World Ceramic Tiles Forum – National Context

Spain

World Ceramic Tiles Forum 2011

National Context – Spain

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

The global economy slowed slightly in the first half of this year due to a number of factors, most of which seem to be short-term.

There has been no change in the speed of adjustment and reform, which offsets rising tensions and uncertainty on international financial markets.

The current situation calls for decisive and ambitious actions that dispel doubts about whether the fiscal targets will be met, complete the restructuring of the financial system and foster economic growth, thereby ensuring that Spain's recovery is strong, sustained and job-creating.

Housing investment and construction sector are still shaped by a lethargic real estate market, which remains weak, although slightly improved from previous quarters.

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

- Gross Domestic Product (GDP) → 2010: -0.1%
  2011: 0.8% (forecasts IMF)
  2012: 1.1% (forecasts IMF)

- Unemployment → 2010: 20.1%
  2011: 20.7% (forecasts IMF)
  2012: 19.7% (forecasts IMF)

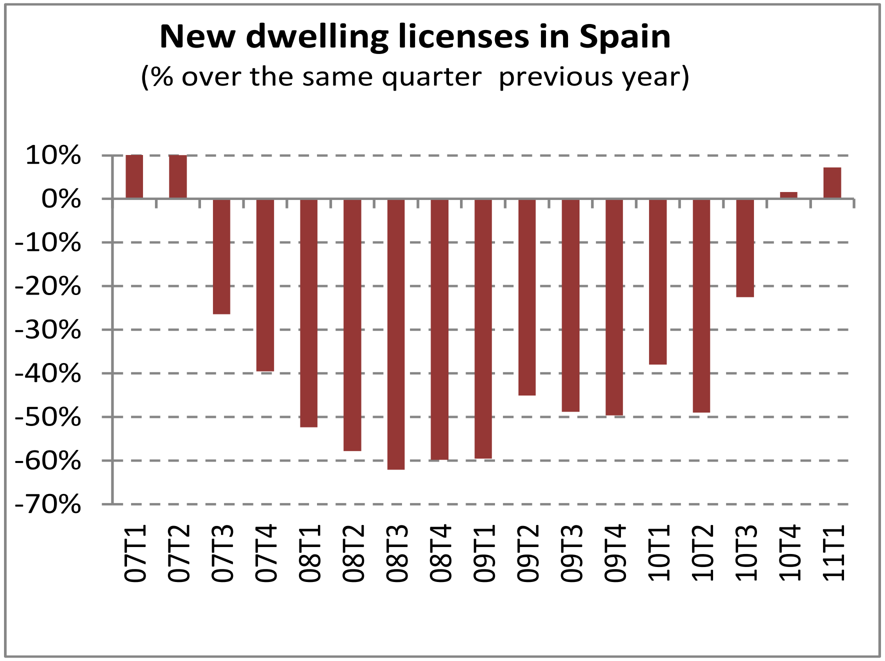
- Consumer product index (CPI) → 2010: 3.6%
  2011: 3.0% (August)

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

- Residential Construction

2010: -12.0%
2011: -1.8% (January- June)
2011: -5.5% (forecasts Euroconstruct)
2012: 5.0% (forecasts Euroconstruct)

- New dwelling licenses
  - 2010: -29.8%
  - 2011: 5.7% (1st quarter)



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

Spanish production in 2010 rose to 366 Msqm, showing a positive (+12.8%) for the first time in three years; but it remains to be 62.5% of the 2007 figure. Use of the production capacity is back to the 70% range.

Natural gas prices show a growing trend since Q4 of 2009. Present price is 45% higher than the beginning of 2007 price.

Employment in 2010 decreased by -8.4%, resulting in a 40% drop for the period 2008-2010 (from 27,000 workers in 2007 to 16,200 in 2010). In the present year, the available data still show a slightly decreasing trend (-5%).

2010 total sales fell to 2.55 milliards (-1.7%) in value, which leads to 61.5% of the 2007 figure (4.17 milliards). However, exports and domestic sales are evolving very differently.

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

Sales in Spain have collapsed (-13% in 2010), and they now represent 801 million € and 43% of the 2007 value. 2010 apparent consumption was 144 Msqm, while it reached its peak in 2006 with 318 Msqm. The present per capita consumption is 3.1 sqm, far from the 7.1 sqm of 2006.

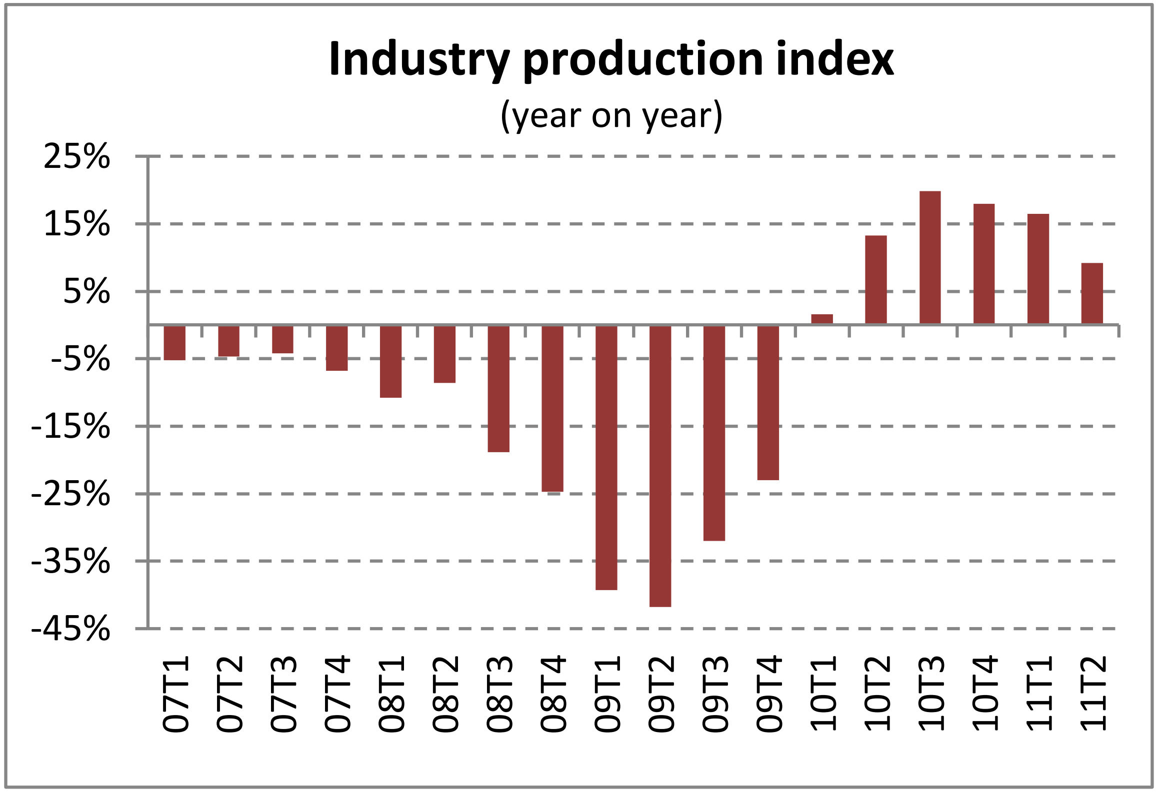
Exports, after a very difficult 2009, have rebounded to 1.75 milliard € (+4.4%) in 2010, and show hopeful signs of renewed strenght in 2011 (+9.6% in Jan-July).

Looking to single countries, the Russian Federation, Saudi Arabia, Israel, Irak and France have outstanded for their positive figures in the last 12 months. On the opposite side, South Korea, Greece and Libya show the largest declines for the period.

Imports have grown by 28% in Spain during 2010. The year-end figures are 91.8 M€ and 11.5 Msqm. China is by far the main responsible for the increase, since it rose 15 M€ and 2.4 Msqm.

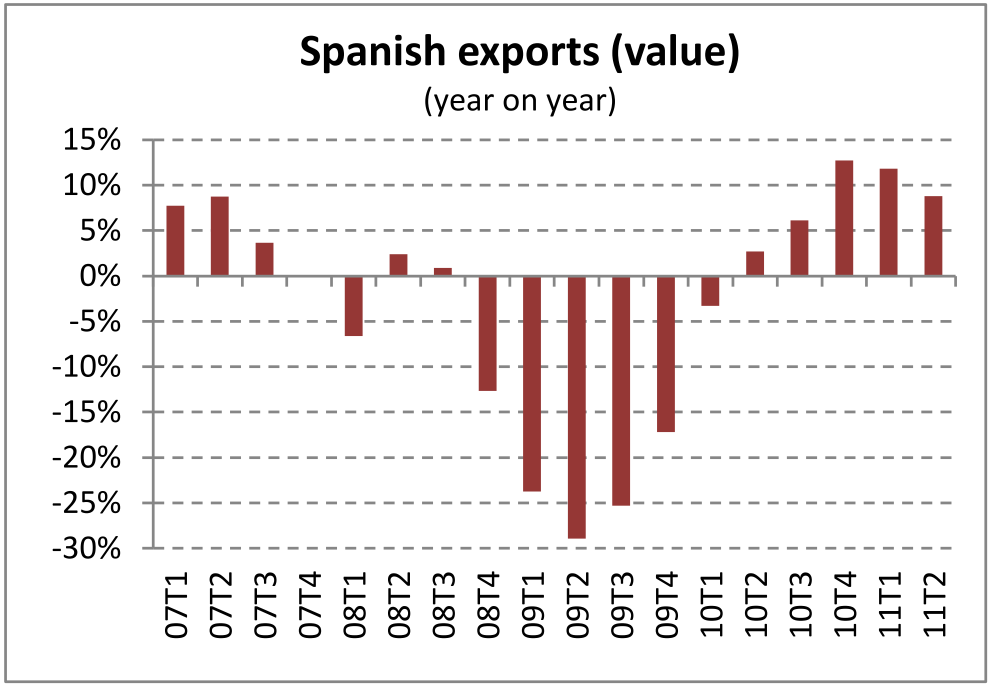
II. Spain. Trend in production, consumption and trade in ceramic tiles

- Industrial Production Index → 2010: 12,9%
  2011: 11,1% (January – July)
  2011: 7-8% (forecasts ASCER)



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

- Exports (value) → 2010: 4,4%
  2011: 9,6% (January – July)
  2011: 6-7% (forecasts ASCER)
- Total sales (value) → 2010: -2,4%
  2011: 1-2% (forecasts ASCER)



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

GAS ORGANISED MARKET (HUB)

INFRAESTRUCTURES

- Cross-border gas pipelines to facilitate exchanges (Spain-France)

ENERGY PRICES

- Increasing energy prices
- Important increase of electricity mandatory transport costs (+ 130 % in 3 years)

COGENARATION

- Renewal of combined heat-power plants (+ 15 years old)
- Investment pay-out time of 5-6 years.
- In line with EU strategy in order to increase energy efficiency.

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

STANDARDISATION

- No new developments at national level
- Spanish standards on ceramic tiles are equivalent to EU standards

REGULATION

- Revision of Spanish Building Code
  - modification of slip requirements (same test method as before but new conditions)