



## **PRESS RELEASE**

**GRANITIFIANDRE: growth in both operating revenues and margins the first nine months and the third quarter with:**

- **Group Revenues of Euro 148 million (+5.1%), Euro 48.7 million in Q3 (+6.6%);**
- **EBITDA at Euro 20.7 million (+22.4%), Euro 6.8 million in Q3 (+24.2%);**
- **EBIT at Euro 8.9 million (+27.3%), Euro 3.0 million in Q3 (+40.5%).**

**Continued strong improvement in the net financial position, going from Euro -41.7 million as at December 31, 2009 to Euro -30.9 million at September 30, 2010, thanks to operating cash flow of over Euro 17 million and Euro 9.8 million in Q3 alone.**

**Prestigious orders acquired in the quarter for the supply of “Active Clean Air & Antibacterial Ceramic™” materials, including for the FIAT Mirafiori Motor Village and the new headquarters of Granarolo. In Japan, two significant orders were acquired for the supply of slabs for the new “Haneda” airport in addition to an order for a prestigious 5 star hotel in Tokyo.**

**Verdi: “Further growth forecast for the fourth quarter”.**

The Board of Directors of GranitiFiandre S.p.A. - world leader in the production and distribution of top of the range vitrified stoneware porcelain slabs alternative to quarry materials - listed on the STAR segment of the Italian Stock Exchange, today approved the Quarterly Report at September 30, 2010.

Volume growth continued with strong increases also in margins, with an Ebitda nearly reaching the FY 2009 level and a profit level five times greater - in addition to a significant improvement in the net financial position.

### **Financial highlights – 9M and Q3**

The GranitiFiandre Group, performing ahead of the general economy and the market sector, grew sales volumes both in the nine months and in the third quarter, thus increasing market share.

Consolidated revenues in the first nine months reached Euro 148.2 million, an increase of 5.1% on the same period of 2009. Strong revenue growth recorded in the third quarter (+6.6%).

Brand sales, although affected by a weak and volatile construction market, grew 7.2% in the first nine months and 10.5% in the third quarter.

The increase in overall volumes is due to stable sales volumes on the Italian market (+0.9% for brand materials) and Europe (-2.3%) – significant in a contracting market – but owing particularly to the extraordinary performance outside Europe (+20.8%) and by the American subsidiary StonePeak Ceramics Inc. which recorded revenue growth of 25% year-to-date.

In the first nine months of 2010 the GranitiFiandre Group further improved all profit indicators - both in absolute terms and in margin terms:

- EBITDA totalled Euro 20.7 million (+22.4%), a margin of 14% (Euro 6.8 million in Q3, +24.2%), with the parent company GranitiFiandre S.p.A. contributing Euro 9.5 million, StonePeak USD 8.1 million (Euro 5.9 million) and the German subsidiary Porcelaingres Euro 4.3 million.
- The EBIT amounted to Euro 8.9 million (+27.3%) with a margin of 6% - Euro 1.5 million greater than the EBIT for FY 2009 (Euro 3.0 million in Q3, +40.5%);
- The profit before taxes amounted to Euro 9.2 million, +74.3% compared to Euro 5.2 million in 9M 2009;
- The net profit totalled Euro 5.2 million compared to Euro 0.6 million in 9M 2009. The net profit in the first nine months was over five times greater than FY 2009 (Euro 1 million).

The net result in the third quarter 2010 was a loss of Euro 0.6 million. This result was significantly affected by exchange losses of Euro 1.5 million in the period. Excluding these losses, the net result in Q3 would have been a profit of approx. Euro 1 million.

In 9M 2010 exchange gains of Euro 1.2 million were however recorded, but due to the significant movements in the US Dollar in the third quarter these reduced from Euro 2.7 million in the first half year.

The net financial position improved substantially – by over Euro 10 million from debt of Euro 41.7 million at December 31, 2009 to Euro 30.9 million at September 30, 2010. In Q3 alone the improvement was Euro 7.6 million.

Group operating cash flow in the first 3 quarters was over Euro 17 million.

### **Developments**

The results, consistently improving throughout the year, are testament to the strategy undertaken to face the current difficult global economy: ongoing monitoring of costs and production efficiencies and continuous investment in innovation and the promotion of cutting-edge products.

Among the innovative products proving to be greatly appreciated by architects, designers and final consumers are:

- **“Active Clean Air & Antibacterial Ceramic™”**: the new Fiandre production method which combines high quality ceramic tiles with an active environmentally-friendly, antibacterial and “self cleaning” material capable of cleaning a large part of the harmful emissions – tested by the Tile Council of North America (TCNA) and by the Ceramic Centre of Bologna. The same research centre also tested that 1000 m<sup>2</sup> of the “ExtraWhite Active” tiles has the same capacity to reduce Nitrogen Oxide (NOx) as 20 fully grown trees.
- **“Extreme”**: in the revolutionary 150x75 size, this product responds to the demand of the design world to work with quarry-like products, not just for aesthetic reasons but also for the larger format offered.
- **“Serie 100”**: a collection which enables the production of large format slabs in an ecologically conscious manner, guaranteeing through special recycling techniques the best technical characteristics with 100% sustainability in terms of impact on the environment in the consumption of raw materials.



Affirming the high aesthetic and technological standards achieved by GranitiFiandre materials, the company was chosen as a partner of the Italian General Government Commission for the Universal Expo 2010 which took place in Shanghai between May 1 and October 31, 2010.

However the most resounding affirmation came from the market, with prestigious orders acquired in the quarter – including for example the supply of Active Clean Air & Antibacterial Ceramic™ brand materials for the FIAT Mirafiori Motor Village in Turin and the new headquarters of Granarolo in Bologna. In Japan, two significant orders were acquired in the third quarter for the supply of slabs for the new Haneda airport, in addition to an order for a prestigious 5 star hotel in Tokyo.

Subsequent to September 30, GranitiFiandre S.p.A. signed a preliminary contract for the sale of the company Technopose & Bedel Sas, a French 100% held subsidiary involved in the installation of porcelain slabs. In the first nine months of 2010 the company recorded revenues of Euro 3.8 million (Euro 4.9 million in the same period of 2009), an Ebitda loss of Euro 45 thousand (profit of Euro 329 thousand in 9M 2009) and a net loss of Euro 94 thousand (profit of Euro 164 thousand in 2009). The preliminary contract provides for the sale by November 2010 for a sales price of Euro 400 thousand. The holding in Technopose & Bedel Sas is recorded in the financial statements of GranitiFiandre for Euro 259 thousand, therefore on completion of the operation the parent company will record a gain of Euro 141 thousand.

Agreements were reached with the French company which will consolidate and develop commercial relations and assistance in installation services within France.

### **Directors powers**

The Board of Directors, given the important commitments on financial management and credit management, has decided to delegate to Mr. Tabellini the responsibility for the financial management of the company. Mr. Tabellini accepts the powers granted by the Board, renouncing at the same time at the responsibility of management control. Considering the importance of this task the Board of Directors, upon proposal of the President, Graziano Verdi, decided to transfer the powers of management control to the managing director Mr. Pifferi. The Board of Directors also resolved to confirm the powers previously conferred to the two directors, with the exception of course of the above.

### **Approval of the procedure regarding transactions with related parties**

The Board of Directors has approved the procedure for "Transactions with related parties" adopted in accordance with the provisions of art. 2391-bis of the Italian Civil Code, as recommended by art. 9.C.1 of the Code of Conduct for listed companies and of CONSOB Regulation on related parties approved by resolution No. 17 221 of March 12, 2010. The Board also established the Committee on related parties constituted by appointing the Independent Directors Roberto Nasi and Gianpiero Samorì. The text of the procedure adopted will be posted on the website of the company.



## **Outlook**

“Distributors and designers are warmly welcoming the innovative solutions we have launched in recent months – stated Graziano Verdi, Chairman and Chief Executive Officer of GranitiFiandre – and in particular materials such as Active and Extreme have seen increasing order numbers”.

“In addition to this, the results of the subsidiaries StonePeak in North America and Porcelaingres in Germany – added Verdi – are extremely encouraging with continued growth from the beginning of the year”.

“Therefore, while still remaining prudent in the current global economic environment – concluded Verdi – for the current year we forecast further growth in both revenues and profit margins”.

Contact: GranitiFiandre spa  
Tel. 0536/819750

Barabino & Partners  
Tel.: 02/72.02.35.35

Attachments: Financial Statements

The undersigned Dario Maggioni, executive responsible for the preparation of the corporate accounting documents of the company GranitiFiandre SpA, in relation to the press release on the Quarterly Report as at September 30, 2010, issued on 12/11/2010, declares and attests: in accordance with article 154 bis, paragraph 2 of the Finance Act, that the financial statements contained in the press release on the quarterly report, corresponds to the underlying accounting documents, records and accounting entries.

Executive responsible for the preparation of the corporate accounting documents  
Dario Maggioni

Castellarano (RE), November 12, 2010

---



## GRANITIFIANDRE

### Financial Statements

#### Reclassified Consolidated Income Statement

	Q3		9M		FY 09
	Q3 10	Q3 09	9M 10	9M 09	
Revenues	48,745	45,743	148,185	140,962	183,949
Change in inventories	(2,427)	(2,325)	(3,232)	(7,136)	(7,133)
Increase in internal work capitalised	5	111	5	637	638
Other revenues and income	2,655	2,182	7,633	6,947	9,399
<b>Value of production</b>	<b>48,978</b>	<b>45,711</b>	<b>152,592</b>	<b>141,411</b>	<b>186,853</b>
Purchases	(11,431)	(11,151)	(35,883)	(34,346)	(44,314)
Service and operating costs	(20,434)	(19,217)	(62,730)	(58,557)	(78,575)
Personnel costs	(10,272)	(9,837)	(33,306)	(31,622)	(42,491)
<b>EBITDA</b>	<b>6,841</b>	<b>5,506</b>	<b>20,673</b>	<b>16,886</b>	<b>21,474</b>
Amortisation & Depreciation	(3,544)	(3,308)	(10,793)	(9,442)	(12,769)
Provisions and write-downs	(319)	(79)	(938)	(420)	(1,223)
<b>EBIT</b>	<b>2,978</b>	<b>2,119</b>	<b>8,942</b>	<b>7,024</b>	<b>7,482</b>
Financial income/(charges)	(1,965)	(834)	214	(1,771)	(1,794)
<b>Profit before taxes</b>	<b>1,013</b>	<b>1,285</b>	<b>9,156</b>	<b>5,254</b>	<b>5,688</b>
Income taxes	(1,494)	(1,140)	(3,587)	(3,259)	(3,286)
<b>Net profit (loss) from continuing activities</b>	<b>(482)</b>	<b>145</b>	<b>5,568</b>	<b>1,994</b>	<b>2,403</b>
<b>Net loss from discontinued activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,506)</b>	<b>(1,506)</b>
<b>Net profit (loss)</b>	<b>(482)</b>	<b>145</b>	<b>5,568</b>	<b>488</b>	<b>897</b>
Net profit/(loss) pertaining to minority interest	(147)	(98)	(363)	108	57
<b>Group profit/(loss)</b>	<b>(629)</b>	<b>47</b>	<b>5,205</b>	<b>597</b>	<b>954</b>

**Reclassified consolidated balance sheet**

Description	30/09/10	31/12/09	30/09/09
<b>Fixed assets</b>			
Intangible assets	8,431	8,361	8,253
Tangible assets	121,430	123,627	124,403
Financial assets	5,281	5,993	5,789
<b>Total</b>	<b>135,142</b>	<b>137,981</b>	<b>138,445</b>
<b>Net working capital</b>		-0-	
Trade receivables	46,809	46,041	47,960
Other receivables	3,027	2,355	2,644
Tax receivables	9,695	11,774	10,159
Inventories	75,438	76,973	76,477
Trade payables	(54,832)	(56,820)	(59,991)
Tax payables	(4,051)	(3,030)	(3,295)
Other payables	(8,953)	(9,324)	(10,733)
<b>Total</b>	<b>67,133</b>	<b>67,968</b>	<b>63,221</b>
<b>Provisions for risks and employee leaving indemnity</b>			
Employee leaving indemnity provision	(6,544)	(6,686)	(6,664)
Provision for risks and other long-term liabilities	(2,286)	(2,223)	(1,665)
<b>Total</b>	<b>(8,830)</b>	<b>(8,909)</b>	<b>(8,329)</b>
<b>Capital employed</b>	<b>193,445</b>	<b>197,041</b>	<b>193,337</b>
<b>Net financial position</b>			
Cash and securities	(26,585)	(15,381)	(20,036)
Short-term financial payables	56,391	55,980	58,531
Medium/long term debt	1,171	1,128	1,070
<b>Total</b>	<b>30,977</b>	<b>41,727</b>	<b>39,565</b>
<b>Shareholders' equity</b>			
Share capital	18,431	18,431	18,431
Reserves	135,931	132,371	131,251
Group result	5,205	954	597
Minority capital and reserves	2,537	3,615	3,602
Minority interest result	363	(57)	(108)
<b>Total</b>	<b>162,468</b>	<b>155,313</b>	<b>153,772</b>
<b>Total sources of financing</b>	<b>193,445</b>	<b>197,041</b>	<b>193,337</b>

## Net Financial Position

Description	30/09/10	30/06/10	31/03/10	31/12/09
Cash and cash equivalents	20,761	21,871	11,427	15,181
Securities and short-term financial receivables	5,824	250	250	200
Related party loans - short term	(13,610)	(13,554)	(13,503)	(13,454)
Short-term bank payables & other lenders	(42,782)	(45,871)	(43,579)	(42,526)
<b>Net financial position – short term</b>	<b>(29,806)</b>	<b>(37,304)</b>	<b>(45,405)</b>	<b>(40,599)</b>
Medium/long term bank payables	(164)	(181)	(176)	(156)
Medium/long term – other lenders	(36)	(46)	(52)	(68)
Related party loans - long term	(971)	(1,061)	(999)	(904)
<b>Medium/long term net financial position</b>	<b>(1,171)</b>	<b>(1,287)</b>	<b>(1,227)</b>	<b>(1,128)</b>
<b>Net financial position</b>	<b>(30,977)</b>	<b>(38,591)</b>	<b>(46,632)</b>	<b>(41,727)</b>