

Press Release

November 12, 2005

Ricchetti Group: profit before tax at the end of the third quarter 2005: 6.9 millions Euro (+ 64.3% compared to the corresponding period of 2004)

- **The turnover is 211.6 millions Euro (219.8 millions Euro in the corresponding period of 2004)**
- **The consolidated Ebitda is 20.4 millions Euro, 9.2% of the production value (in line with the figure of 20.6 millions Euro of the corresponding period of 2004)**
- **Ebit is 8.9 millions Euro, 4% of the production value, up compared to 2004 (6.9 millions Euro)**
- **Consolidated net profit before tax: 6.9 millions Euro, up compared to September 2004 (4.2 millions Euro; + 64.3%)**
- **Consolidated net profit: 2.4 millions Euro, up compared to September 2004 (202 thousands Euro)**
- **Net Financial Position is 87.9 millions Euro, improving from December 31st, 2004 (90.8 millions Euro), in spite of the payment of dividends worth 2.1 millions Euro.**
- **The impact of the financial management, coming in at 0.8%, is down compared to the corresponding period of 2004 (1.4%).**
- **The third quarter consolidated Report as of September 30, 2005 has been drawn-up following the International Accounting Principles (IAS/IFRS) in compliance with article 82 of the Consob Regulation n. 11971 (May 14, 1999), modified by the Consob Decision n. 14990 (April 14, 2005).**

The Board of Directors of Ricchetti Group, headed by Oscar Zannoni, has approved today the Third Quarter Report as of September 30, 2005, that shows a **profit before tax** of 6.9 millions Euro, up from 4.2 millions Euro in the corresponding period of the previous year, with an increase of 64.3% and a net profit of 2.4 millions Euro (202 thousands Euro as of September 30, 2004). **The consolidated turnover** in the third quarter 2004, coming in at 211.6 million Euro, is decreasing by about 3.7% compared to the figure of 219.8 millions Euro in the corresponding period of 2004. This decrease is mainly due to a turnover reduction of the subsidiary company Biztiles Italia S.p.A on the large scale retail trade.

The consolidated Ebitda margin is 20.4 millions Euro (9.2% of the production value), in line with the corresponding period of 2004 (20.6 millions Euro; 8.9% of the production value).

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The consolidated Ebit is 8.9 millions Euro (4.0% of the production value), up compared to the corresponding period of 2004 (about 6.9 millions Euro; 3.0% of the production value).

The net financial position shows a debt of 87.9 millions Euro, thus improving from December 31, 2004 (90.8 millions Euro).

The impact of the financial management, compared to the corresponding period of 2004, is decreasing from 1.4% to 0.8%. This improvement is mainly due to revenues coming from securities sales and currency translations; net financial charges as of September 30, 2005, indeed, come to 1.2%, in line with the corresponding period of the previous year.

The third quarter consolidated Report as at September 30, 2005 has been drawn-up following **the International Accounting Principles (IAS/IFRS)** in compliance with article 82 of the Consob Regulation n. 11971 (May 14, 1999), modified by the Consob Decision n. 14990 (April 14, 2005). The financial results analysis has been carried out by comparing the balance sheets as at September 30, 2005 to the corresponding period of 2004 and it has been reclassified according to the IAS/IFRS accounting standards, in order to allow an immediate and homogeneous reading.

Oscar Zannoni, President and Managing Director of Ricchetti Group stated: “At the end of the third quarter of the year our turnover has been only slightly lower compared to the corresponding period of 2004, but substantially in line with market levels. Thanks to a better financial management we succeeded in increasing the profit before tax by 64% compared to the corresponding period of the previous year. This is evidence of the positive trend already recorded in the second quarter 2005. We keep focusing our efforts on investments that privilege products with an higher added value, by giving great importance to research and development”.

The third quarter 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.

Financial statements on the following pages

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Consolidated profit and loss account

(in thousand of Euro)

1.1-31.3 2005	1.1-31.3 2005		1.1-30.9 2005	%	1.1-30.9 2004	%
65,424	66,598	Revenues	211,556	95.5	219,786	95.4
415	241	Other income	1,347	0.6	1,033	0.4
(2,709)	(858)	Change in stock of finished and semi-finished products	8,710	3.9	9,464	4.2
63,760	65,981	Value of production	221,613	100.0	230,465	100.0
(18,617)	(19,918)	Goods purchased	(67,251)	(30.3)	(69,393)	(30.1)
(20,174)	(20,427)	Services purchased	(65,702)	(29.6)	(69,863)	(30.3)
(18,754)	(20,782)	Personnel expenses	(65,279)	(29.5)	(66,943)	(29.1)
(918)	(920)	Other expense	(3,001)	(1.4)	(3,642)	(1.6)
5,297	3,934	OPERATIVE RESULT (EBITDA)	20,380	9.2	20,624	8.9
(3,611)	(4,351)	Amortisation and depreciation	(11,514)	(5.2)	(13,705)	(5.9)
1,686	(417)	OPERATING INCOME	8,866	4.0	6,919	3.0
(478)	(1,325)	Financial expense-Net	(1,771)	(0.8)	(3,249)	(1.4)
(74)	47	Adjustment in the value of financial fixed assets	(177)	(0.1)	578	(0.3)
1,134	1,695	PROFIT BEFORE TAX	6,918	3.1	4,248	1.8
(1,332)	(721)	Income taxes for the period	(4,543)	(2.0)	(4,191)	(1.8)
12	35	Minority interest in equity	17	-	145	-
(186)	(2,381)	NET INCOME	(2,392)	1.1	202	0
		EPS (in Euro)				
(0.004)	(0.046)	Basic earnings per share	0.045		0.004	
(0.004)	(0.046)	Diluted earnings per share	0.045		0.004	

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Consolidated statement of assets and liabilities

<i>(in thousands of Euro)</i>	30 September 2005	31 December 2004
Tangible Assets	207,398	216,443
Start up	5,249	5,520
Intangible assets	404	672
Equity investments in associated companies	4,666	2,578
Available-for-sale assets	27,362	24,213
Other financial assets	1,102	1,070
Receivables from others	3,311	2,837
Financial receivables	336	336
Receivables for prepaid taxes	6,400	6,534
Total non-current assets	256,228	260,605
Trade receivables	78,361	72,520
Inventory	141,704	133,066
Other receivables	3,205	3,680
Available-for-sale assets	4,270	5,389
Total cash and cash equivalent	6,339	6,869
Total current assets	233,879	221,121
Total assets	490,107	481,726
Loans	41,109	44,148
Deferred tax liabilities	46,991	46,541
Severance and pension indemnity fund	27,497	26,810
Provisions for contingencies and other liabilities	246	348
Total non-current liabilities	115,843	117,847
Loans	84,759	83,114
Trade payables	55,615	54,830
Other payables	20,526	19,442
Taxes	7,378	4,900
Derivative financial products	201	229
Total current liabilities	168,479	162,514
Total liabilities	284,322	280,361
Share capital	54,858	54,395
Additional paid-in capital	38,763	37,394
Other reserves	18,897	17,284
Fair-value reserve	9,564	6,028

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Retained earnings	81,164	89.013
Profit for the period	2,392	(2,580)
Minority interest in equity	147	(169)
Group shareholders' equity and minority interests in equity	205,785	201,365
Total shareholders' equity and liabilities	490,107	481,726

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