

FREEDONIA FOCUS ON Ceramic Tile

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September 2005

HIGHLIGHTS

Demand for ceramic tile in the US is forecast to reach 4.4 billion square feet in 2009, valued at \$4.6 billion. Between 2004 and 2009, annual growth in demand in area terms is expected to grow 6.9 percent, compared to 3.3 percent per annum for value demand.

Ceramic floor tiles will continue to dominate both area and value demand through 2009, with 3.2 billion square feet consumed in that year, valued at \$2.6 billion. Demand for floor tiles in value terms is expected to grow 7.5 percent per year in the 2004-2009 period due to their aesthetics, environmentally friendly profile, durability, and easy installation.

The residential market will remain dominant through 2009 with demand projected to reach 4.4 billion square feet, or 55 percent of the total. Demand will be boosted by an improved outlook for multifamily and manufactured housing construction, as well as acceleration in residential repair and improvement spending.

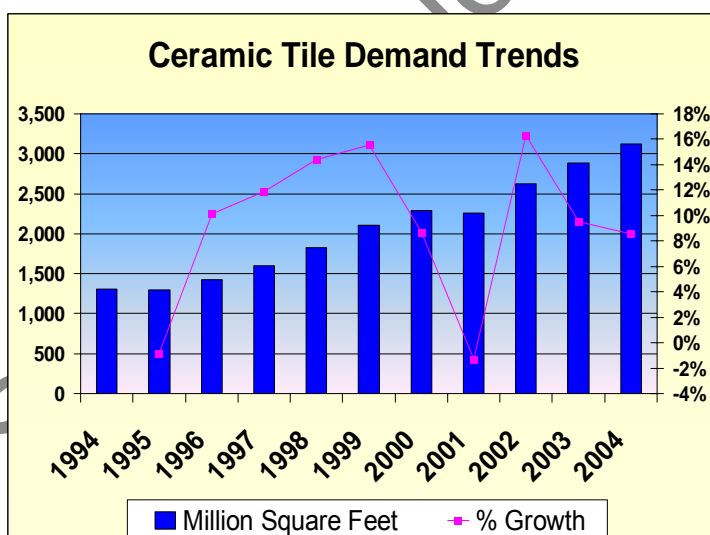
Net imports of ceramic tile rose nearly 13 percent per year in the 1999-2004 period to \$2.5 billion. Imports of ceramic tile have risen since many overseas producers can offer high quality, stylish products at lower costs than US producers.

In 2004, the leading producers of ceramic tile for the US market were Mohawk Industries' Dal-Tile operations; Mexico-based Internacional de Ceramica, via Interceramic; and Italy-based Marazzi Gruppo Ceramiche, through American Marazzi Tile.

INDUSTRY OVERVIEW

Market Size

Demand for ceramic tile in the US (at the manufacturers' level) reached 3.1 billion square feet in 2004, valued at \$3.9 billion. Square footage demand rose 8.2 percent annually in the 1999-2004 period. This pace was strong yet slower than the 10.1 percent annual rate in the 1994-1999 period because of the recession that caused a downturn in the ceramic tile industry in 2001. Pent-up demand resulted in the 16.3-percent rebound in 2002 because of new construction and remodeling activity in the residential market that sustained the industry. The ceramic tile industry enjoyed robust growth during the 1990s, spurred by healthy building construction spending levels as well as by a shift in consumer preferences away from carpets and rugs and toward hard surface flooring materials. This report encompasses ceramic tiles that are used for flooring, wall coverings and countertop surfaces in residential, nonresidential and nonbuilding applications such as transportation equipment. Structural ceramic tiles used in such applications as exterior cladding for buildings are not included.

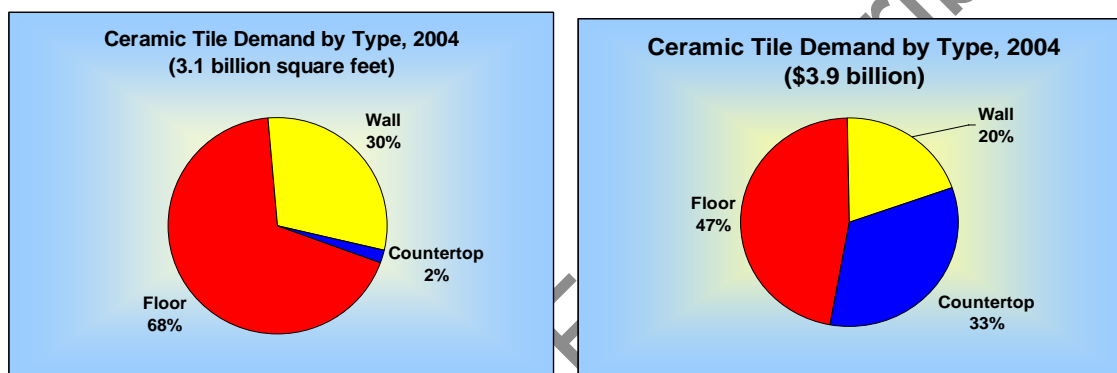


Year	Demand (mil sq ft)	Annual % Growth
1994	1305	-0.8
1995	1294	10.1
1996	1425	11.9
1997	1594	14.4
1998	1824	15.6
1999	2108	8.7
2000	2291	-1.3
2001	2262	16.3
2002	2630	9.5
2003	2880	8.6
2004	3127	

Source: The Freedonia Group, Inc.

Product Segmentation

Demand for ceramic tile totaled 3.1 billion square feet in 2004, valued at \$3.9 billion. Between 1999 and 2004, demand rose 8.2 percent per year in terms of square footage and 6.6 percent annually in value terms. Ceramic tiles, which can be classified by their application, include floor, wall and countertop tiles. While flooring tiles dominated demand in area terms in 2004, countertop tiles accounted for a disproportionate share of value due to the high cost of such products as hand-painted decorative tiles.



Source: The Freedonia Group, Inc.

Ceramic Floor Tiles: Demand for ceramic tiles used in flooring totaled 2.1 billion square feet in 2004, valued at \$1.8 billion. In the 1999-2004 period, both area and value demand for floor tiles grew the fastest of any ceramic tile product. Square footage demand rose 9.3 percent per year in the 1999-2004 period, while value demand increased 8.6 percent per annum. In 2004, the average price per square foot for ceramic floor tiles was \$0.85.

Ceramic floor tiles are available in three primary types: glazed, unglazed and mosaic. Regardless of glaze or size, ceramic tiles offer such properties as low maintenance and long life, as well as resistance to moisture, stains, fading, fire and scratching. Glazed tiles have a ceramic coating that is applied to the body for color and finish. Glazed tiles are generally used in residential environments, as the high traffic of commercial installations can wear the glaze

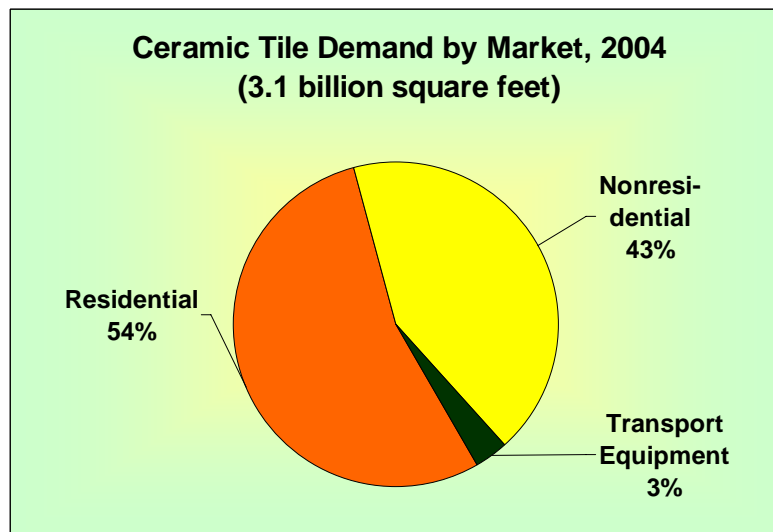
coating. Unglazed tile, which does not have a coating, is valued in nonresidential applications for its durability and wear resistance to heavy traffic. Mosaic ceramic tiles typically measure less than 6 inches by 6 inches, and are used to create designs or patterns on floors or walls.

Ceramic Wall Tiles: Demand for ceramic tiles used on walls totaled 941 million square feet in 2004 based on growth of 6.3 percent per year from 1999. In 2004, demand was valued at \$780 million, giving an average price per square foot of \$0.83. Ceramic wall tiles are characterized by low maintenance requirements; long life; and high resistance to moisture, stains, fading, fire and scratching. However, widespread use of ceramic tiles is also somewhat limited by their relatively high cost in comparison to other wall covering products. As a result, ceramic tiles are often used to provide a decorative accent rather than to cover a substantial wall area. Ceramic tiles are commonly used for kitchens and baths in residential applications, as well as for bathrooms and other niche applications in nonresidential markets such as hotels, restaurants and institutional facilities.

Countertop Ceramic Tiles: Demand for ceramic tiles used for countertops totaled 61 million square feet in 2004, which was valued at \$1.3 billion, resulting in a price per square foot of \$20.91. This high price is the result of high-end products, including hand-painted tiles, and high installation costs for countertop applications. Most ceramics are resistant to acids, salts, water and high temperature, like their mineral ingredients. Ceramic tile and its accompanying grout are available in a variety of grades for varying degrees of porosity and durability. In general, ceramic tile counters resist scratching and fading, but the edges can chip under great impact. Ceramic tiles feature a glaze that is fired in a kiln, so the color is on the surface and, if scratched, the white ceramic material beneath the glaze will show.

Market Segmentation

Ceramic tile demand reached 3.1 billion square feet in 2004 based on growth of 8.2 percent per year from 1999. Gains were driven by the large residential and nonresidential building markets. Ceramic tiles are used to a much lesser degree in transportation equipment.



Source: The Freedonia Group, Inc.

Residential Market: Demand for ceramic tile in the residential market totaled 1.7 billion square feet in 2004 based on growth of 9.0 percent per year from 1999, driven by demand for ceramic floor tiles. The residential market includes new construction and repair and replacement activity in single family homes, multifamily structures and manufactured housing. Ceramic flooring accounted for the largest share of residential ceramic tile demand, 58 percent in 2004; ceramic wall tiles comprised 39 percent, and ceramic tiles for countertops made up the remaining 3 percent. For flooring, glazed tiles, as opposed to nonglazed varieties, are generally used in residential environments, where high traffic is not a concern. Ceramic tiles, however, face significant competition from laminate flooring, and to a lesser degree vinyl flooring, which mimic the look and texture of ceramic tile and provide easier maintenance.

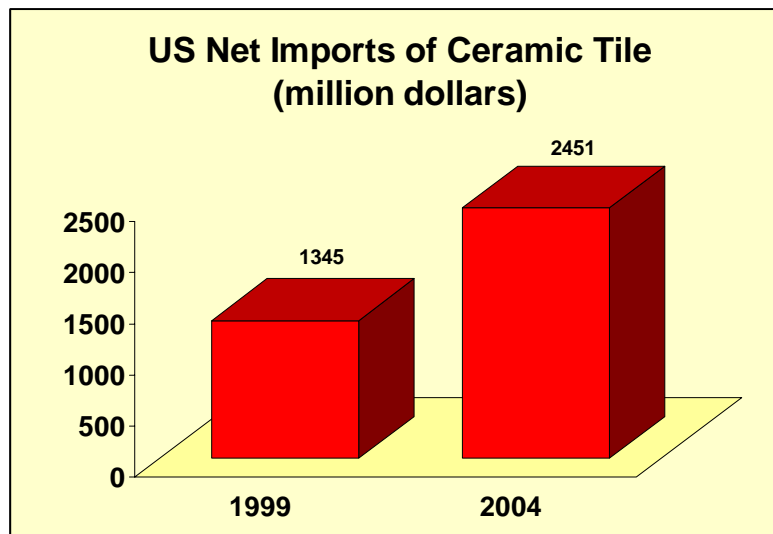
New housing completions are the primary demand driver for ceramic wall tile products. Ceramic tiles are used as wall coverings primarily in kitchens and bathrooms, where their high degree of water resistance and durability are desirable due to the high humidity frequently present in these rooms. Similarly, ceramic tile countertops are generally installed in new residential construction in kitchen and bath areas. The popularity of high-end, hand-painted tiles for decorative purposes drove demand in the 1999-2004 period. Limiting demand is the extra care required to keep ceramic tile and surrounding grout sanitary and looking clean, as well as the high cost of installation.

Nonresidential Market: The nonresidential market for ceramic tile totaled 1.3 billion square feet in 2004 based on increases of 7.6 percent per year from 1999. This market includes office, commercial, institutional, industrial and other public facilities. Ceramic tiles find the most use as flooring, which accounted for 78 percent of demand in 2004. Unglazed tile, which does not have a coating, is valued for flooring in nonresidential applications because of its durability and wear resistance in heavy traffic areas. The most common unglazed types are red quarry tiles and porcelain tiles. To a much lesser extent ceramic tiles are used as wall coverings. Some ceramic tile countertops are found in nonresidential markets, but the high cost and maintenance in public areas is generally prohibitive.

Transportation Equipment Market: Demand for ceramic tiles in the transportation equipment market totaled 101 million square feet in 2004 based on gains of 3.5 percent per annum from 1999. Applications are generally restricted to higher-end floor coverings in recreational vehicles and boats.

Trade

The US trade deficit in ceramic tiles grew 12.8 percent per year between 1999 and 2004 to \$2.5 billion. Imports of ceramic tile have risen since many overseas producers can offer high quality, stylish products at lower costs than US producers.



Source: The Freedonia Group, Inc.

Italy is the largest single supplier of ceramic flooring and countertop tile to the US, while Spain is the second largest. Other notable import suppliers include Brazil and Mexico. In the ceramic wall tile sector, Italy is again the leader, while Brazil has increased its tile production and its presence in the US market, displacing Spain as the second largest source of wall tile imports. China is also becoming a major supplier of ceramic wall tiles, and is now the fifth largest source of imports, after Italy, Brazil, Spain and Mexico. In general, imports from Italy and Spain are higher-end products characterized by advanced styling, whereas tiles from Mexico, Brazil and China are lower-end products. Italy was the principal country of origin for countertop ceramic tiles. US exports of ceramic wall tile, as well as flooring and countertop tiles are minimal, and primarily go to Canada.

Between 1999 and 2004, the value of ceramic tile shipments declined 0.6 percent per year, from \$1467million in 1999 to \$1420 million five years later. This trend is expected to accelerate through 2009, when shipment values are projected to decrease 5.9 percent per year to \$1050 million, due in part to the good reputation, quality and lower prices of imported products. In addition, many US hard surface flooring suppliers are entering the ceramic tile market through the distribution of tile, primarily imported from Europe, as a means to strengthen their market share in the hard surface flooring industry by offering a more broad range of products. As a result, domestic production will be significantly constrained. Competition from imports, primarily from Italy, Spain, Brazil and Mexico, will serve to restrain pricing gains. However, US producers will generate competition by offering product innovations that focus on enhanced designs and styles. In addition, growth in the 45 to 64-year-old demographic group, which typically has a higher amount of disposable income and a tendency to prefer high-end and custom products for home improvement projects, will contribute to shipment values.

Product Development

Product development trends in the ceramic tile industry are heavily influenced by consumer preference. For example, in the large ceramic flooring segment, consumer interest in natural and environmentally friendly products has increased over the last few years. Ceramic tile producers have responded with a wider style and size selection, including the introduction of larger tiles up to 20 inches square, as well as modular tile rectangles and decorative floor tiles created to enhance floor design. The development of new production technologies and the debut of stone- and marble-styled tiles have also resulted from this trend toward natural flooring. In addition, the further expansion of tile flooring into home centers, many of which offer installation services, has also provided opportunities to showcase new and improved products.

Innovations in installation and grout also benefit ceramic tile use not only in flooring but wall and countertop applications as well. For instance, while not available in the US as of mid-2005, **Tau Ceramica** (Spain) has developed a dry fixing system for ceramic tile. The company's tiles are adhered to a synthetic support that interlocks with the edges of adjacent tiles. Advantages to a mortarless installation are ease of installation, reduced clean-up and quicker installation time. Additionally, floor tiles can be removed individually, much like modular carpet tiles, for replacement or to provide access to the subfloor.

Advances in grout have made the installation of ceramic tile easier and quicker for both professionals and DIY consumers, therefore making ceramic tile a more attractive option for floors, walls and countertops. Consumer interest in low-maintenance grout has prompted grout manufacturers to develop and offer epoxy-based grouts, which feature a porosity rate of less than 0.5 percent. Recent product introductions include **Laticrete International's SPECTRALOCK PRO**, which offers enhanced chemical and stain resistance, extended working time, and increased resistance to stain-causing mold, bacteria and mildew.

INDUSTRY TRENDS & FORECASTS

Market Environment

Ceramic floor and wall tile demand is driven primarily by demand for hard surface flooring and wall coverings. Hard surface flooring and wall covering demand patterns are, in turn, closely related to the highly cyclical building construction sector -- both residential and nonresidential. The outlook in the residential market strongly impacts demand for flooring, wall and countertop tiles, while the nonresidential market's influence is mainly directed toward ceramic flooring tiles. Overall demand for ceramic tiles is less sensitive to economic cycling than is demand in many other construction-related industries because of the wide utilization of ceramic tile in repair and improvement, rather than in new construction projects. Additionally, ceramic tiles are often installed for purely decorative purposes that are completely independent of either repair projects or new construction activity.

Key Indicators for Ceramic Tile (billion 2000 dollars)					
Item	1999	2004	2009	% Annual Growth	
				04/99	09/04
Resident Population (million)	279.0	293.7	307.2	1.0	0.9
Gross Domestic Product	9470	10842	12750	2.7	3.3
Residential Building Construction Expend	660.8	712.6	779.0	1.5	1.8
Residential Improve/Repair Expenditures	152.6	159.6	173.0	0.9	1.6
Nonresidential Bldg Constr Expenditures	288.0	250.4	340.0	-2.8	6.3
Nonresidential Improve/Repair Expend	161.2	158.6	180.0	-0.3	2.6
Hard Surface Flooring Shpts (mil sq ft)	5775	5770	6400	0.0	2.1
Wall Covering Demand (mil sq ft)	8224	6468	6920	-4.7	1.4

Source: The Freedonia Group, Inc.

Product Forecasts

Demand for ceramic tile is forecast to reach 4.4 billion square feet in 2009, valued at \$4.6 billion. Between 2004 and 2009, annual growth in demand in area terms is expected to grow 6.9 percent, compared to 3.3 percent per annum for value demand. Demand growth in both area and value terms will be driven by the large floor segment due to the many advantages of ceramic tiles, including aesthetics, their environmentally friendly profile and durability, as well as installation improvements.

Ceramic Floor Tiles: Demand for ceramic floor tiles is expected to reach 3.2 billion square feet in 2009. Annual demand growth through 2009 will set an 8.2 percent pace, the fastest growth among the product segments. In value terms, ceramic floor tile demand will reach \$2.6 billion in 2009 based on annual increases of 7.5 percent per annum from 2004.

Growth in ceramic floor tile demand will be spurred by technological innovations such as enhanced visuals, new sizes and shapes, unique finishes and colors, and enhanced dimensional profiles. Other innovations such as installation and grout improvements will also support gains. Ceramic tile will continue to benefit from its perception as a durable, long-lasting flooring choice. Additionally, ceramic tile has an environmentally friendly profile because it can be recycled, has low toxicity and is made from clay, which is in abundant supply. Consumer preferences toward high-end and custom flooring will aid value demand growth. Increasing affordability and availability of floor warming systems will also support demand for ceramic tile. An expanding nonresidential construction market through 2009 will further boost advances.

Ceramic Wall Tiles: Demand for ceramic tiles used as wall coverings is projected to grow 4.3 percent per year to 1.2 billion square feet, valued at \$955 million. Demand will be derived from increased nonresidential building activity

and a healthier residential repair and renovation climate. Moderating factors include declines in new housing completions, competition from plastic shower surrounds in bathroom applications, and cost factors. Nevertheless, ceramic tile will remain the most stable segment of the overall wall covering industry, because demand is based more broadly across the entire construction market, and because ceramic wall tile has not suffered from competition from alternative materials. Specialty ceramic wall tiles will be supported by growing use in niche applications in which their highly decorative aesthetics are prized. However, the overall size of this market will remain limited by the elevated labor typically required to install and maintain these specialty tiles.

Ceramic Countertop Tiles: Demand for ceramic tiles used for countertop applications is forecast to reach 65 million square feet in 2009 based on growth of 1.3 percent per year from 2004. Gains will be restrained by consumer concerns about the difficulty in caring for tile countertops, including keeping the grout free from bacteria and looking clean. Consumers are also concerned about the texture of tile countertops (e.g., a tile countertop is not smooth enough for rolling out dough). Popular alternative materials such as granite, marble and slate also compete with ceramic tile in this application.

In value terms, demand will reach \$995 million based on annual declines of 4.9 percent per year in the 2004-2009 period. Faring the best will be higher-value-added tiles, including hand painted versions and types featuring specialty glazes, which have a higher price per square foot of countertop. Sales of ceramic tile countertops benefit from the low price relative to many other types of countertops, as well as from durability and the availability of a variety of colors and styles. Gains for ceramic tile will be restrained somewhat by competition from countertops made from porcelain and natural stone tiles.

Ceramic Tile Supply & Demand					
Item	1999	2004	2009	% Annual Growth	
				04/99	09/04
Ceramic Tile Demand (mil sq ft)	2108	3127	4375	8.2	6.9
Floor	1360	2125	3150	9.3	8.2
Wall	693	941	1160	6.3	4.3
Countertop	55	61	65	2.1	1.3
Ceramic Tile Demand (mil \$)	2812	3871	4550	6.6	3.3
Floor	1200	1815	2600	8.6	7.5
Wall	579	780	955	6.1	4.1
Countertop	1033	1276	995	4.3	-4.9
- net imports	1345	2451	3500	12.8	7.4
Ceramic Tile Shipments (mil \$)	1467	1420	1050	-0.6	-5.9
\$/square foot					
Floor	0.88	0.85	0.83	-0.7	-0.5
Wall	0.84	0.83	0.82	-0.2	-0.2
Countertop	18.78	20.91	21.61	2.2	0.7

Source: The Freedonia Group, Inc.

Market Forecasts

Demand for ceramic tile is forecast to grow 6.9 percent per year to 4.4 billion square feet in 2009; in value terms, gains will rise 3.3 percent per year to \$4.6 billion in 2009. Area gains will be more than double that of value gains, as prices for flooring and wall tiles are expected to decline modestly through 2009 due to the popularity of lower priced imported products that can offer good quality.

Residential Market: The residential market for ceramic tiles is expected to reach 2.4 billion square feet in 2009 based on the fastest growth among the markets, 7.5 percent per year from 2004. Despite a decline in single-family housing activity, gains in multifamily and manufactured housing construction will aid growth. Advances will also be supported by acceleration in residential repair and improvement spending. Growth in the amount of aging housing stock, as well as increases in the 45-years and older demographic segment -- which typically has the greatest spending power -- will also serve to support replacement activity. For example, demand for ceramic tile used for wall coverings and flooring will benefit from growth in the average size of kitchens and bathrooms, the two principal end uses for the tiles. Residential demand for ceramic tile will also be supported by increased consumer accessibility, as distribution channels for the tiles are widening from traditional ceramic showrooms to home centers and home decor retailers.

Nonresidential Market: Demand for ceramic tiles in nonresidential building applications is expected to grow 6.4 percent per year in the 2004-2009 period to 1.8 billion square feet, boosted by the recovery of nonresidential building construction from a period of cyclical weakness. Overall, the greatest gains will occur in new nonresidential construction, reflecting expansion in industrial and office and commercial building, both of which have been subdued over the previous five years. Demand for ceramic tiles in nonresidential repair

and renovation applications will show slower gains. Demand is largely concentrated in kitchen and bathroom applications.

Transportation Equipment Market: Demand for ceramic tiles used in transportation equipment is expected to grow 4.4 percent per year through 2009 to 125 million square feet. Economic recovery will result in a higher level of purchases of recreational vehicles and boats, the chief users of ceramic flooring in this market.

Ceramic Tile Demand by Market (million square feet)					
Item	1999	2004	2009	% Annual Growth	
				04/99	09/04
Ceramic Tile Demand	<u>2108</u>	<u>3127</u>	<u>4375</u>	8.2	6.9
Residential	1097	1690	2425	9.0	7.5
Nonresidential	926	1336	1825	7.6	6.4
Transportation Equipment	85	101	125	3.5	4.4
Ceramic Tile Demand (mil \$)	2812	3871	4550	6.6	3.3

Source: The Freedonia Group, Inc.

INDUSTRY STRUCTURE

Industry Composition

The ceramic tile industry in the US is fragmented, with over 100 ceramic tile manufacturers ranging in size from giant corporations to one-person studios. Many of these larger firms are US subsidiaries of foreign companies. In general, ceramic tile manufacturers produce tile for a variety of applications including wall coverings, shower and bath surrounds, flooring and countertops. In fact, many manufacturers do not make tile specifically for one application or another, but instead produce tile which is recommended for several applications based on performance characteristics.

In 2004, the leading producers of ceramic tiles for the US market were **Mohawk Industries**, through its Dal-Tile operations; Mexico-based **Internacional de Ceramica**, via Interceramic; and Italy-based **Marazzi Gruppo Ceramiche**, through American Marazzi Tile. In the flooring segment, the largest producers were the three industry leaders plus **Shaw Industries** (Berkshire Hathaway) and Spain-based **Corporacion Empresarial Roca** Group, via the Laufen Ceramic Tile and United States Ceramic Tile subsidiaries. In the wall covering segment, the top producers for the US market were **Mohawk Industries**, **Florida Tile Industries** and European concerns **Marazzi** and **Roca Group**. In the countertop segment, **Marazzi**, **Mohawk** and **Florida Tile** are the leading suppliers.

In addition, a growing number of foreign competitors from China and other Asian nations are entering the US market, offering a variety of lower priced tile products. Along with the companies already mentioned, other foreign companies competing in the US market include **Ceccrisa** (Brazil), **Eagle Brand Holdings** (China), **Eliane Ceramic Tiles** (Brazil), **Florim Ceramiche** (Italy), **Gruppo Ceramiche Ricchetti** (Italy), **Grespania** (Spain), **H & R Johnson Tiles** (UK), **Iris Ceramica** (Italy), **Nitco Tiles** (India), and **Pamesa** (Spain).

Industry Leaders

Mohawk Industries Incorporated

160 South Industrial Boulevard
Calhoun, GA 30701
706-629-7721
www.mohawkind.com

Dal-Tile International Inc.
7834 CF Hawn Freeway
Dallas, TX 75217
214-398-1411
www.daltile.com

Mohawk Industries, a leading carpet and rug manufacturer, was the largest competitor in the US ceramic tile industry in 2004. The company had total sales of \$5.9 billion in 2004 and employed 34,300.

Mohawk is active in the US ceramic tile industry through the \$1.5 billion Dal-Tile segment, which operates as Dal-Tile International. Dal-Tile produces **DALTILE** and **AMERICAN OLEAN** ceramic and other types of tiles for residential and commercial installations. The **DALTILE** ceramic flooring line, which includes **VERANDA**, **DEL LAVORO** and **CANALETTO** tiles, are suitable for use in living rooms, entryways, kitchens, bathrooms and other residential spaces. Coordinating ceramic floor and wall tiles are manufactured through the **DALTILE** line's **TRAVATA**, **TIVOLI** and **PIETRE VECCHIE** collections. Dal-Tile's **AMERICAN OLEAN** product range comprises glazed and unglazed tiles for residential and commercial applications. Residential uses include walls, backsplashes, floors and countertops. For the commercial market, the **AMERICAN OLEAN** product lines include wall tiles sold under the **MARTINIQUE** and **CACHE** brand names. Operations conducted in Mexico include Dal-Tile's 49.99-percent interest in Recubrimientos Interceramic, or RISA (Mexico), a joint venture between Dal-Tile and Internacional de Ceramica (Mexico), a ceramic floor and wall tile manufacturer. RISA and Dal-Tile are also engaged in an agreement that allows Dal-Tile to purchase up to 50 percent of the RISA plant's glazed ceramic floor tile production to sell in the US.

Internacional de Ceramica SA de CV

No. 7200 Avenida Carlos Pacheco Sector 26
Chihuahua 31060
Mexico
52-614-429-1111
www.interceramic.com

Interceramic Incorporated
2333 South Jupiter Road
Garland, TX 75041
214-503-5500

Internacional de Ceramica is involved in the manufacture and distribution of ceramic floor and wall tiles primarily for sale in Mexico and the US. The company was the second largest producer of ceramic tiles for the US market in 2004. Internacional de Ceramic had total revenues of \$317 million in 2003 including US revenues of \$139 million, and employed 3,045.

Internacional de Ceramica is active in the US ceramic tile industry through Interceramic, a subsidiary of Interceramic Holding that markets Internacional de Ceramica's more than 30 lines of ceramic and porcelain floor tiles. Ceramic floor tiles are sold under the **INTERCERAMIC** brand name in the US through collections that include **PIEMONTE**, **COTTO FIRENZE** and **PALLADIO**, among others. Residential light-duty tiles are intended for use in such areas as kitchens and bathrooms, while commercial moderate and heavy-duty tiles are utilized in such settings as restaurants, shopping malls and other public buildings. Floor tiles are manufactured by Internacional de Ceramica at three facilities in Chihuahua, Mexico. One facility, known as the RISA plant, is owned by Recubrimientos Interceramic, a joint venture that is 50.01-percent owned by Internacional de Ceramica and 49.99-percent owned by Dal-Tile, a subsidiary of Mohawk Industries. RISA and Dal-Tile are also engaged in an agreement that allows Dal-Tile to purchase up to 50 percent of the RISA plant's glazed ceramic floor tile production to sell in the US. Internacional de Ceramica plans to open another plant in Chihuahua in the second half of 2005. In the US, Interceramic sells Internacional de Ceramica's products through a network of 79 independent distributors at 180 locations in the US and Canada. Interceramic also sells ceramic tile products to 19 Interceramic Tile and Stone Galleries.

Marazzi Gruppo Ceramiche SpA

Via le Regina Pacis 39
41049 Sassuolo
Italy
39-536-860-111
www.marazzi.it

American Marazzi Tile Inc.
359 Clay Road
Sunnyvale, TX 75182
972-226-0110
www.marazzitile.com

Marazzi Gruppo is a privately held leading global producer of ceramic and stone wall and floor tiles. The company was the third largest producer of ceramic tile for the US market in 2004. Marazzi had annual sales of \$930 million in 2004 and employed 4,195. In October 2004, Permira Europe II (France) and Private Equity Partners Funds acquired a total of 33 percent of Marazzi Gruppo's capital from the Marazzi family.

Marazzi Gruppo is active in the US ceramic tile industry through the American Marazzi Tile and Monarch Ceramic Tile subsidiaries. American Marazzi is a manufacturer of floor, wall and countertop tiles for residential and commercial applications. The company has estimated annual sales of \$125 million and employs about 420. American Marazzi makes more than 100 million square feet of tile per year. Glazed ceramic floor tiles for residential and light commercial installations are manufactured and marketed under such brand names as **NEOLITHIC**, **DESERT STONE II** and **CERAMICRAFT**. In addition, through the Monarch Ceramic Tile subsidiary, Marazzi Gruppo produces ceramic floor and wall tiles for residential and commercial applications. Monarch Ceramic Tile has estimated annual sales of \$40 million and employs about 130. Under the **MARAZZI USA** brand name, American Marazzi produces and sells glazed ceramic and other types of wall tiles. Additionally, the company manufactures and markets glazed and unglazed floor and wall tiles under the **MARAZZI TECNICA** brand name. American Marazzi's production activities take place at its headquarters in Sunnyvale, Texas. Floor and wall tile products are marketed by the company through a network of 250 independent stocking distributors throughout the US, Canada and the Caribbean.

RESOURCES

Trade Publications

Ceramic Industry www.ceramicindustry.com

Home Channel News www.homechannelnews.com

Kitchen & Bath Business www.kbbonline.com

National Floor Trends www.ntlfloortrends.com

Associations

American Ceramic Society www.ceramics.org

Ceramic Tile Distributors Association www.ctdahome.org

Ceramic Tile Education Foundation www.tileschool.org

National Tile Contractors Association www.tile-assn.com

Tile Contractors Association of America www.tcaainc.org

Tile Council of America www.tileusa.com

World Floor Covering Association www.wfca.org

Related Freedonia Studies

Freedonia Group Industry Studies related to ceramic tile include #1974 **Wall Coverings** (August 2005; 250 pages; \$4,100), #1971 **Hard Surface Flooring** (August 2005; 265 pages: \$4,100) and #1734 **Residential Kitchen and Bath Countertops** (November 2003; \$3,900). These and a wide variety of other studies are available by contacting customer service at 800.927.5900, 440.684.9600 or info@freedoniagroup.com. For more information, please visit our website at www.freedoniagroup.com.

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