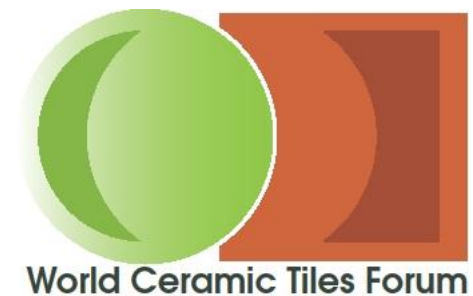




World Ceramic Tiles Forum – National Context

ITALY



National Context – Name of the country

- I. General economic situation and trend in the construction sector/demand
- II. Trend in production, consumption and trade in ceramic tiles
- III. Latest developments at national level in energy supply regulation and taxation
- IV. Development in standardisation or regulation at national level affecting ceramic tiles
- V. Other national developments

I. General economic situation, trend in the construction sector/demand



Italy: general economic situation

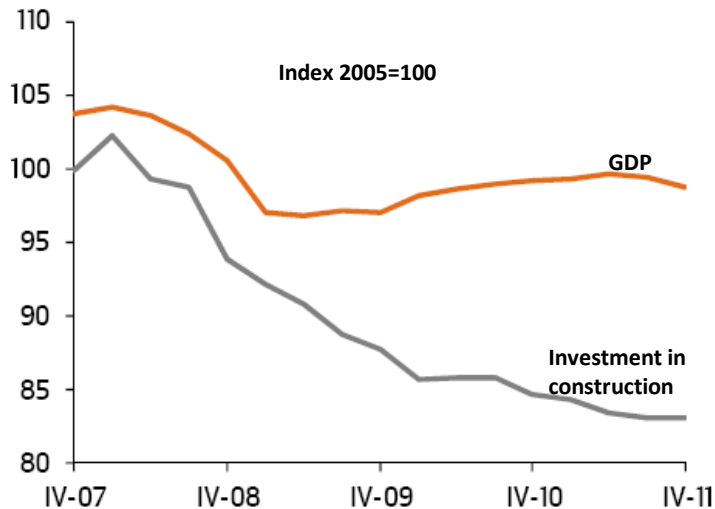
	2011	2012
G.D.P. % change over previous year	0,5	-1,4*
INFLATION RATE	2,8	3,2***
OFFICIAL BANK RATE (BCE)	1,00	1,00
NOMINAL WAGE INCREASE (TOTAL INDUSTRY)	2,2	1,4**
UNEMPLOYED AS A % OF TOTAL LABOUR FORCE	8,9	10,2**

*first 3 months

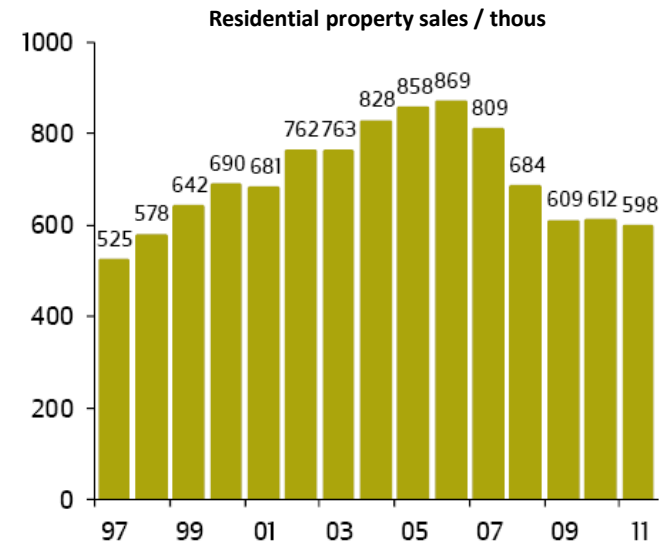
**first 4 months

*** first 5 months

I. General economic situation, trend in the construction sector/demand

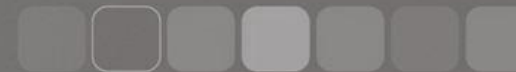


- ✓ Nowadays the construction investment levels are the same of early 2000. Since 2008 the fall of investment has been sharp.
- ✓ No recovery is expected: we estimate a further decline (-4,7%) of construction investment in 2012



- ✓ the residential market has suffered a huge recession: transaction volumes fell to about 600 thousands units in 2011, more than 30% reduction compared to the peak-level reached in 2006.
- ✓ the residential market remains weak in the first half of 2012 due to low income growth and weak households confidence.

II. Trend in production, consumption and trade in ceramic tiles



Italian ceramic tile markets

(first quarter 2012)

	<i>value in mill. Euro</i>	<i>% var. on 1° quarter 2011</i>	<i>country share on total export</i>
□ France	167,8	1,69%	18,7%
Germany	146,0	12,71%	16,3%
EUROPEAN UNION	515,6	2,38%	57,4%
Other European Countries	102,5	6,30%	11,4%
AMERICAS	150,7	16,52%	16,8%
of which USA	98,6	16,89%	11,0%
ASIA	91,7	14,02%	10,2%
AFRICA	20,88	22,76%	2,3%
AUSTRALIA/OCEANIA	16,21	12,88%	1,8%
TOTAL EXPORT	897,6	6,71%	100.0%
Domestic sales	258,3	-14,24%	-

III. Latest developments at national level in energy supply regulation and taxation

- In 2011 occurred a lack of **import capacity** on TAG and we suffered an increase in industrial prices for gas year 2011/2012:
 - we carried reports to the European and Italian Antitrust Authorities;
 - the Italian Authority opened an investigation against the incumbent operator (Eni) to verify whether his reduction of the auctions of unused capacity had effects on the market;
 - Eni now propose a public release procedure on import capacity (4 billion of m³, for 5 gas years, on TAG, TENP, Transitgas)
- **Gas Storage:**
 - thanks to the Decree 130/2010 Eni has expanded the storage capacity of the Italian system and now 3 billion of m³ (for 10 years) are in the availability of industrial enterprises and their consortia;
 - a new decree provides a reduction of “strategic” storage; the released capacity will be used to provide storage services to industrial enterprises.

Italy at least decide to adopt an “ownership” unbundling between Eni and the **gas transport operator** (SRG). The new option (it was “company” unbundling) will be finalized in the coming months

Still remain severe concerns about the costs of **incentive scheme for renewable energy** sources (especially PV) that are fully burdened on consumption

IV. Any development in standardisation or regulation at national level affecting ceramic tiles

- In the second half of 2012 a new standard is expected to be approved about the installation of a lasting and regular ceramic tiles floor.
- The main objective of this standard is to provide correct references to designers, tile fixers and final users about every step from the selection of the tiles and adhesives to the choice of the correct cleanser to use before the final delivery of the tiled surface.
- The issues covered in the document are:
 - parameters to measure the quality;
 - Instructions of the selection of the correct materials (ceramic tiles, adhesives or similars, control joint, bedding,...) considering the compatibility with the environment of destination;
 - rules to guide planning, installation and maintenance to deliver a final product of good quality;
 - best practices for an effective communication between all the stakeholder involved in the construction site.

V. Other national developments



The italian ceramic tile industry – INTERNATIONALIZATION

(9 COUNTRIES: Usa, France, Spain, Germany, Poland, Russia, Finland, Portugal, Ukraine)

	2010	2011	Var. %
Companies (unit)	20	20	-
Employees (unit)	7.058	7.451	5,57%
Production (million sq.mt)	115,7	121,7	5,16%
Total sales (million sq.mt)	124,5	127,3	2,30%
...of which domestic sales	100,3	105,7	5,43%
...of which export	24,2	21,6	-10,67%
Total Turnover (million €)	989,8	1.045,1	5,58%
...of which domestic sales	815,6	866,8	6,27%
...of which export	174,2	178,3	2,37%