Auditors and the report of the independent auditors, the consolidated financial statements for the year ended 31 December 2013 as well as the reports of the directors 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)) and may also be consulted on the Company's website [www.panariagroup.it.com](http://www.panariagroup.it.com), in accordance with the law.

\*\*\*\*

In compliance with art. 125-quater, paragraph 2, of the Consolidated Finance Act and with art. 77, paragraph 3, of the Issuers' Regulation, a summary 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. The minutes of the Shareholders' Meeting will be made available to the public, within 30 days of the date of the Shareholders' Meeting, in the same manner.

\*\*\*\*

Investor Relations: Renato Martelli Tel. +39 0536 915211 Fax +39 0536 915204  
[Renato.martelli@panariagroup.it](mailto:Renato.martelli@panariagroup.it)