



GRANITI **F** IANDRE®

February 2004

Granitifiandre is

The market leader manufacturer of full-body, top-of-the-range vitrified stoneware porcelain

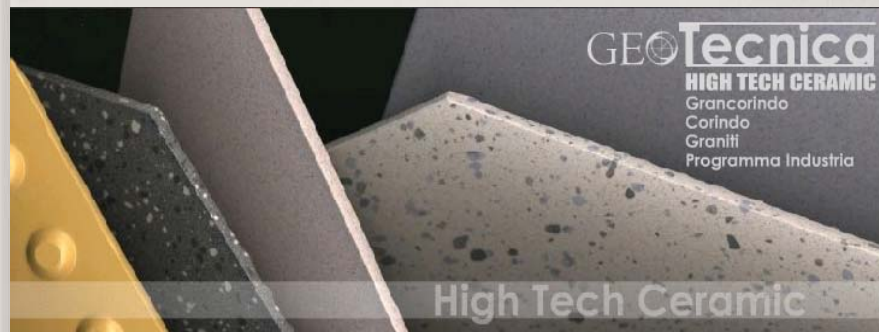
Granitifiandre wants to become

The market leader alternative to quarried marble, stone and granite

The two collections

Geologica

Launched in 1998 offering the most technologically advanced and aesthetically pleasing material available to the international architectural market



Geotecnica

The traditional brand for material characterised by high technical features

The top line product: Geologica

The best alternative to marble, granite and stone because:

- it is a unique product considering the combination of aesthetical and technological features like:
 - 2-3 times lower absorbency rate;
 - breaking strength 2.5 times higher than granite and 7-8 times higher than marble;
 - 3 times greater deep abrasion resistance;
 - acid resistance
- better price to quality and versatility relation
- minimal environmental impact

Worldwide references



Shopping Mall, Utha (USA)



Hotel Crowne Plaza - Geneve,CH



Shopping Mall, (Canada)



Pharmacy Firenze (Italy)

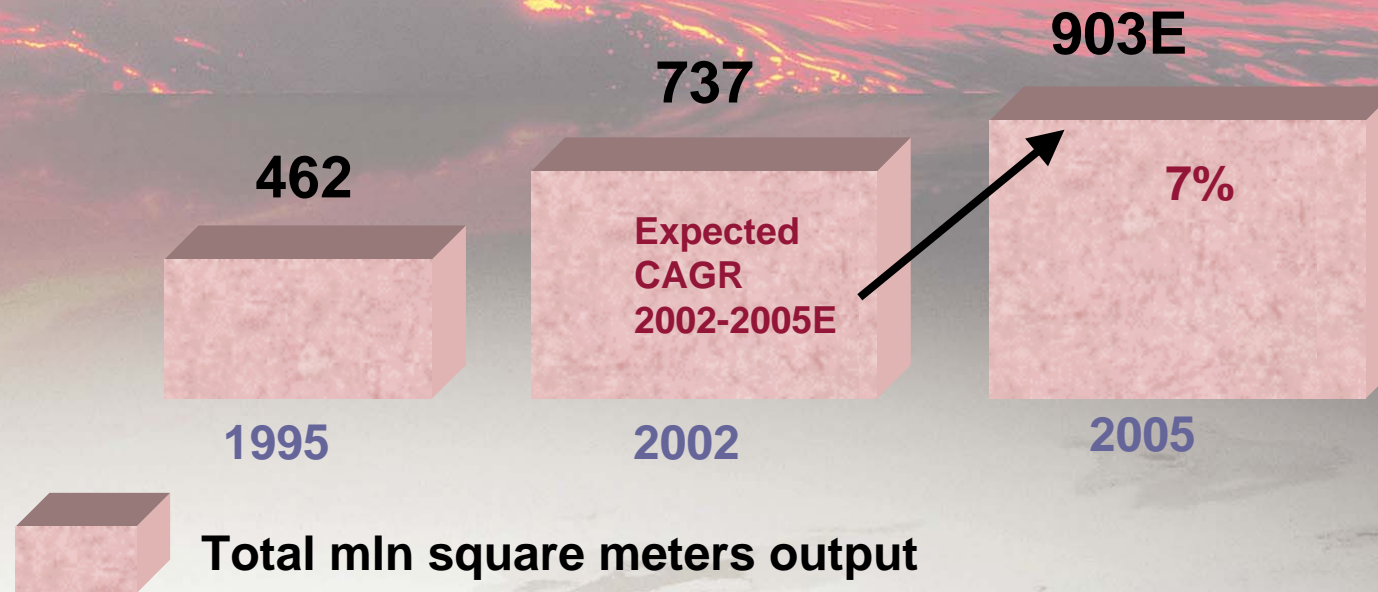


Porsche, Leipzig (D)



Imperial War Museum (UK)

The Stone Marble and Granite Industry



Total consumption 2002 vs 2001 +3,8%

Thanks to **Geologica**, Granitifiandre can profit from the growth of the quarried marble and granite market

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Source: Stone 2003. Quarrying restrictions not considered

Stone and Marble Industry

2002 consumption in Granitifiandre's main served markets

Thousand sqm

	TOTAL CONSUMPTION		GRANITIFIANDRE		MARKET SHARE
	2002	02 vs 01	2002	02 vs 01	
Italy	59.980	0,3%	1.711	12,6%	2,9%
United States	53.410	5,2%	855	10,5%	1,6%
Spain	42.870	- 4,9%	74	- 1,3%	0,2%
Germany	32.760	- 23,9%	472	8,5%	1,4%
France	22.240	- 15,0%	910	5,8%	4,1%
Switzerland	10.600	0,0%	110	- 4,3%	1,0%
Canada	2.480	27,2%	160	0,0%	6,4%

Granitifiandre owns a total market share of nearly 1%



Source: Stone 2003, company data

The Stone and Marble Industry

Characterized by:

- **scarcity** of quarried materials,
- possible quarrying **restrictions**,
- **fragmentation** and
- very **low revenues** and margins

Granitifiandre

through the planned increase of the production capacity
Granitifiandre target is to double the current market share

Germany and USA: two new plants

Each new factory will be characterised by:

- capex of about Euro 50 ml (35% unsecured fund in Germany);
- 6 million square meters output capacity in 2005/2006;
- high automation (estimated saving production costs of 15%);
- proximity to raw material suppliers;
- increased competitiveness

Granitifiandre is already present in these two markets

Germany and USA: two new plants

□ Germany - production investment completed

➤ Commercial agreements signed with the largest German distributor and...



➤ ... with the German manufacturer leader in the residential sector of prestige traditional ceramics



➤ more than 30 different products already developed and industrialised, all in addition to the Granitifiandre Brand offer and presented under a ...

➤ ... new Brand name - "Porcelaingres"



➤ 15 Geologica shops already opened in franchising with Raab Karcher



➤ intense promotional activity done in the last months

□ USA - construction work in course

➤ the completion is expected between Q2-Q3 2004



Sales and marketing strategy

Main key accounts



Sales and marketing strategy: growth

Since 1999: Geologica stores (proprietary and franchises)

1999 - 2000

Prato -- Stuttgart -- Milan -- Bologna -- Prague -- Chicago -- Lyons
Frankfurt -- Florence -- Edinburgh -- Thessalonika

2001 – July 2003 - post listing

2 Rome -- Palermo -- Castellarano -- Paris -- Istanbul -- Hong Kong
Budapest -- Berlin -- Dortmund -- Frankfurt -- Colonia -- Bremen -- Athens
Mannheim -- Rostock -- Stuttgart -- Wurzburg -- Hannover -- Munchen
London -- Dusseldorf -- Venezia -- Vicenza -- Chieti -- Zurigo -- Vienna
Bordeaux -- Hamburg -- Vienna -- Bruxelles -- Cipro -- Sydney
Vitoria (E) -- Taipei -- Leipzig

46 Shops in operation at the end of January 04

Next openings

Pordenone -- Viterbo -- Porto Rico -- Forlì -- Palermo -- Santo Domingo
Manama (Bahrein)

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Residential market: 21% of sales

Sales and marketing strategy: growth

Expansion of the complementary services to enlarge the value chain creating added value to the offer in a concept of “turnkey” service

Granitech

Engineering for walls and raised flooring - 2003 sales €4,5 ml

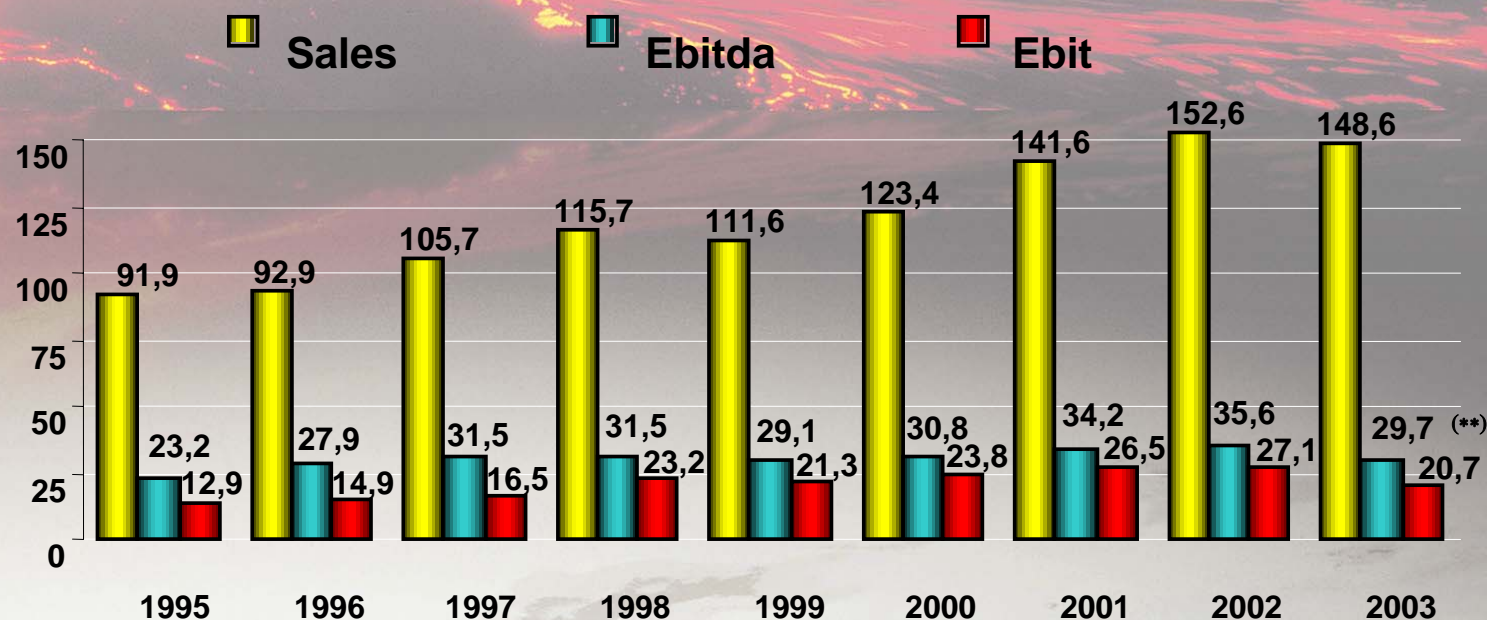
Hydrodesign

Leading company in the precision cutting; 2003 sales €13,3 ml

Fitting and installation

Focus on post sale services; 2003 sales €10,8

Granitifiandre: a success story



Sales CAGR 1988 - 2002: 10%

(**) 2003 results significantly affected by the start up costs at the new German factory; excluding the German results and a constant Euro/USD exchange rates, the Ebitda and Ebit margin would have been in line with 2002.

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1995 - 1997 figures: financial statements of Granitifiandre S.p.A.
 1998 - 2000 figures: pro-forma financial statements of Granitifiandre
 2001/2003 figures - actual

Profit and loss account

Profit & Loss (mln Euro)		
	2003 12 months	2002 12 months
SALES	148,6	152,5
TOTAL REVENUES	161,0	160,4
EBITDA	29,7	35,6
EBITDA % on sales	20,0%	23,4%
OPERATING INCOME	20,7	27,2
OPERATING INCOME % on sales	13,9%	17,8%
Profit before Taxes & Extraordina	22,3	28,4
PBT % on sales	15,0%	18,6%
Extraordinary charges	(4,2)	(2,9)
Profit before taxes & Minority	18,1	25,5
PBT % on sales	12,2%	16,7%
NET INCOME GROUP SHARES	(**)	14,5
NET INCOME % on sales		9,5%

(**) The 2003 result is shown before taxes

2003 results

- on constant exchange rates (USD) the overall turnover would have increased 0,4% compared to 2002; dollar impact 3% on sales volume
- on constant exchange rates (USD) and excluding 1,8 million loss from the German factory the Ebitda margin would have been in line with 2002; estimated dollar impact 1,2%
- fully expense all the start up costs for the German plant equal to 3,3 million Euro

Balance sheet

Balance Sheet (mln Euro)		
	2003	2002
	12 months	12 months
Immaterials	5,0	4,9
Materials	93,5	73,3
Financial assets	2,4	2,0
Total fixed assets	100,9	80,2
Current assets	107,5	107,9
Current debts	(53,8)	(54,6)
Net Working Capital	53,6	53,3
TFR	(8,2)	(7,7)
Provisions and others long term	(2,6)	(7,8)
Long term liabilities	(10,8)	(15,5)
Total capital employed	143,7	118,0
Cash and banks	(33,6)	(58,5)
Current bank debts	12,9	21,5
Long term debts	1,8	1,9
Net financial position	(19,0)	(35,0)
Equity	162,7	153,0
Total source of capital	143,7	118,0

2003 results

- completed the investment in Germany
- the cash generated from activities - Euro 25,9 ml - permitted the financing of net investments in fixed assets of Euro 32,3 ml
- Euro 4,1 ml dividends distributed
- Net WC largely influenced by the effect deriving from the preparation of the 2003 figures on a pre-tax basis; the positive evolution is mainly attributable to the receipt of Euro 7,3 mil capital grants related to the German investment

(**) the 2003 result is shown before taxes; the 2002 result

Sales

Sales by area of business

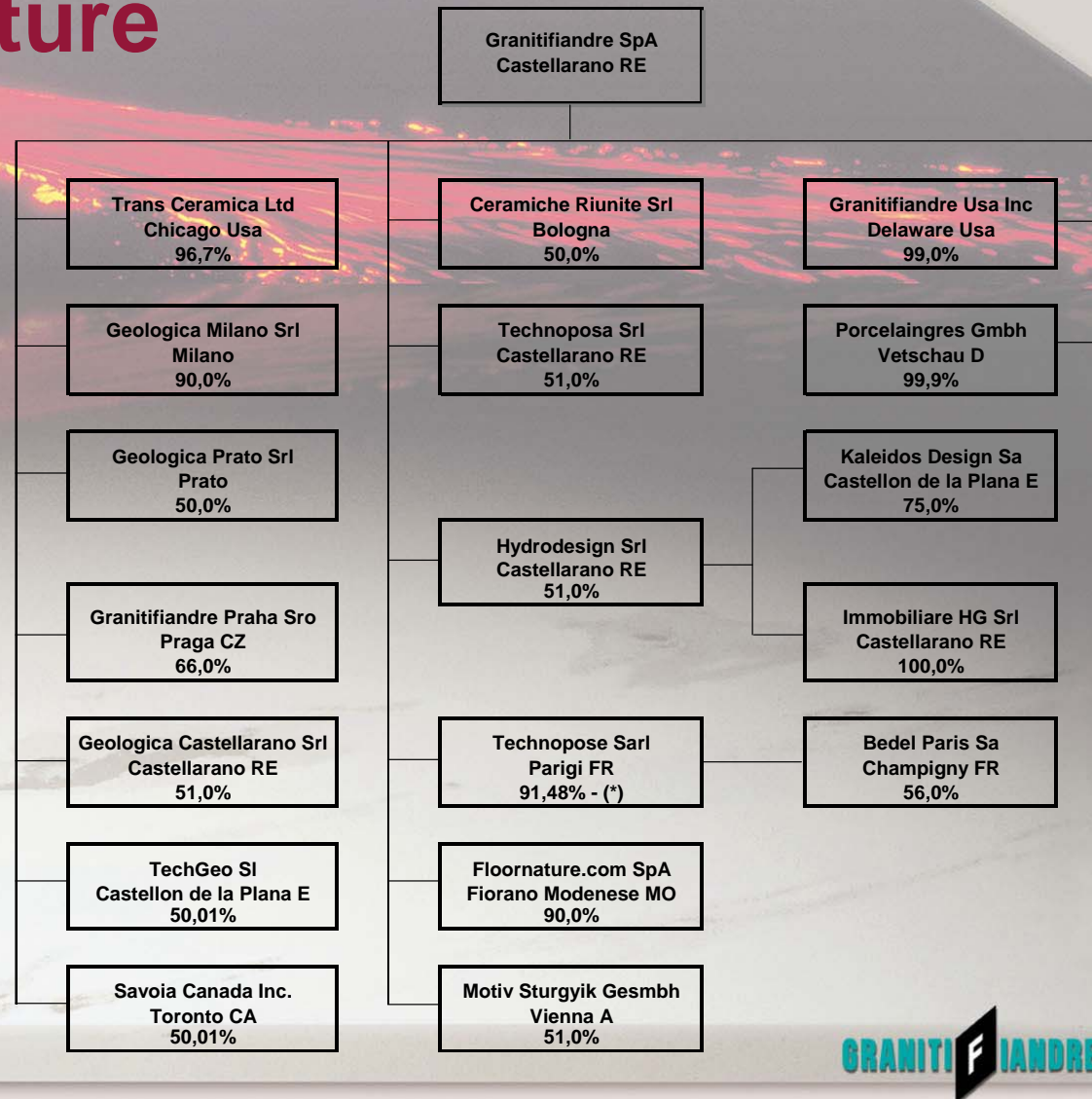
Thousands of Euro	31/12/2003	31/12/2002	Difference	%
	12 months	12 months		
Vitrified stoneware products - branded	96.913	103.667		
Granitech Division - material	1.514	1.079	(6.319)	-6,0%
Granitech Division - structure	3.015	2.324	691	29,7%
Branded products	101.442	107.070	(5.628)	-5,3%
Vitrified stoneware products - low range	1.349	1.427	(78)	-5,5%
Polishing services	8.547	9.706	(1.159)	-11,9%
Semi-finished products	8.379	6.434	1.945	30,2%
Fitting and installation services	10.876	13.896	(3.020)	-21,7%
Processing	13.271	11.305	1.966	17,4%
Other	4.740	2.698	2.042	75,7%
Other income	47.162	45.466	1.696	3,7%
Net sales	148.604	152.536	(3.932)	-2,6%

- On constant exchange rates the brand sales decreased by 1%; sales felt the effect of delays of the deliveries for the Bari airport and the Parma shopping mall some deliveries relating to Key accounts on the US market were also postponed to January
- Good performance in the sales of “Semi-finished products”, “Granitech division” and “processing” services; the latter has been favoured by the launch of a new type of product, the “mosaic”
- The fitting sector was affected by the delays accumulated in the first quarter due to unfavourable climatic conditions and site delays from the original planning; the expectations remain good for the unexpressed growth potential and the significant backlog which is over Euro 5 million
- The evolution of the polishing sales is directly connected to the increased production capacity destined to the serving of the Granitifiandre brand collections and in particular the “stone” collection

Group structure

GEOLOGICA®
THE NEW STONES

GEOTecnica
HIGH TECH CERAMIC

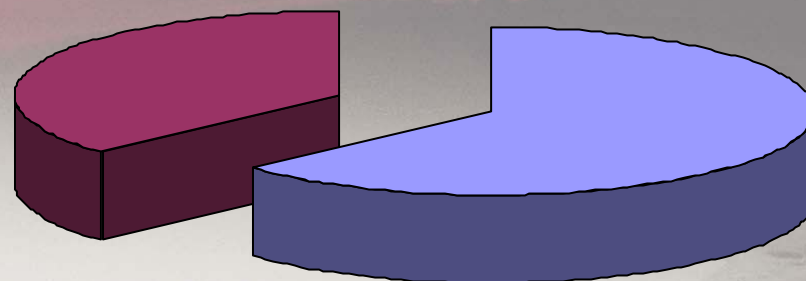


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(*) a 2,5% participation of Technopose Sarl is held by Ceramiche Riunite

Shareholders structure

MARKET
35,0%



IRIS GROUP
65,0%

Outstanding shares: 36.862.678



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