



## Acquisition of Daler-Rowney

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# Transaction overview

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- FILA has acquired the entire share capital - comprising “ordinary shares” and “preference shares” - of Renoir TopCo Ltd, the holding company of the Daler-Rowney Lukas Group (“Daler”), from funds under the management of Electra Partners LLP and from the management team of Daler
- The acquisition of the entire share capital of Renoir TopCo Ltd involves a total payment of Euro 80.8 million, of which
  - Euro 2.6 million as payment for the “ordinary shares”
  - Euro 12.7 million as payment for the “preference shares” and
  - Euro 65.5 million for the redemption of the Loan Notes held by the sellers
- The transaction has been financed through a medium-term bank loan issued by Unicredit, Intesa Sanpaolo and Mediobanca for a total amount of Euro 130 million, which includes also a revolving facility to manage FILA’s working capital needs
- The integration with the Daler-Rowney Lukas Group aims at achieving significant cost synergies - through the optimization of the production structure, sales force and overhead costs – as well as revenue synergies – through the increase of Daler-Rowney products sales

# Transaction strategic rationale



- Possibility to exploit the integration capabilities developed to become a market aggregator in a sector which is at the beginning of a consolidation phase
- FILA's product portfolio have unexploited market ends and the same distribution channels of the Art & Craft industry
- Great increase of the age of FILA's target customers for color products from current 2 to 10 years through the integration of Art & Craft companies
- Potential integration of brushes, canvases and paper in Maimeri's product portfolio
- Potential cost synergies originating from the optimization of the production structure and the streamlining of sales force and overheads functions
- Substantial commercial and distribution synergies between the Art & Craft industry and the stationery school market. Same pull marketing approach as for current FILA product offering
- Mature technology and no technological changes envisaged in the Art & Craft industry are compatible with FILA's investment requirements
- The Art & Craft industry is primarily growing in the entry level segment, which is comparable, in terms of pricing and quality, to FILA's premium brands in the school stationery market
- FILA's strong know-how in the modern distribution model toward which the Art & Craft industry is moving

# Daler at a glance



**ICONIC BRITISH GROUP,  
ESTABLISHED IN 1783, WORLDWIDE  
LEADER IN THE ART & CRAFT**

**MANUFACTURER AND DISTRIBUTOR  
OF FINE ART & CRAFT MATERIALS**

**# 1 OR 2 BRAND RANKING  
IN ALL ITS CHOSEN MARKETS**

**ART & CRAFT MARKET ESTIMATED AT  
APPROX. USD 1.5 TO 4.5 BN RETAIL VALUE  
EX-FACTORY WORTH CA. USD 0.8 TO 2.3 BN**

**PRODUCTS SOLD IN OVER 100 COUNTRIES  
THROUGH MORE THAN 40 BRANDS**













**DIRECT PRESENCE IN UK, DOMINICAN  
REPUBLIC, GERMANY AND USA  
WITH 700 EMPLOYEES WORLDWIDE**

**ANNUAL REVENUES OF OVER GBP 60M**

**SIGNIFICANT SYNERGIES EXPECTED  
UNLOCKING NORMALIZED EBITDA MARGIN  
IN LINE / ABOVE CURRENT FILA'S MARGIN**

# Key milestones in Daler history



1783	1946	1969	1983	1994	2005
					
<p><i>Rowney Company established</i></p>	<p><i>Daler-Board Company established</i></p>	<p><i>Rowney Company sold to Morgan Crucible</i></p>	<p><i>Daler-Board acquired Rowney from Morgan Crucible - Daler-Rowney was born</i></p>	<p><i>DR acquires a US brand, Robert Simmons, together with La Romana factory</i></p>	<p><i>Daler-Rowney acquires a US market leader of hardback artist books, Cachet</i></p>
2006-8	2009	2009	2011	2012	2013
					
<p><i>Partial transfer of manufacturing to La Romana factory (Dominican Republic)</i></p>	<p><i>Daler-Rowney launches Simply range for Beginner and Graduate markets</i></p>	<p><i>Daler-Rowney becomes Walmart USA's main supplier of arts products</i></p>	<p><i>Acquisition of Daler-Rowney by Electra</i></p>	<p><i>DR acquires Lukas and Nerchau brands (kids and hobby)</i></p>	<p><i>Water colour and pastel moved from UK to La Romana. Integration of Lukas in DR UK</i></p>

# Product portfolio



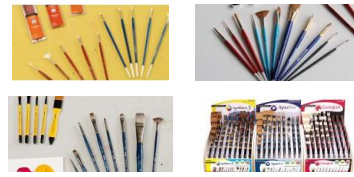
## Colours

Oil Colours, Acrylic Colours, Watercolours, Inks, Gouache Colours, Mediums, Egg Tempera, Screen Printing



## Brushes

Oil Brushes, Watercolour Brushes, Acrylic Brushes, Graduate Brushes, Simply Brushes



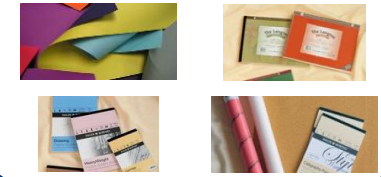
## Canvases

Ready-to-Use pre-stretched Canvases over wooden frames for drawing and painting



## Paper

Drawing and Sketching Surfaces, Specialist Surfaces, Sketchbooks, Portfolios for Drawing and Painting



## Drawing Media

Artists' Erasers, Artists' Pastels, Artists' Pencils, Willow Charcoal, Simply Drawing Accessories, Simply Drawing Mediums



## Boards

Mountboards, Picture Mounts, Specialist Boards



## Easels

Studio Easels, Field Easels, Table Easels, Simply Easels Easels Accessories



## Others

Simply Luggage, Cachet Portfolios, Specialty Ranges, Mount Cutters



# Key brands

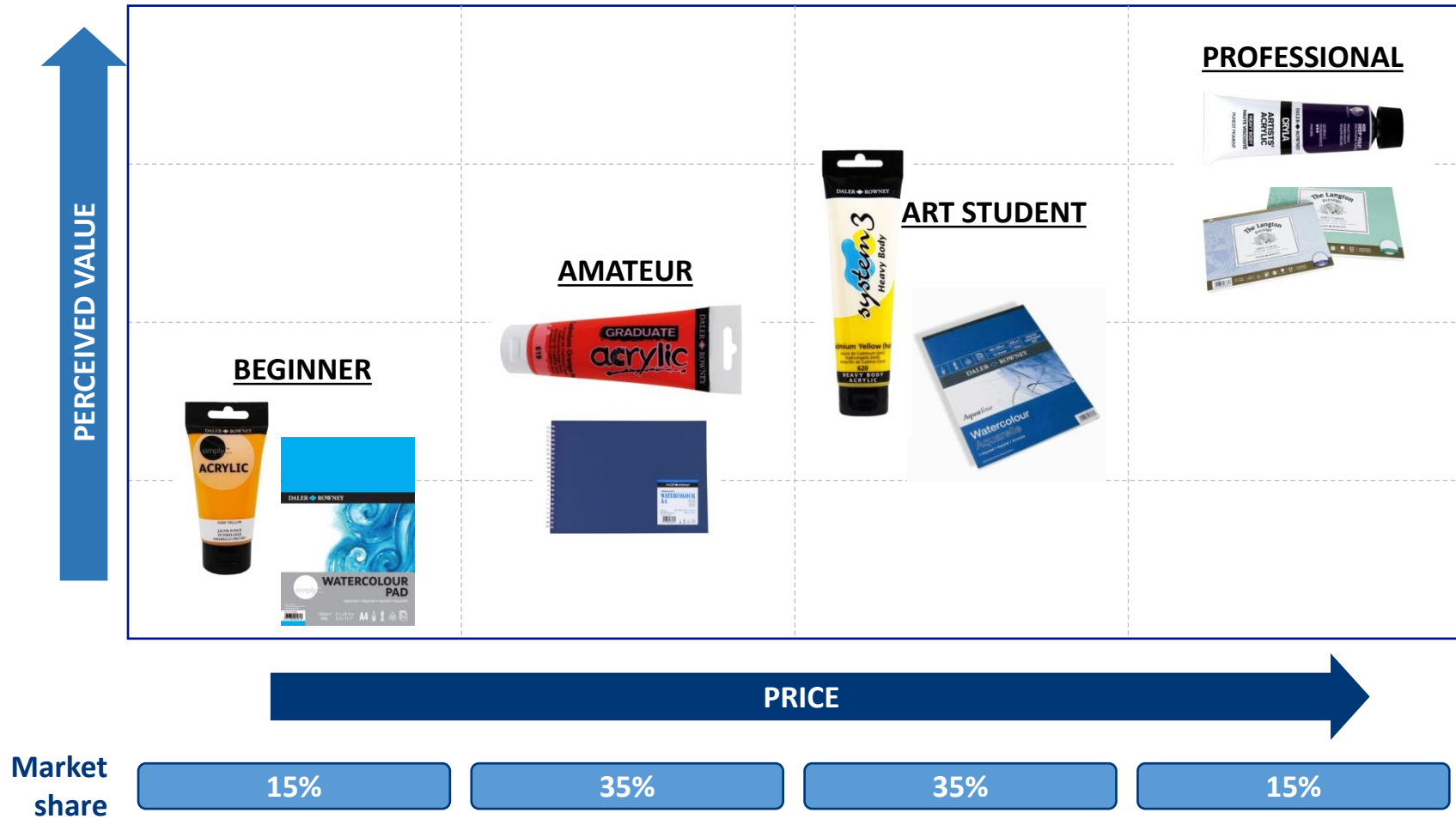


Brand	End users	Products				
		Colour	Brushes	Canvas	Paper	Accessories <sup>1</sup>
	Student / Professional					
	Student / Professional					
	Student / Professional					
	Student / Professional					
	Student					
	Amateur					
	Beginner					

1. Includes Boards



# Product segmentation targeting a wide spectrum of end users...



# ...and perfectly complementary to FILA's offering

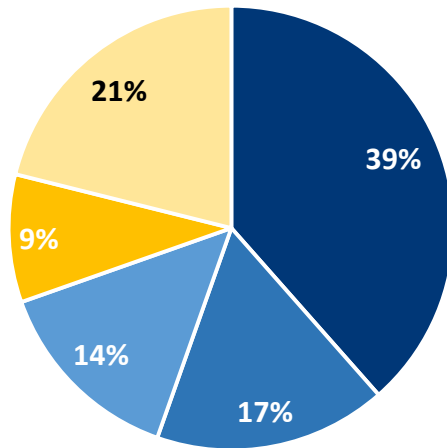


END USE	Fine Art & Craft					
	Writing					
	Drawing/colouring					
	Modelling					
	Pre-School	Primary School	Secondary School	High School, Hobby & Artist	Office	Industrial
END USE CATEGORIES						

# Revenues breakdown<sup>1</sup>

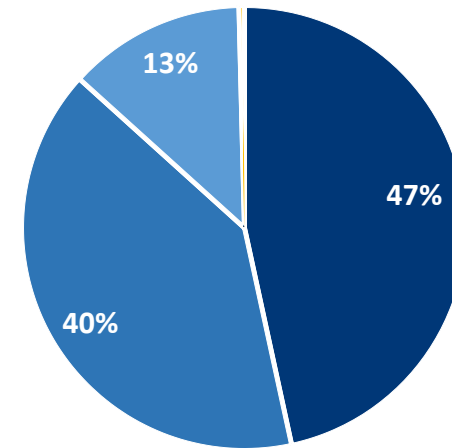


By product



- Colours
- Paper
- Canvases
- Brushes
- Art accessories and other products

By origin of sale



- UK
- USA
- Germany
- Dominican Republic