Paolo Fantoni 28/02/2014

“Wood, work, technology: a virtuous circle”

“Periods of great prosperity often hidden high risk of down turn”

2007-2008

“Periods of deep recession create the expectation for great recovery”

2013-2014

WOOD AND FURNITURE MACRO-SYSTEM

Values in million Euros at current prices

Macro-system Total	2007	2008	2009	2010	2011	2012	2013	Diff. % 2013 2007	Diff. 2013 2007
Production turnover (a)	42.533	40.181	32.852	33.491	32.083	28.483	27.400	-35%	-15.133
Exports (b)	14.274	13.970	10.923	11.625	12.296	12.411	12.700	-11%	-1574
Imports (c)**	5.536	5.209	4.240	5.054	5.170	4.502	4.400	-20%	-1136
Trade Balance (b - c)	8.738	8.761	6.683	6.571	7.126	7.909	8.400	-3,6%	-338
Apparent internal consu-mption (a-b+c)	33.795	31.420	26.169	26.9201	24.957	20.575	19.100	-43%	-14.695
Export sales (% b/a)	33,6%	34,8%	33,2%	34,7%	38,3%	43,6%	46%		
Workers in the sector	425.304	422.752	396.964	389.646	381.835	373.653	366.832	-13%	-58.472
Companies	79.657	77.424	75.588	73.547	72.042	69.633	67.222	-15%	-12.435

* Preliminary consolidated results as at December 2013 - * * Projections at December 2013 if the Decree-Law on stability is confirmed Source: Centre of Studies Cosmit/FederlegnoArredo

WOOD AND FURNITURE MACRO-SYSTEM

Values in million Euros at current prices

Macro-system Total	2014	Diff. 2014-2013
Production turnover (a)	27.300	-0,7%
Exports (b)	13.200	3,4%
Imports (c)**	4.300	-2,1%
Trade Balance (b - c)	8.900	6,3%
Apparent internal consu-mption (a-b+c)	18.400	-3,7%
Export sales (% b/a)	48%	4,1%
Workers in the sector	363.344	-1.0%
Companies	66.222	-0,7%

Challenge #1

IMPROVE THE AVAILABILITY OF WOOD

1. Italy has reduced the use of land dedicated to poplar plantation from 165.000 hectars in 1970 to 55.000 hectars in 2013.

2. The newly signed agreement among the northern regions of Italy sets a new target to be achieved in 110.000 hectars dedicated to the plantation of poplar.

3. This new impulse will generate large availability of wood for 2025 on for the plywood industry, for the panel industry for the packaging industry and a consequent impulse to new investments in the field.

4. Italian poplar plywood industry under the brand “100% Italian poplar” is actively promoting this Italian excellence

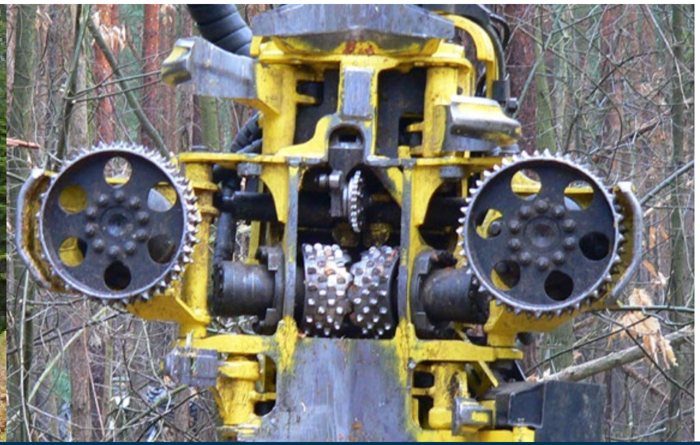
Challenge #2

IMPROVE MECHANIZATION AND EFFICIENCY IN FOREST ACTIVITY

1. Italy is yielding only 24% of wood yearly growing in the forest versus 60-70% of neighbour countries.

2. Recent demonstration shows how the switch from traditional felling to the use of harvester or high efficiency ropeway conveyors offer the opportunity for highly increase the percentage of yield.

3. Great investments in machinery for forest operation is expected also in relation to the increase use of biomass in combustion.



Challenge #3

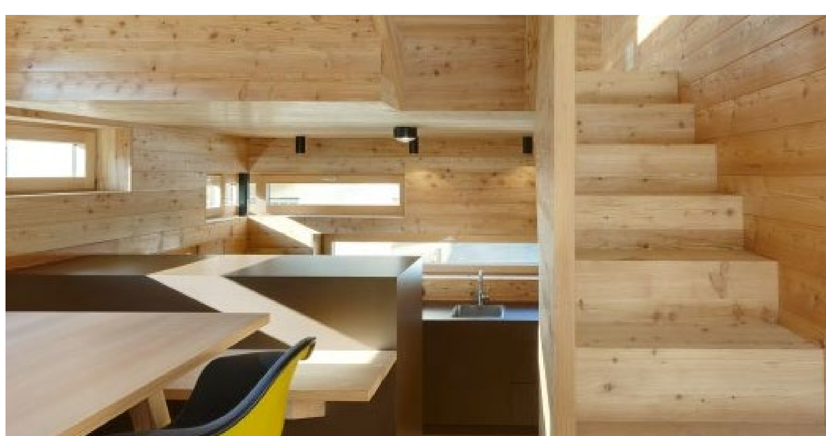
INCREASE THE USE OF WOOD IN BUILDING

1. Recent earthquakes and flooding have offered the perspective of a much higher use of wood in industrial building and houses thanks to the full speed of reconstruction operation.

2. Next Expo 2015 in Milan, whose theme is set on sustainability, will be a significant “visit card” for all wood building technologies since all relevant pavilions are in wood.

3. Relevant fiscal incentives for energy saving buildings will continue its impact on renovations and new constructions.

4. In 5 years time the percentage of wood construction in Italy is supposed to reach 15% doubling the existing rate



Challenge #4

IMPROVE THE PERFORMANCE OF RECYCLED WOOD

1. Debate among European members is leading to the implementation and optimization in the use of raw materials.
In the case of wood the discipline is moving toward the recognition of the "cascade use of wood".

2. New product, new by product are supposed to enter the market in connection with the adoption of new technics and a more effective management of the urban wastes.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FOR CONSTRUCTION


1R MDF FLEXIBLE BOARD
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MDF
FLESSIBILE
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Challenge #5

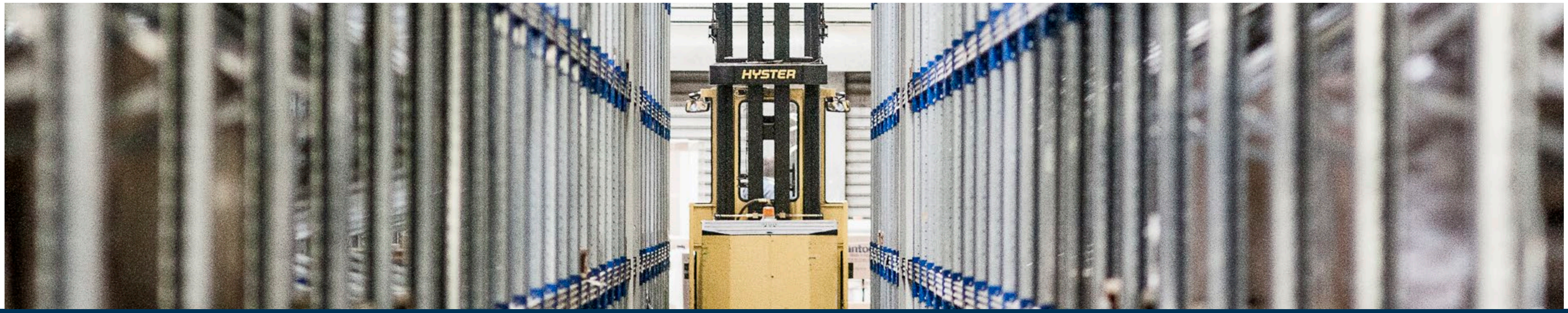
ENGENEER THE MANUFACTURING LAYOUT ACCORDING TO "LEAN PRODUCTION" PRINCIPLES.

1. Lead lines are getting short.

2. Production cycles get shorter although the request of differentiation continues to grow.

3. Intermediate stocks are progressively eliminated.

Furniture factory are getting slim reducing capital investment but with a strong need of reorganisation of the production lines.



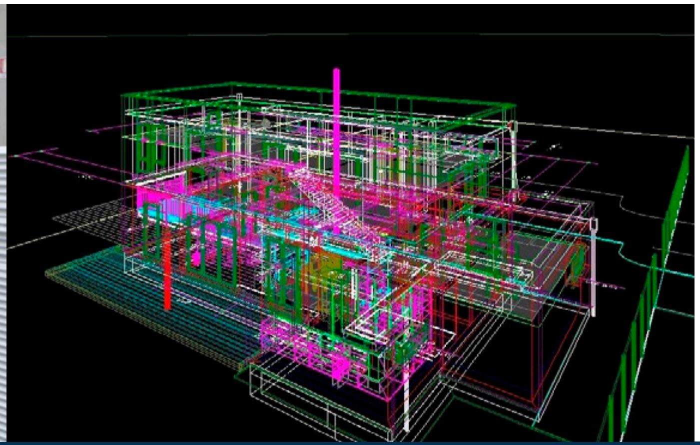
Challenge #6

ENJOY THE CONSOLIDATION OF THE FURNITURE SECTOR GUIDED BY THE ESTABLISHMENT OF MORE EFFICIENT COMPANIES

1. Market trend shows how consumers are actually polarized either in the “Price segment” or in the “Brand segment”. What is in between is highly suffering.

2. In Italy furniture market – as average – is loosing 1000 traditional independent dealers per year reducing heavily the availability of space for furniture on display in the showrooms.

3. Traditional furniture producers are struggling but producers for GDO are growing fast giving ground to highly efficient production lines successfully competing with manufacturers established in countries with low labour costs.



Challenge #7

CONSOLIDATE THE LEADERSHIP OF ITALIAN STYLE AMONG INTERNATIONAL HIGH END CONSUMERS

1. Leading Italian manufacturer are renovating the success of the Italian design by experiencing every year new solutions, new concepts, new formats for “well being”.

2. Salone del Mobile di Milano is far away the largest fair ever in the world of any kind of sectors moving more than 350.000 visitors from 150 countries and 8000 journalists. Milano is definitely considered in all subsegments of our cluster the place of “trend setting”.

3. Main Italian brands are consolidating their visibility investing in the most important worldwide cities with their own flagship stores.

Challenge #8

A NEW BUOYANT MARKET IS APPROCHING ITALY WITH SIGNIFICANT GEOGRAFICAL AND CULTURAL PROXIMITIES

AFRICA

-With 1.033 million people
-With a consistent growth of its urbanization
-With limited availability of wood technology
-With relevant need of infrastructure
-Italian aircraft carrier “Cavour”actually finishing its 28 stops tour among African countries to introduce the Italian furniture industry

WILL BECOME THE “GREAT PLAYER IMPORTING FURNITURE IN THE NEXT DECADE”.

WHY SHOULD ITALY WIN THESE CHALLENGES

1. Italy is the place identified for its good living. (good food, good fashion, good furniture).
Italy offers the most extended proximity to beauty, art and architecture.

2. These combined factors determine a natural instinct toward innovation within the furniture industry to embrace successfully the above mentioned challenges.