

Press release

September 12, 2005

Ricchetti Group: semi –annual net profit at 5.6 millions Euro

- **Turnover: 147.6 millions Euro (first semester 2004: 155,1 millions Euro)**
- **Ebitda margin: 10.3% (11.4% in the first semester 2004)**
- **Ebit margin: 5.2% (5.6% in the first semester 2004)**
- **The impact of the financial management keeps dropping (1.7% compared to 2.4% in the corresponding period of 2004).**
- **Net financial debt: 109.8 millions Euro compared to 101,8 millions Euro as of June 30, 2004. This increase is the effect of an investment securities reclassification of Mediobanca shares, worth about 12.8 millions Euro. The net financial position, net of this accounting transaction, would have dropped to 97 millions Euro.**
- **The foreign subsidiary companies turnover has increased compared to the corresponding period of the previous year.**

The Bord of Directors of Ricchetti Group has approved today the 2005 semi-annual report. Profit before taxes is 5.6 millions Euro compared to 5.7 millions Euro in the corresponding period of 2004 and to 1.1 millions Euro for the whole 2005 financial year.

The consolidated sales, coming in at 147.6 millions Euro, are slightly down (by about 4.8%) compared to the corresponding period of 2004 (155.1 millions Euro), but recovering compared to the 8% decrease of the first quarter 2005 over the corresponding period of 2004. This decrement is due to a turnover reduction of the subsidiary company Biztiles Italia S.p.A on the large scale retail trade. The impact of production costs is increasing compared to the corresponding period of 2004, in particular as far as methane is concerned, a cost that is expected to increase in the next 12 months as well.

The Ebitda margin is 10.3% (11.4% in the second quarter 2004) and the Ebit margin comes to 5,2% (5.6% in the first semester of 2004).

The impact of financial management has decreased, from 2.4% of the corresponding period of 2004, to 1.7% in the first semester of 2005. Net financial expenses are 1.1% compared to 1.2% in the corresponding period of the previous year.

It has to be underlined the positive trend of the foreign societies of the Group, that are clearly on the upswing compared to the first semester of 2004: 28.9 millions Euro (+8.1%) for the Portuguese Cinca, 22.1 millions Euro (+7.6%) for the Swedish company CC Högånäs Byggkeramik AB, 12.4 millions Euro (+6.6%) for the Finnish OY Pukkila AB and 7.2 millions Euro (+19.9%) for the Danish subsidiary Evers AS.

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The Parent Company's profit before tax is 684 thousands Euro, compared to 1.8 millions Euro income of the corresponding period in 2004. The turnover is 72.2 millions Euro compared to 80 millions Euro (-8,4%) of the first semester 2004. This decrease is mainly due to a turnover contraction towards the subsidiary company Biztiles Italia S.p.A. The Ebitda margin is 9.6% (10.5% in the first semester 2004); the Ebit margin is 4.8% (6% in the first semester 2004).

Oscar Zannoni, President and Managing Director of Ricchetti Group explained: "Although the ceramic sector is going through a difficult period and a trend inversion is still remote, we were able to keep profitability levels only slightly lower, compared to the corresponding period of 2004, and to improve our financial results in the first quarter 2005. We will focus our efforts, as usual, to the product with strong investments in order to obtain a range of products with ever-growing standards, both technologically and aesthetically. We are, furthermore, satisfied of the good recovery of the foreign subsidiary societies, which strengthens the Ricchetti Group on international markets".

Finally, we report that, in application of the European Regulation N1606/2002 (July 19, 2002), the consolidated balance sheet of Ricchetti Group, as at December 31, 2005 will be the first consolidated balance sheet drawn-up following the International Accounting Principles (IAS/IFRS) validated by the European Community. The Group decided to predispose the Semi-annual Report as at June 30, 2005 following the rules regulating the consolidated balance sheet of the previous year.

The semi-annual report is available at: www.ricchetti-group.com – section Investor relations.

Ricchetti Group is an industrial holding that produces and distributes ceramic wall and floor tiles for internal and external use. It was the first company in the ceramic sector to be listed at the Stock Exchange in 1996 and it is one of the largest group, both in Italy and worldwide, in the ceramic tile industry.

Ricchetti Group has 15 manufacturing facilities (seven in Italy, mostly in the ceramic district of Sassuolo, and eight in Europe), with about 2.300 employees and an annual production of around 40 millions square meters of tiles, about 80% of which is sold abroad.

CONSOLIDATED RESULTS

(in thousands of Euro)

Year 2004	%		1.1-30.6 2005	%	1.1-30.6 2004	%	Difference
295,264	95.4	Revenues	147,618	93.1	155,130	93.3	(7,512)
309,405	100.0	Value of production	158,609	100.0	166,320	100.0	(7,711)
(301,303)	(97.4)	Total cost of production	(150,437)	(94.8)	(156,938)	(94.4)	6,501
(19,550)	(6.3)	of which: amortisation, depreciation and write-downs	(8,172)	(5.1)	(9,607)	(5.8)	1,435
27,652	8.9	EBITDA	16,344	10.3	18,989	11.4	(2,645)
8,102	2.6	Operative result- EBIT	8,172	5,2	9,382	5,6	(1,210)
657	0.2	Income on equity investments	485	0.3	66	-	419
(8,314)	(2.7)	Total financial income (expense)	(3,210)	(2.0)	(4,016)	(2.4)	806
990	0.3	Adjustments to financial assets	227	0.1	297	0.2	(70)
(531)	(0.2)	Extraordinary income (expense)	(121)	(0.1)	(141)	(0.1)	20
904	0.2	Profit before tax	5,553	3.5	5,588	3.3	(35)
196	0.1	Minority interest in equity	(2)	0	110	0.1	(112)
1,100	0.3	Net profit before tax	5,551	3.5	5,698	3.4	(147)

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CONSOLIDATED FINANCIAL STATEMENTS

(in thousands of Euro)

Year 2004		1.1-30.6 2005	1.1-30.6 2004	Difference
5,114	Intangible assets	4,089	6,314	(2,216)
101,551	Tangible assets	95,962	107,463	(11,501)
23,203	Financial assets	23,908	10,331	13,577
129,868	Total non-current assets	123,968	124,108	(140)
132,454	Inventory	142,520	131,037	11,483
81,871	Accounts receivable	91,618	100,579	8,961
7,058	Marketable securities	4,824	20,788	(15,964)
6,869	Cash on hand	7,326	5,876	1,450
228,252	Total current assets	246,288	258,280	(11,992)
1,878	Accruals and prepaid expenses	2,043	2,685	(642)
359,998	Total assets	372,299	385,073	(12,774)
125,061	Shareholders' equity	128,424	133,561	(5,137)
9,794	Provision for contingencies and other liabilities	9,827	10,452	(652)
18,710	Severance indemnity fund	19,276	18,647	629
122,662	Financial payables	121,984	128,497	(6,513)
82,177	Other payables	89,391	90,574	(1,183)
1,594	Accrual and prepaid expenses	3,397	3,342	55
359,998	Total liabilities	372,299	385,073	(12,774)

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STATUTORY RESULTS

(in thousands of Euro)

Year 2004	%		1.1-30.6 2005	%	1.1-30.6 2004	%	Difference
136,432	92.6	Revenues	67,236	93.3	73,269	91.5	(6,033)
147,382	100.0	Value of production	72,194	100.0	80,069	100.0	(7,875)
(143,187)	(97.1)	Total cost of production	(67,783)	(94.4)	(72,250)	(94.0)	6,467
(7,995)	(5.4)	of which: amortization, depreciation and write-downs	(3,511)	(5.8)	(3,597)	(4,5)	86
12,190	8.3	EBITDA	6,922	11.4	8,416	10.5	(1,494)
4,195	2.8	Operative result- EBIT	3,411	5,6	4,819	6.0	(1,408)
5,064	3,4	Income on equity investments	-	-	480	0.6	(480)
(4,273)	(2.9)	Total financial income (expense)	(1,992)	2.4	(2,049)	(2.6)	57
2,870	1.9	Adjustments to financial assets	(983)	0.2	(1,664)	(2.1)	681
6,608	4.5	Extraordinary income (expense)	248	0.1	(104)	0.1	352
8,274	5.9	Profit before tax	684	3.3	1,484	1.8	799

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STATUTORY FINANCIAL STATEMENTS

(in thousands of Euro)

Year 2004		1.1-30.6 2005	1.1-30.6 2004	Difference
464	Intangible assets	379	571	(192)
56,364	Tangible assets	53,173	53,102	71
86,992	Financial assets	89,370	90,991	(1,621)
143,820	Total non-current assets	142,922	144,664	(1,742)
67,490	Inventory	71,570	64,557	7,013
65,748	Accounts receivable	66,311	72,977	(6,666)
1,807	Marketable securities	1,714	1,302	412
2,618	Cash on hand	3,113	2,973	160
137,664	Total current assets	142,728	141,810	918
550	Accruals and prepaid expenses	603	1,007	(404)
282,034	Total assets	286,253	287,481	(1,228)
117,541	Shareholders' equity	116,127	115,493	634
4,906	Provision for contingencies and other liabilities	4,758	2,781	1,977
16,108	Severance indemnity fund	16,603	16,087	516
94,713	Financial payables	94,640	97,365	(2,725)
48,312	Other payables	53,514	55,205	(1,691)
454	Accrual and prepaid expenses	611	551	60
373,063	Total liabilities	286,253	287,481	(1,228)

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