



## **PRESS RELEASE**

**GRANITIFIANDRE: 2009 First Quarter Report approved by the BoD, including the consolidation of Hydrodesign, for which a preliminary sales contract was signed with Finart on May 4 for Euro 4.1 million.**

**Positive the operating cash flow in the quarter of Euro 3 million.**

**Positive the quarterly results, in spite of the global economic downturn:**

- **Consolidated revenues of Euro 45.8 million (-5.3% on 2008); 47.6 million (-9.6% on 2008) with Hydrodesign;**
- **Brand revenues slightly decreased by 3.2% compared to an estimated drop in the market over 20%;**
- **Ebitda of Euro 4.1 million (Euro 6.9 million in 2008); 3.6 million (Euro 7.5 million in 2008) with Hydrodesign.**

**Verdi: “Good results in terms of turnover for StonePeak in the US (+5.4%) and Porcelaingres in Germany (+3.7%); in the next quarter we strive to improve these results - in fact revenues grew in the first 40 days of the second quarter by 18.6% and 9.3% respectively.”**

The Board of Directors of GranitiFiandre, 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, has today under the chairmanship of Graziano Verdi approved the Quarterly Report as at March 31, 2009.

The consolidated results of the GranitiFiandre Group also include the results of the subsidiary Hydrodesign S.r.l., for which, as announced on May 7, a preliminary sales contract was signed for the 50% stake to Finart, holding company of Gammadue.

Hydrodesign, company operating in the water-jet cutting of vitrified stoneware segment (with approx. 200 employees, a turnover of Euro 17.2 million in 2008, an EBITDA of Euro 1.8 million, with a negative financial position of Euro 1.8 million as at March 31, 2009 and recorded at a carrying value in the accounts of GranitiFiandre of Euro 3.6 million) was sold for a price of Euro 4.1 million.

### **First Quarter 2009**

The results in the first quarter of the year, in consideration of the backdrop of the extraordinary and difficult global downturn, can be certainly considered positive even because the sales volumes and margins, although contracting, are strongly against the trends of the market sector as well as the global economy, supported in addition by good cash flow generated from operating activity and consequent improvement in the financial position.

Consolidated sales in the quarter amounted to Euro 47.6 million, a fall of 9.6% compared to Euro 52.7 million in the first quarter of 2008. Excluding the revenues from Hydrodesign, which will be deconsolidated in the next quarter, the pro-forma revenues amount to Euro 45.7 million - a limited decrease of 5.3%.

Turnover continued to grow of the German subsidiary Porcelaingres (+3.7%) in the quarter and of the US subsidiary StonePeak (+5.4%), strongly against the market trends.



Brand revenues decreased by 3.2%, which is considered positive as it is estimated that the market recorded a drop over 20% in the first quarter of 2009.

The Ebitda, excluding Hydrodesign, amounted to Euro 4.1 million (8.9% of revenues); including Hydrodesign, the Ebitda amounted to Euro 3.6 million (Euro 7.5 million in the same period of 2008) and a revenue margin of 7.6%.

Contributing to the Ebitda, in addition to the parent company GranitiFiandre S.p.A. for Euro 2.5 million, was the American group StonePeak for USD 700 thousand and the German subsidiary Porcelaingres for Euro 1.1 million.

The Ebit in the first quarter, excluding Hydrodesign, was Euro 800 thousand. Inclusive of this company, the Ebit amounts to Euro 100 thousand.

The net debt improved at March 31, 2009 to Euro 53.0 million (Euro -51,2 million without Hydrodesign) compared to Euro 53.5 million at December 31, 2008, thanks to cash flow generated from operating activities in the first quarter of approx. Euro 3 million. The Free Cash Flow in the first quarter of 2009 was positive for approx. Euro 0.5 million after intangible and tangible investments totalling Euro 3.2 million.

### **Outlook**

In the coming months, an important investment will be completed (Euro 12 million) relating to the new production line for large formats of 150 cm x 75 cm which will permit the development of greater industrial margins to the classic high-end collections of GranitiFiandre.

“Even in 2009 we expect positive returns from the investments – confirmed Graziano Verdi, Chairman and Chief Executive Officer of GranitiFiandre – and we believe that the growth in sales in our US and German subsidiaries in the first 40 days of the second quarter (+18.6% and +9.3% respectively) and an improvement of the results of the parent company (-21.9% in the first quarter, -12% in the first 40 days of the second quarter) well represent the strength, also perspective, of the Granitifiandre Group”.

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The executive responsible for the preparation of the corporate accounting documents, Dario Maggioni, declares in accordance with article 154 bis, paragraph 2, of the Consolidated Finance Act, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.

The Executive Responsible for the preparation  
of corporate accounting documents

Dario Maggioni

Attachments: Financial statements

Castellarano (RE), May 15, 2009

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GRANITIFIANDRE  
Financial Statements

**Reclassified Consolidated Income Statement**

*In Euro thousand*

Description	Quarter		
	03/31/09	03/31/08	12/31/08
Revenues	47,571	52,634	219,393
Changes in inventory	(2,211)	4,713	12,018
Increase in internal work capitalised	191	19	22
Other revenues and income	2,043	1,749	8,471
<b>Value of production</b>	<b>47,594</b>	<b>59,115</b>	<b>239,903</b>
Purchases	(12,126)	(16,553)	(64,034)
Services and operating costs	(20,061)	(22,733)	(97,762)
Personnel costs	(11,776)	(12,293)	(48,010)
<b>EBITDA - Gross operating result</b>	<b>3,632</b>	<b>7,536</b>	<b>30,097</b>
Amortisation & depreciation	(3,315)	(3,260)	(13,912)
Provisions & write-downs	(216)	(27)	(1,582)
<b>EBIT - Operating result</b>	<b>101</b>	<b>4,249</b>	<b>14,603</b>
Net financial incomes (charges)	8	(1,476)	(2,286)
<b>Result before taxes</b>	<b>109</b>	<b>2,773</b>	<b>12,317</b>
Income taxes	(344)	(1,618)	(5,784)
<b>Net result before minority interest share</b>	<b>(235)</b>	<b>1,155</b>	<b>6,533</b>
Minority interest share	272	(109)	(385)
<b>Group result</b>	<b>37</b>	<b>1,046</b>	<b>6,147</b>



## Pro-forma Reclassified Consolidated Income Statement

*In Euro thousand*

Description	Quarter		
	03/31/09	03/31/08	12/31/08
Revenues	45,727	48,296	203,828
Changes in inventory	(2,175)	4,794	12,290
Increase in internal work capitalised	191	19	19
Other revenues and income	2,023	1,672	8,277
<b>Value of production</b>	<b>45,766</b>	<b>54,781</b>	<b>224,414</b>
Purchases	(11,591)	(15,585)	(60,563)
Services and operating costs	(19,366)	(21,445)	(92,870)
Personnel costs	(10,724)	(10,863)	(42,790)
<b>EBITDA - Gross operating result</b>	<b>4,084</b>	<b>6,889</b>	<b>28,192</b>
Amortisation & depreciation	(3,143)	(3,090)	(13,168)
Provisions & write-downs	(173)	(27)	(1,579)
<b>EBIT - Operating result</b>	<b>768</b>	<b>3,771</b>	<b>13,444</b>
Net financial incomes (charges)	42	(1,436)	(2,133)
<b>Result before taxes</b>	<b>810</b>	<b>2,335</b>	<b>11,311</b>
Income taxes	(484)	(1,412)	(5,405)
<b>Net result before minority interest share</b>	<b>326</b>	<b>924</b>	<b>5,907</b>
Minority interest share	272	(109)	(387)
<b>Group result</b>	<b>598</b>	<b>815</b>	<b>5,520</b>



## Reclassified Consolidated Balance Sheet

*In Euro thousand*

Description	3/31/09	12/31/08	3/31/08
<b>Fixed assets</b>			
Intangible	10,638	10,374	10,633
Tangible	132,958	130,243	121,321
Financial	2,681	2,685	1,480
<b>Total</b>	<b>146,277</b>	<b>143,303</b>	<b>133,434</b>
<b>Net working capital</b>			
Trade receivables	55,278	57,584	58,239
Other receivables	3,888	2,886	3,854
Tax credits	12,328	13,005	11,271
Inventories	84,618	85,554	75,279
Trade payables	(61,801)	(63,577)	(61,573)
Tax payables	(3,641)	(4,519)	(3,925)
Other payables	(9,425)	(9,733)	(11,703)
<b>Total</b>	<b>81,245</b>	<b>81,200</b>	<b>71,441</b>
<b>Provisions for risks and employee leaving indemnity</b>			
Provisions for employee leaving indemnity	(7,383)	(7,564)	(8,007)
Prov. for risks/other long term liabilities	(1,821)	(1,745)	(1,516)
<b>Total</b>	<b>(9,204)</b>	<b>(9,309)</b>	<b>(9,524)</b>
<b>Capital employed</b>	<b>218,319</b>	<b>215,194</b>	<b>195,351</b>
<b>Net financial position</b>			
Cash and securities	(9,587)	(8,643)	(13,609)
Short-term loans payables	59,834	59,272	52,756
Medium long-term loans payables	2,753	2,827	3,214
<b>Total</b>	<b>52,999</b>	<b>53,456</b>	<b>42,362</b>
<b>Shareholders' equity</b>			
Share capital	18,431	18,431	18,431
Reserves	140,155	130,342	126,810
Group result	37	6,147	1,046
Minority interest capital and reserves	6,969	6,433	6,594
Minority interest result	(272)	385	109
<b>Total</b>	<b>165,320</b>	<b>161,738</b>	<b>152,990</b>
<b>Total source of financing</b>	<b>218,319</b>	<b>215,194</b>	<b>195,351</b>



## Net financial position

*In Euro thousand*

Description	3/31/09	12/31/08	3/31/08
Cash and banks	9,319	8,376	12,850
Securities and short-term financial receivable	268	268	759
Related parties loans - short term	(13,283)	(13,194)	(12,692)
Short-term bank payables & other lenders	(46,551)	(46,078)	(40,065)
<b>Net financial position - short term</b>	<b>(50,246)</b>	<b>(50,629)</b>	<b>(39,148)</b>
Medium/long term bank payables	(211)	(210)	(243)
Medium/long term - other lenders	(1,722)	(1,813)	(2,122)
Related parties loans - long term	(819)	(804)	(849)
<b>Total medium/long term</b>	<b>(2,753)</b>	<b>(2,827)</b>	<b>(3,214)</b>
<b>Net financial position</b>	<b>(52,999)</b>	<b>(53,456)</b>	<b>(42,362)</b>