



Fabbrica Italiana Lapis ed Affini

# Corporate Presentation

September 2016

# Disclaimer

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# FILA

- Global leader in design, production and marketing of creativity tools and products for children, a sector not affected by digitalization
- A masterpiece of Italian entrepreneurship showing resilience and profit growth through the cycle
- Listed from the 12<sup>th</sup> of November 2015 on the MTA (“Mercato Telematico Azionario”) market, STAR segment



 1920

Founded in 1920 in Florence by Conti della Gherardesca and Marchesi Antinori

 1956

Renato Candela, an employee of FILA, buys a minority stake

 '90s

The Candela family takes control

 '00s

International expansion takes off



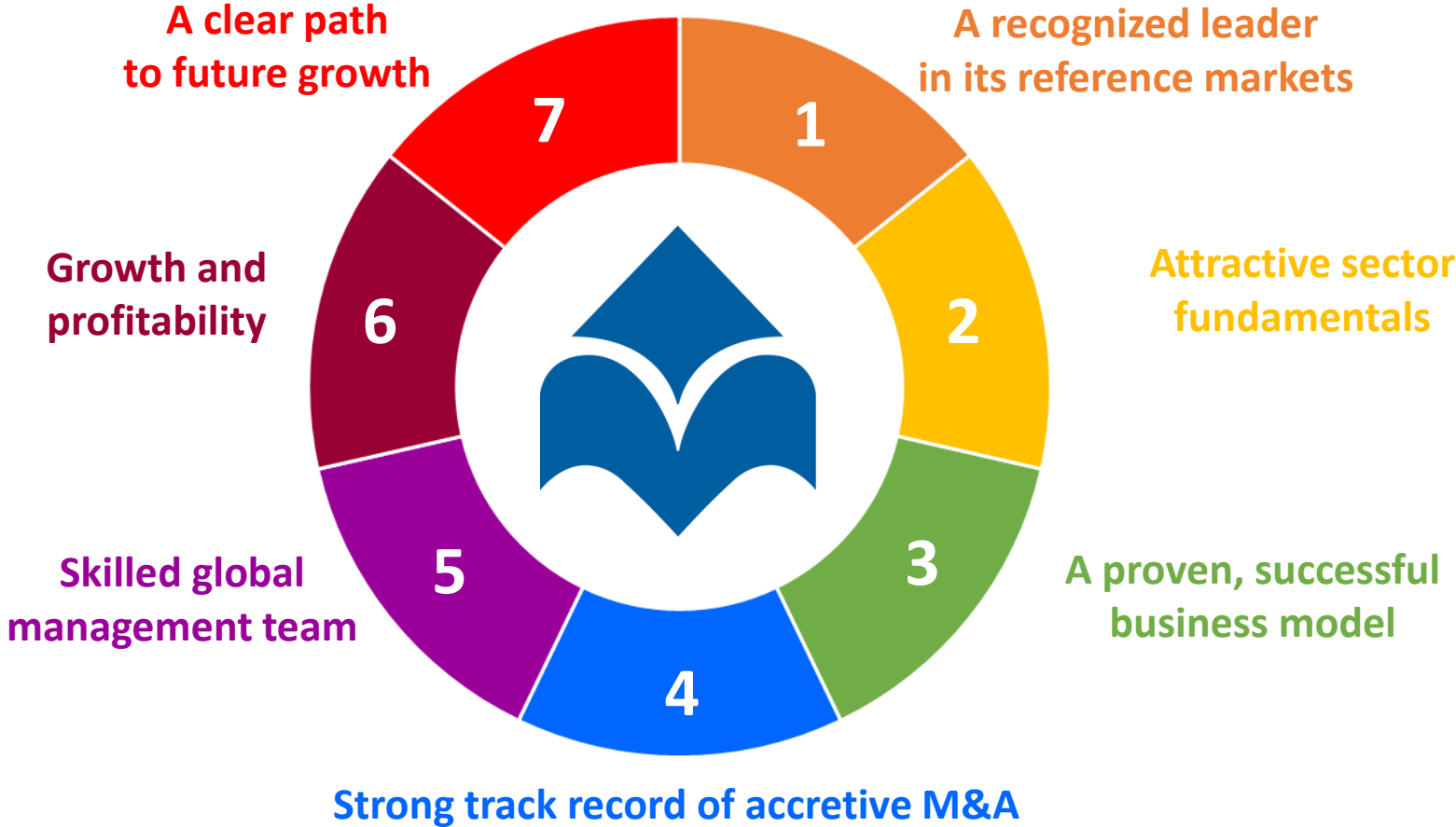
# A history of continuous expansion



# Key investment highlights

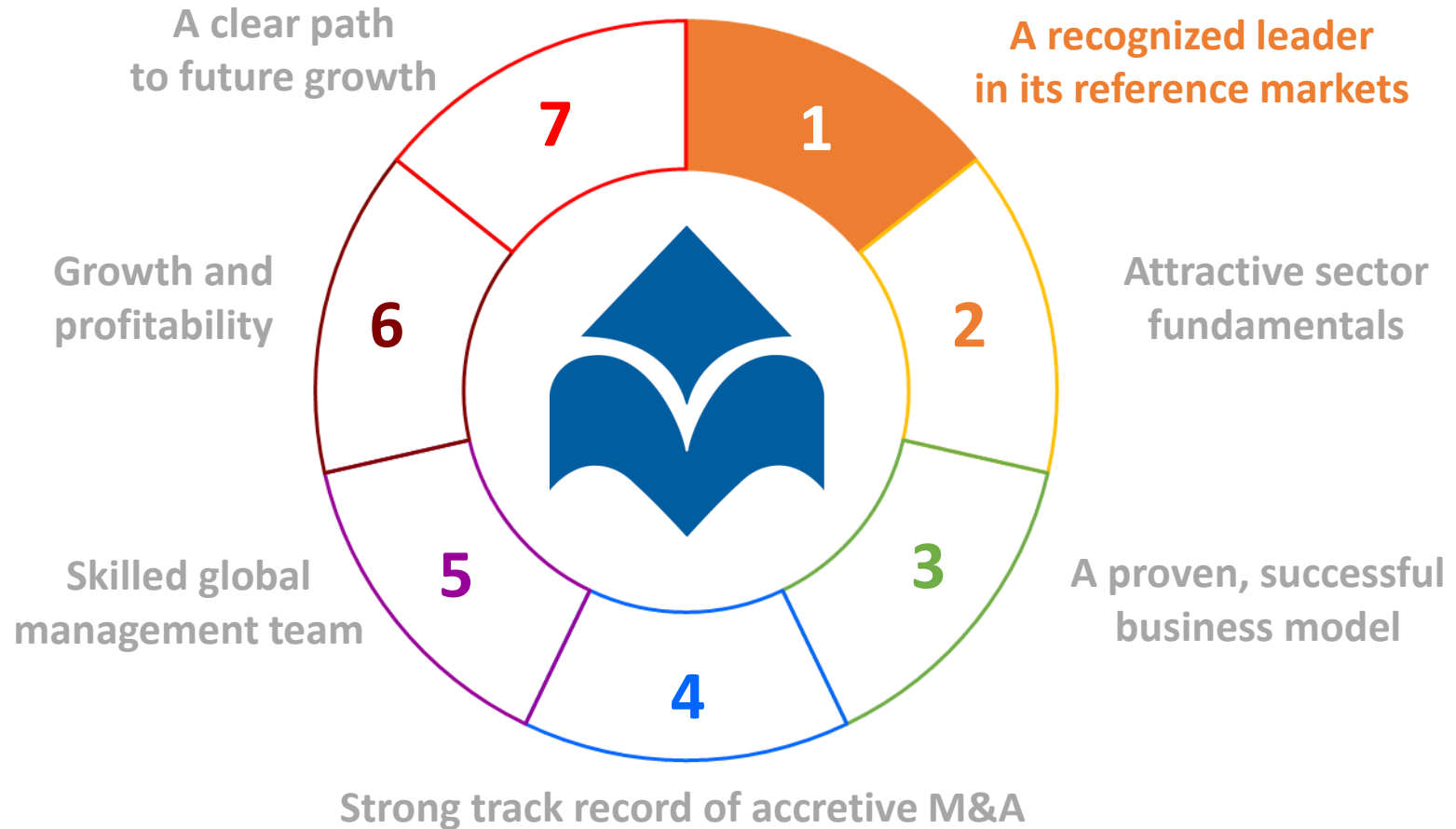


FILA has all the “colours” for success



1

# A recognized leader in its reference markets

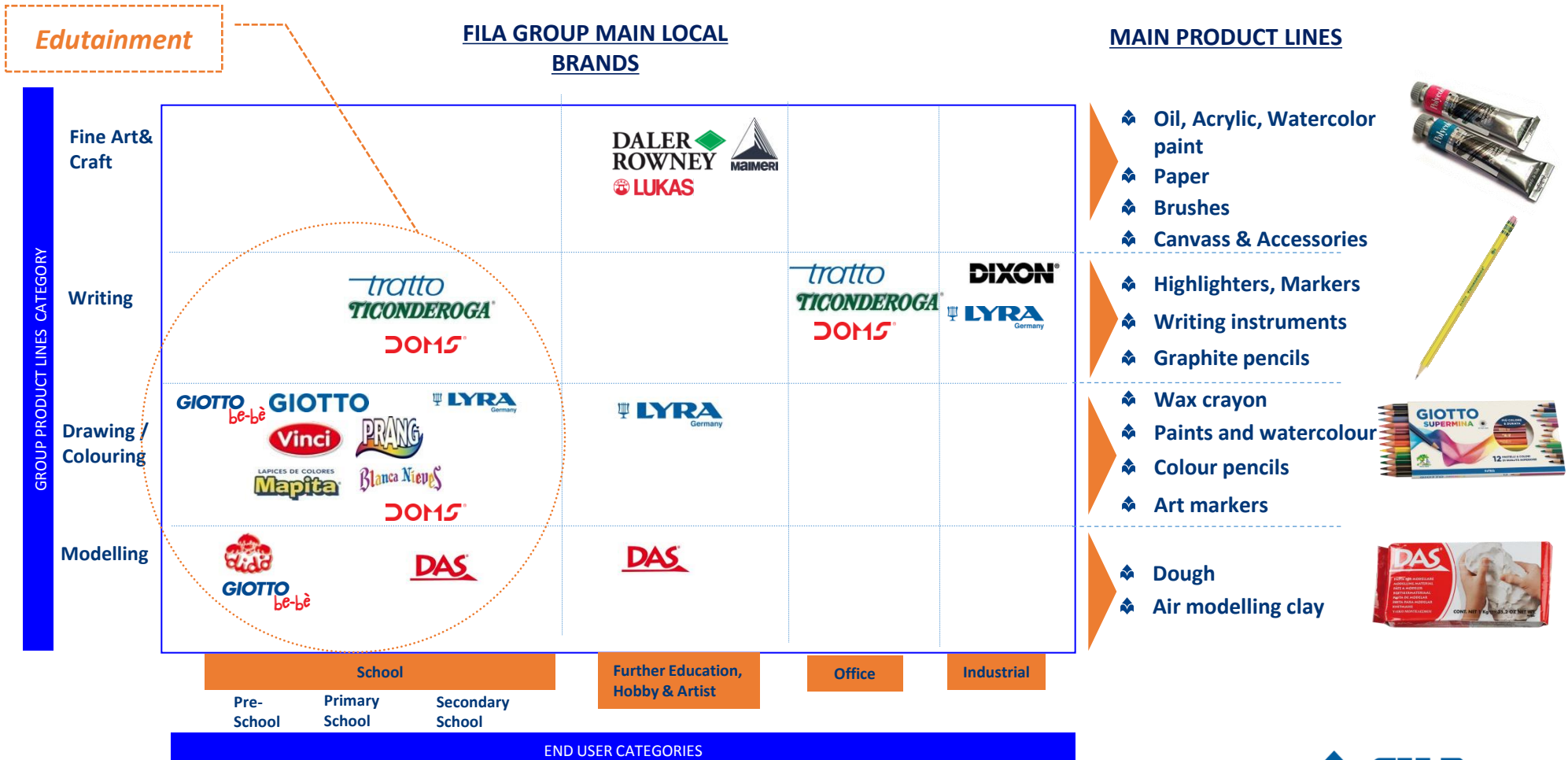


1

# A recognized leader in its reference markets



Within the **EDUTAINMENT** sector, FILA offers multiple drawing, coloring, modelling and writing solutions primarily to young children through established local brands



Source: Company data

**1**

# A recognized leader in its reference markets



COUNTRY	POSITION
US	#1 in graphite pencils (47,2% market share in value Year Ending June 2016*)
Mexico	#1 in colouring pencils ( graphite and coloured)** Market share in volume Year Ending June 2016: 62,7% Market share in value Year Ending June 2016: 39,7%
India	#2 in colouring pencils and graphite pencils (38% market share in value June 2016***)
Italy	#1 in colouring pencils (62,3% market share in value Year Ending June 2016****)

• NPD source

\*\* ISCAM ( Informacion Sistematizada de Canales y Mercato)

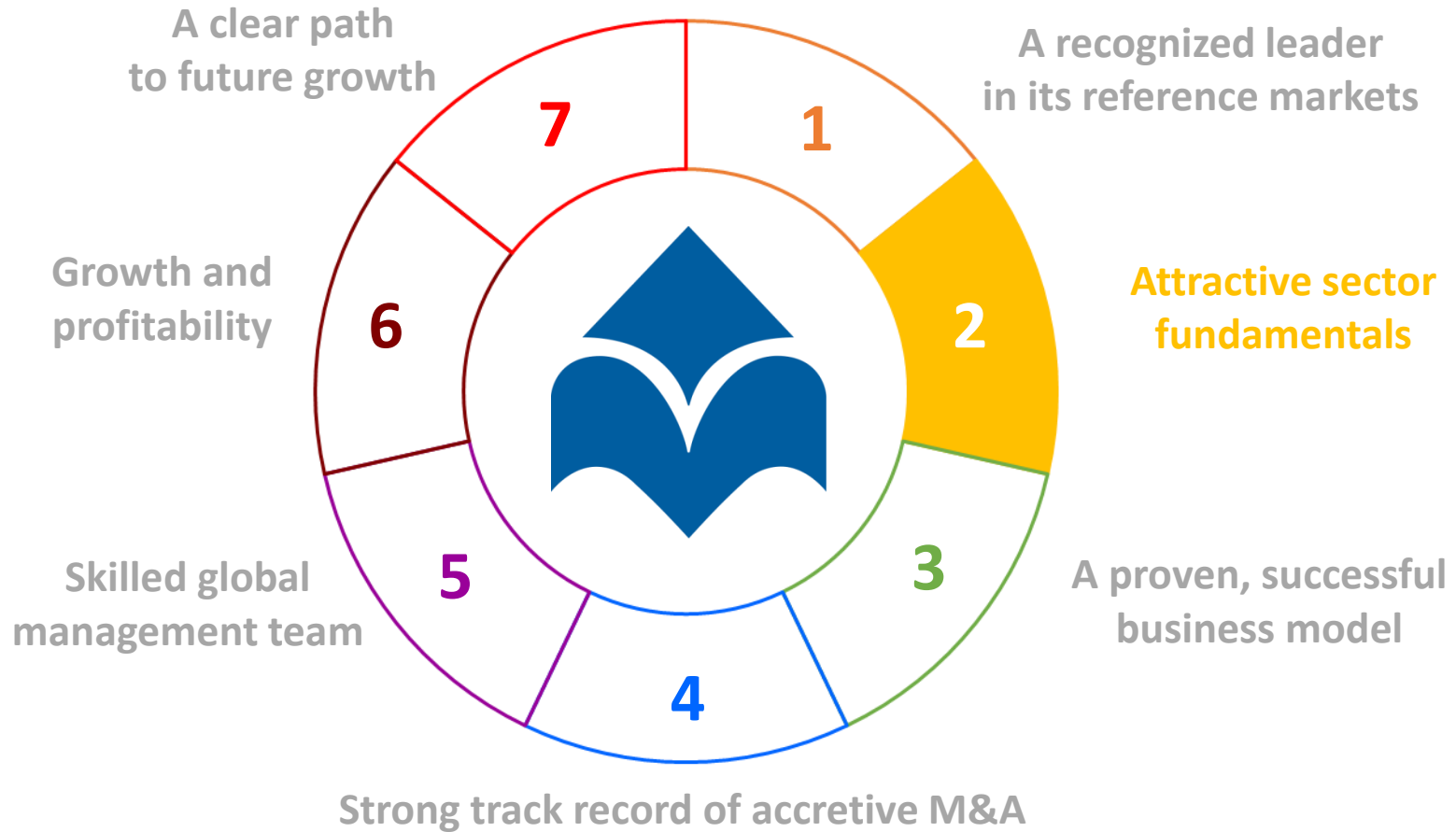
\*\*\*Data referred to FILA's affiliate company Writefine Products Private Plc

\*\*\*\* GFK Source



# 2

## Attractive sector fundamentals



# 2

## Attractive sector fundamentals



- Creative arts are essential development tools in early childhood education
- A Concentrated Sector with Few Emerging Global Players
- Resilient Growth in Developed Economies and Fast Growth in Emerging Markets

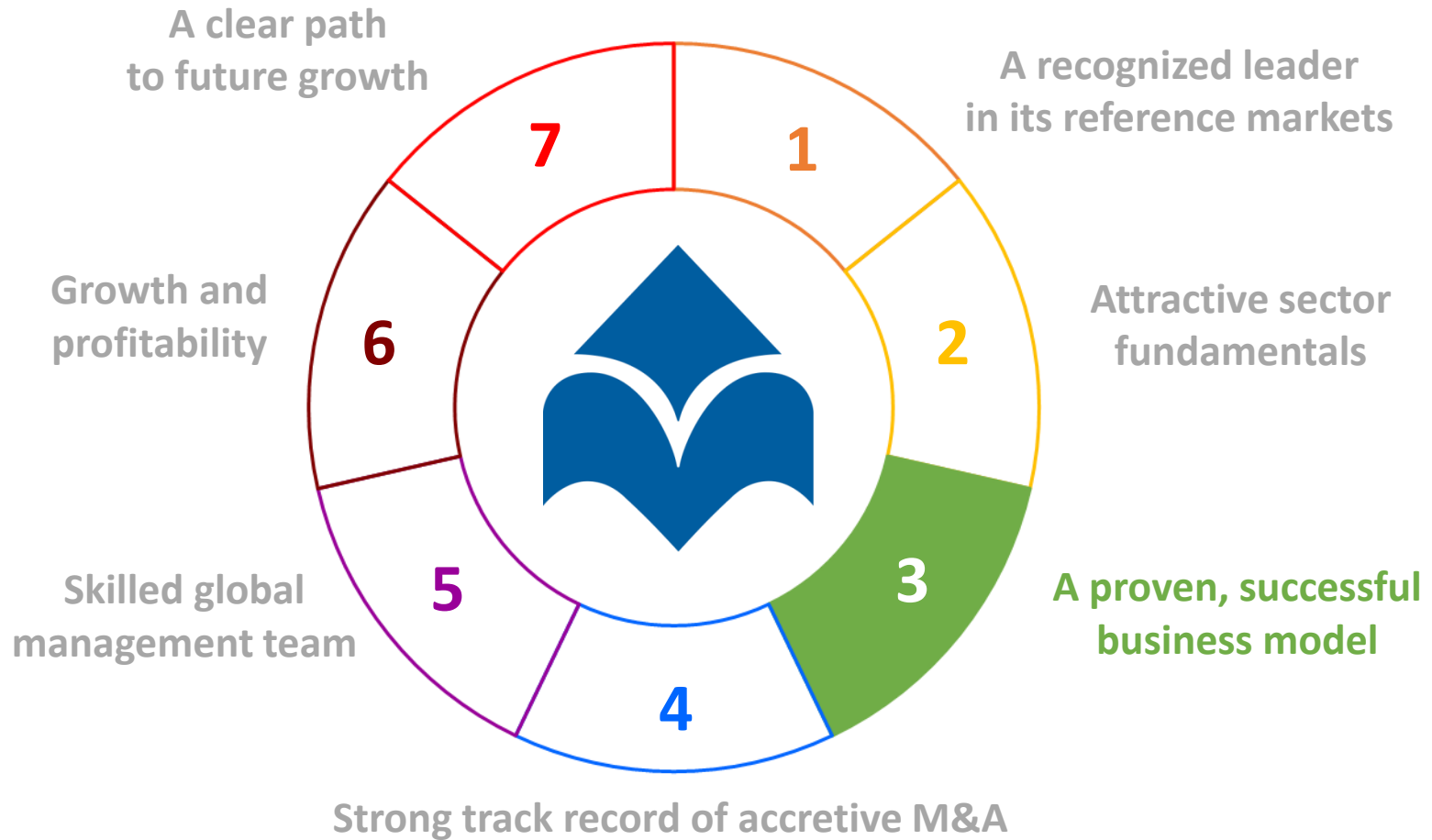


Source: Company data



# 3

## A proven, successful business model



# 3

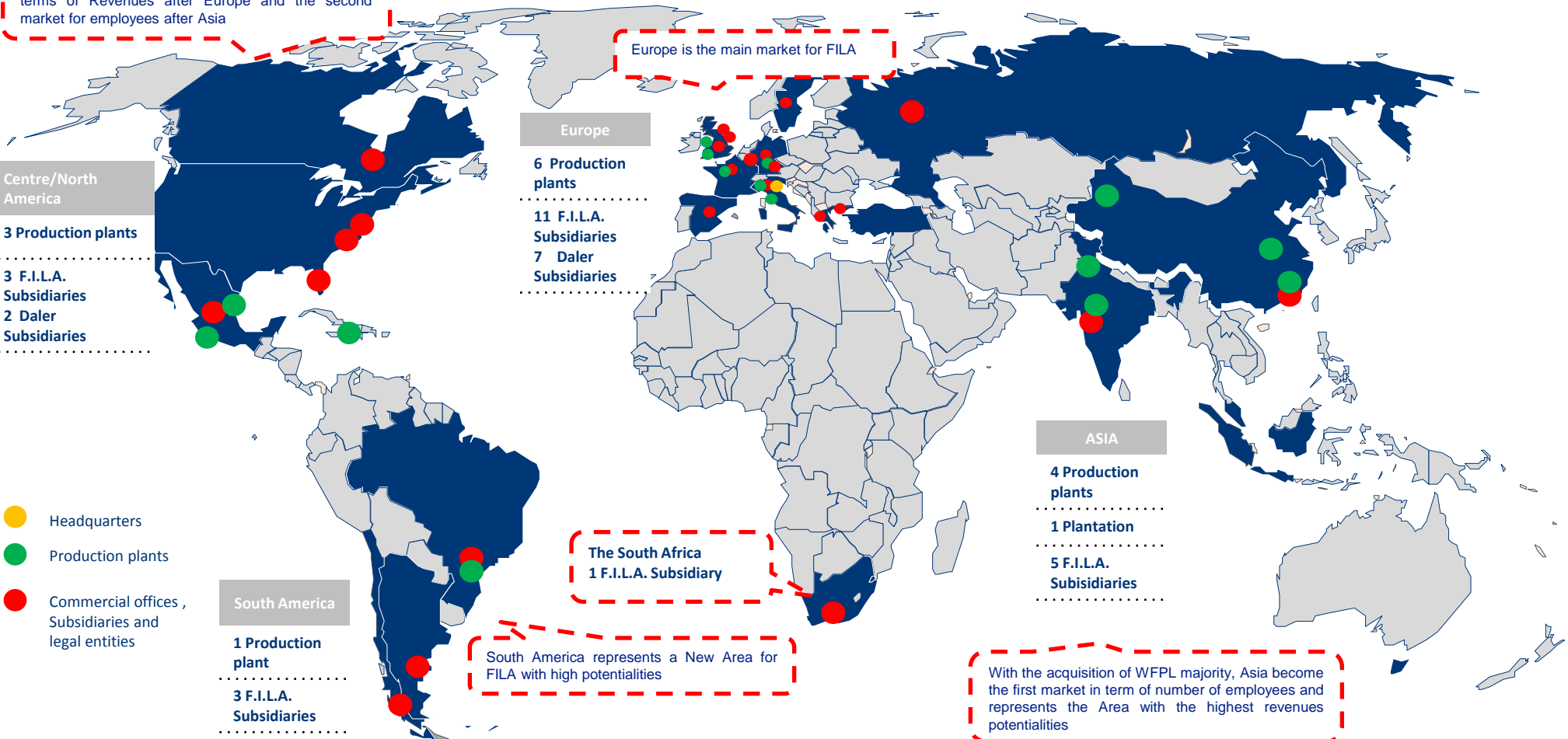
## International presence



**Presence in 3 continents with 14 plants, 32 legal entities and employing over 6,000 people, including Daler**

Centre and North America is the second market in terms of Revenues after Europe and the second market for employees after Asia

Europe is the main market for FILA

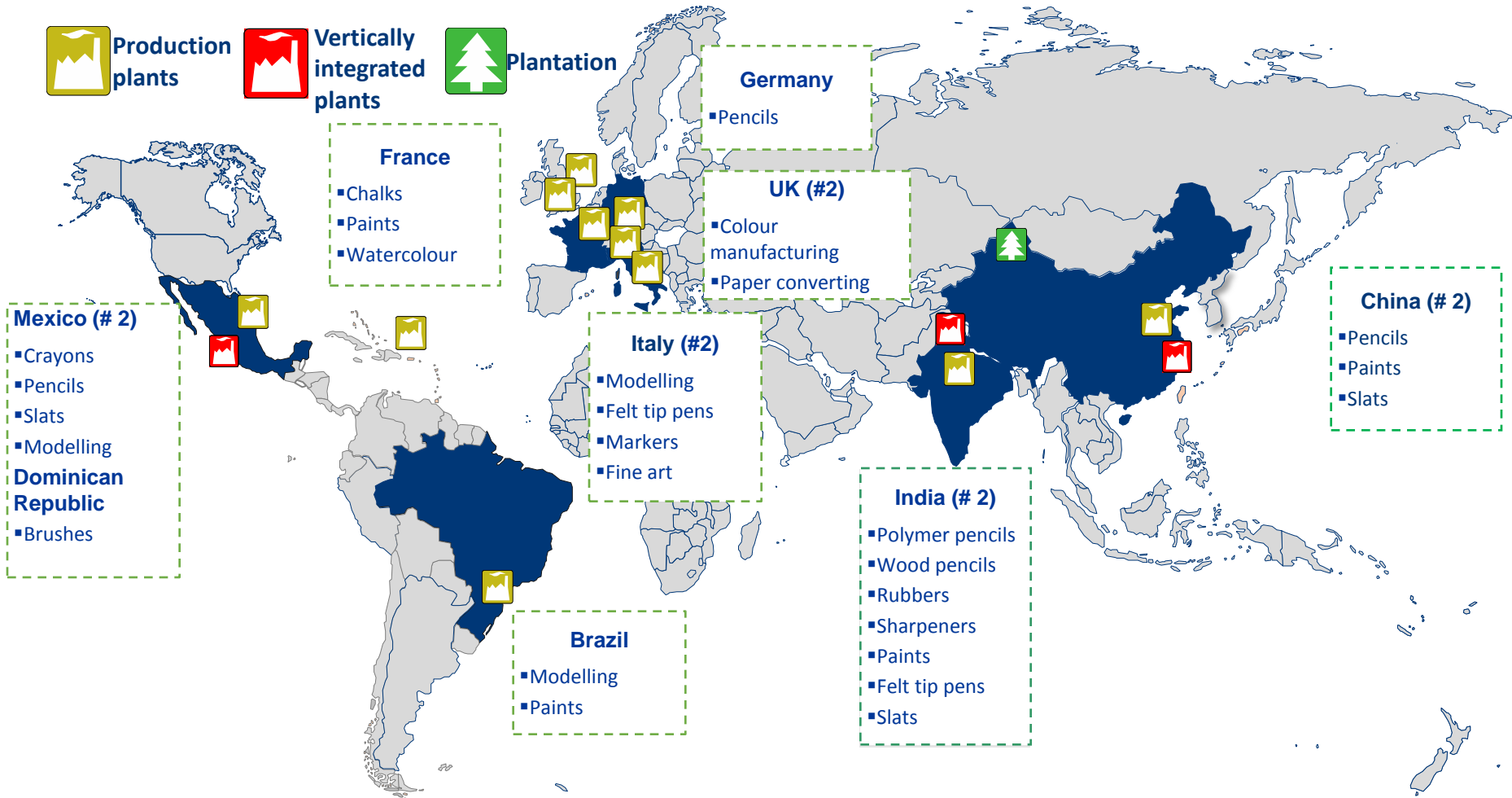


- Headquarters
- Production plants
- Commercial offices, Subsidiaries and legal entities

With the acquisition of WFPL majority, Asia become the first market in term of number of employees and represents the Area with the highest revenues potentialities

# 3

# Global manufacturing footprint and International presence, including Daler





## VERTICALLY INTEGRATED

- One of 2 only players with vertically integrated production, able to start from the tree trunk to create a pencil
- Unique technological benefits from direct *slats* production



## UNIQUE ACCESS TO WOOD SOURCES

- **China plantation (~250k trees)**
  - Operating in ~6 years, savings ~€1m/year for the entire cycle
  - Covering 40% of FILA China wood needs
- **Indian and Mexican wood processing facilities close to local wood sources** (India: ca. 3.5m grosses, Mexico: ca. 2.0m grosses)
- **100% sustainable forest wood for pencils production** (Giotto, Lyra, Ticonderoga, Prang)



## HOLISTIC APPROACH TO SUPPLY CHAIN MANAGEMENT

- **Dedicated R&D teams in Italy, Mexico and China**
- **Global supply chain**
- **State-of-the-art manufacturing processes and technologies**
  - Polymer pencil
  - Wood-free plastic pencil with best-in-class quality off a one-single, continuous manufacturing process
- **Near-customer stock management**



# 3

# Complete range of products



## ANNUAL PRODUCTION

~2,0bn pencils

>600mln chalks

~500mln markers

~4,0mln litres of paints

H12016

PENCILS 42,6%

OTHER CREATIVITY TOOLS & PRODUCTS 43%

OFFICE, INDUSTRIAL AND OTHER 14,4%

DRAWING, COLOURING, PAINTING

GRAPHITE

DRAWING, COLOURING, PAINTING

MODELLING

OTHERS

MARKING

WRITING AND OTHERS

INDUSTRIAL PRODUCTS



- Coloured pencils
- Fine art coloured pencils

- Graphite pencils
- Fine art graphite pencils

- Art markers
- Paints
- Chalks
- Crayons
- Watercolours
- Paintbrushes
- Kit colour/drawing

- Modelling clay
- Playing clay
- Plasticine
- Kit modelling clay

- Glue and kit glue
- Gifts
- Other line colour/drawing
- Adhesives
- Rulers and squares
- Fine art makers
- Other fine art products

- Writing markers
- Highlighters
- Ball point pens

- Erasers and sharpeners
- Synthetic tip pen
- Correction products
- Other line writing
- Mechanical pencils
- Roller and gel pens
- Kit writing

- Industrial markers
- Industrial graphite pencils
- Industrial crayons
- Industrial chalks
- Other Industrial products
- Other line



## Key differentiating elements



## Highest quality standard of FILA's products through all segments

### 1. Brand awareness

Local brands with long tradition and extremely high brand awareness:

- Giotto > 90% recognition in Italy
- Vinci ~ 80% recognition in Mexico

### 2. Manufacturing technologies

State-of-the-art plants, able to deliver innovative products, maximising production efficiency

### 3. Full adherence to stringent safety standards





# 3

## A clear marketing & sales focus



FIRST CONTACT BETWEEN CHILDREN AND FILA GENERALLY OCCURS AT SCHOOL  
LONG STANDING PARTNERSHIP WITH TEACHERS AND EDUCATORS

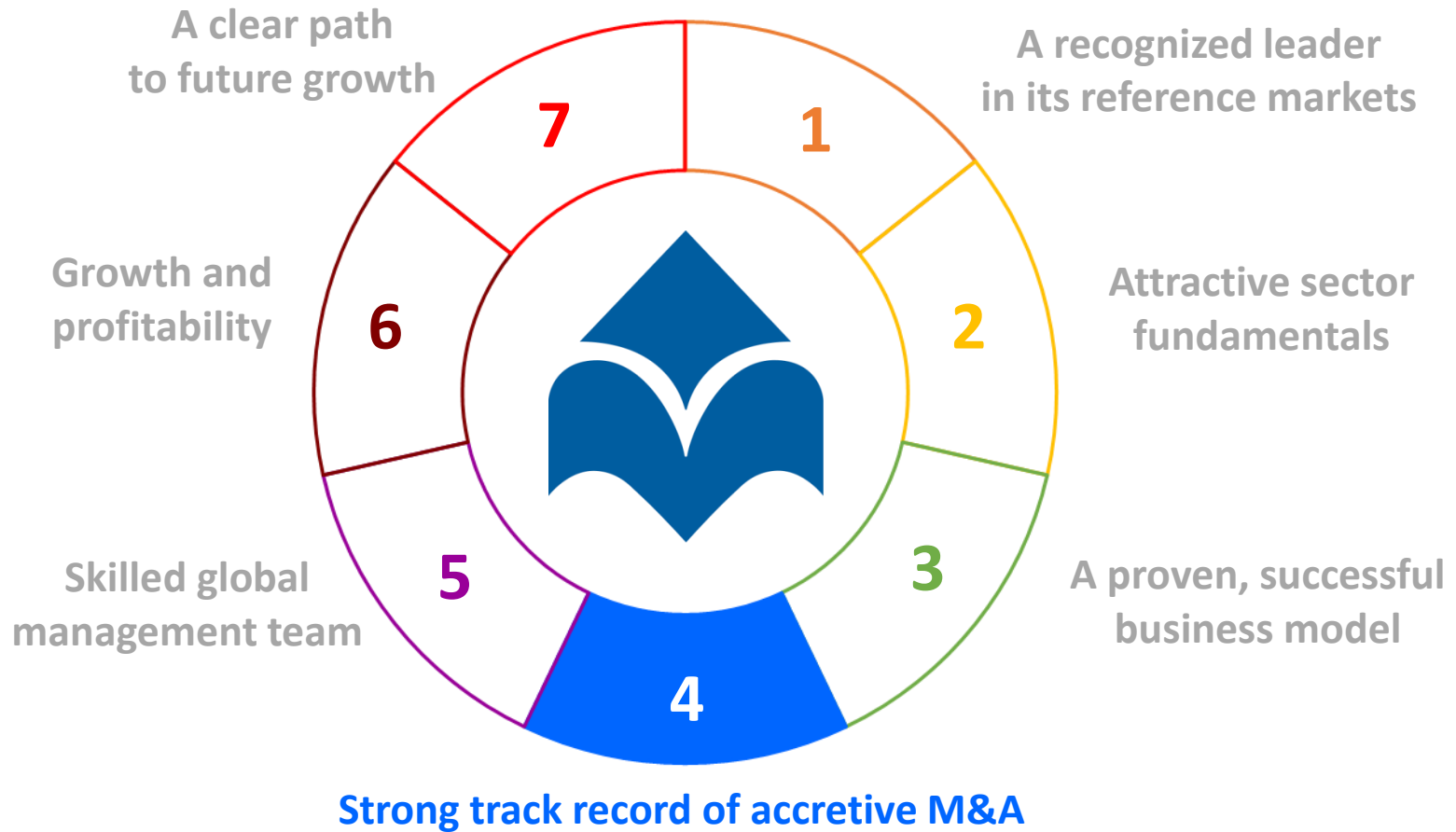
- Loyalty programs, training and education activities (Teacher's Day), awards for school classes
- Advertising, promotions, exhibitions and fairs
- Field promoters on the ground with central coordination
- Dedicated website where teachers share educational experience



- Products entry phase and strong market penetration
  - Brand positioning as "high quality at a fair price"
  - Transparent pricing policy
  - Complete product range offer
- 
- Active approach after brand and price positioning are established through the traditional trade (with the exception of US, mainly GD)
  - Attractive overall margins (as % of sales and volumes)
  - Reliable partnership with consistent pricing policies between chains and product line positioning

# 4

## Strong track record of accretive M&A

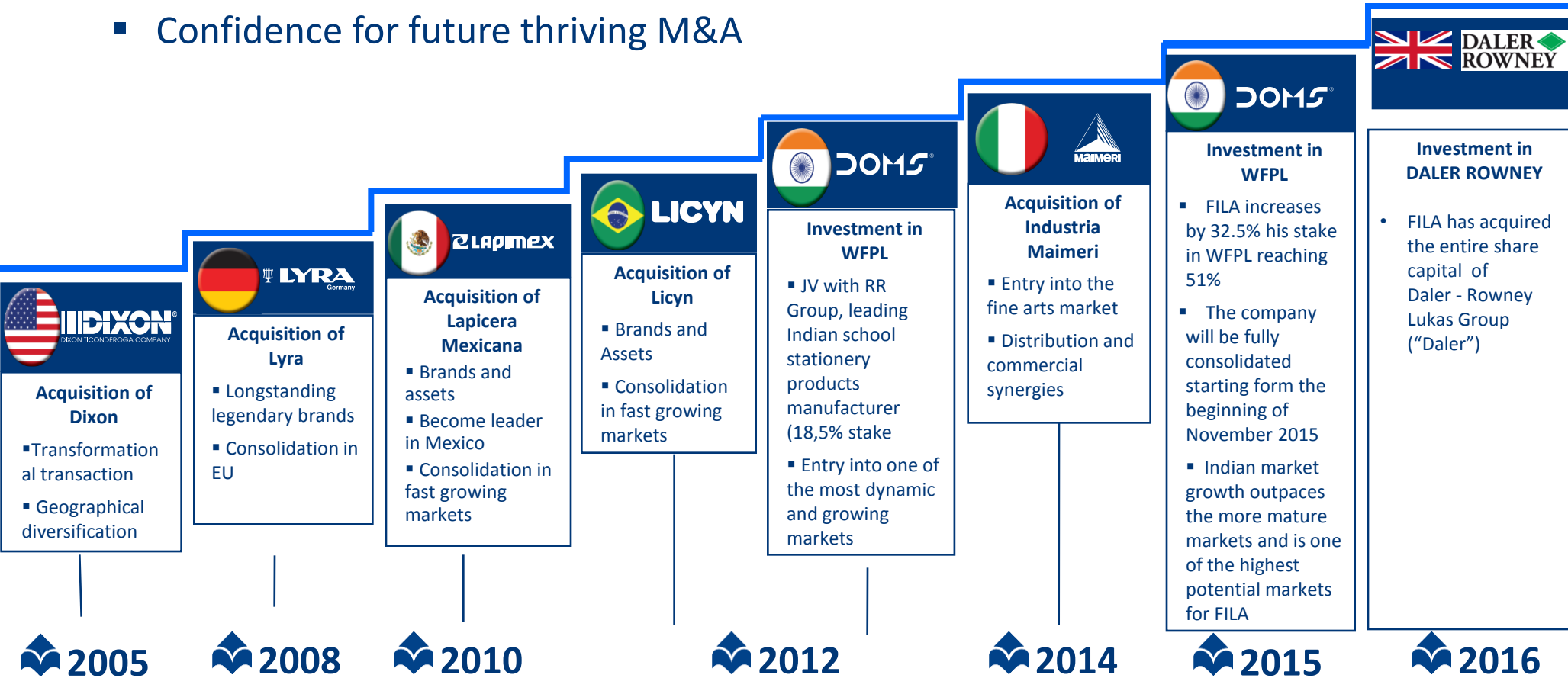


# 4

## Strong track record of accretive M&A



- From local company to a global player also thanks to external growth
- Successful integration of targeted acquisitions
- Confidence for future thriving M&A





# Acquisition of 51% of Industria Maimeri: Entry into the Fine Arts market



- Maimeri SpA , founded in Milan in 1923 , is a leading operator in Italy in the production and trade of colors, paintings , articles and accessories for Fine Arts
- Since 1923 Maimeri is engaged in spreading the concept of quality of Italian products in the world and successfully in Europe, Russia and United States to come in over 60 foreign countries
- With this operation FILA has entered the field of Fine Arts, featuring important synergies in production distribution and trading with the market traditionally served by the Group.

**The Acquisition of Industria Maimeri therefore represents  
a strategic investment aimed at expanding the Fine Arts Group's segment**

## Strategy and Action Plan

- Improve the pull strategy in the Fine Arts segment in the domestic market
- Extension of this strategy in the markets covered by affiliates
- Promoting and Maximizing the commercial synergies with Lyra in the Fine Arts segment
- Specific strategy on specialized distributors
- Integrated commercial and distribution strategy within the School segment, leveraging on common distribution models

# 4

## ....and acquisition of 100% of Daler-Rowney



- **Iconic British Group Established in 1783, worldwide leader in the Art&Craft, manufacturer and distributor of fine Art & Craft materials and supplies, #1 or #2 brand ranking in all its chosen market.**
- **Products sold in over 100 countries through more than 40 brands**, annual revenues over 60GBP (primarily in US, approx. 45% and UK & Ireland, approx. 25%; from a product point of view and 40% in colors, 20% in papers and boards and the remaining part in canvas, brushes and accessories).
- **55% of Daler-Rowney market is related to Professional Artists and Art Students, the remaining Beginners and Amateurs.**
- Art & Craft market estimated at approx. USD 1.5 to 4.5 BN retail value, ex-factory worth approx. USD 0.8bn to 2.3bn.
- Direct presence in UK, USA, Germany and Dominican Republic with 700 employees worldwide.
- 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.

# 4

## 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

# 4 Daler "product portfolio"



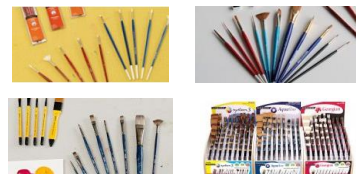
## Colours

Oil and Acrylic Colours, Watercolours, Inks, Gouache, Mediums, Printing Colours



## Brushes

Oil, Acrylic, Watercolour Brushes, Acrylic Brushes, Graduate Multi-Technique Brushes, Simply Brushes



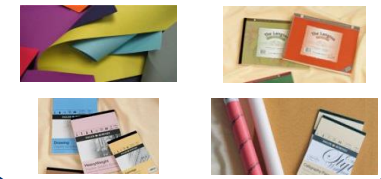
## Canvases

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

Artist Luggage, Cachet Portfolios, Framing Accessories, Specialty Ranges



# 4

## F.I.L.A. in exclusive negotiation for acquisition of Canson Group: Transaction overview



- **FILA has submitted a binding offer and entered into exclusive negotiation – valid until the end of 2016 – with the French group Hamelin for the acquisition of the Canson Group (“Transaction”)**
- Canson, iconic French group, is worldwide recognized as a strategic leader in the niche of art drawing paper and drawing paper for kids. **Annual revenues over 100 mln €, with products sold in over 120 countries under Canson Brands**
- Manufacturer and distributor of high quality paper for fine art, school, leisure and technical purposes
- Direct presence in France, USA, China, Brazil, Italy and Australia, with approx 470 employees worldwide
- **The Transaction is subject to an information and consultation procedure involving the relevant representative organizations of the employees of the French company**
- **FILA expects the finalization of the agreements and the closing of the Transaction to occur in October 2016**
- Canson’s product range and the industrial project of FILA would integrate perfectly and generate both major revenue and cost benefits
- FILA, thanks to recent acquisitions and future synergies, seeks to become the leading player in the Art & Craft sector
- The Transaction would be financed through a medium-term bank loan issued by Unicredit, Intesa Sanpaolo-Banca IMI, Mediobanca and BNP Paribas



# 4

## Transaction strategic rationale (1/2)



- Canson is brand leader on each market, addressed with a strong global positioning, and the world leader in volumes production; thus synergies in combined volumes with Daler-Rowney could be achieved
- Possibility to exploit the integration capabilities developed by FILA to become a market aggregator in a sector which is at the beginning of a consolidation phase and in which FILA is at the front line thanks to Daler-Rowney and Maimeri acquisition
- FILA's product portfolio have unexploited market ends and the same distribution channels of the arts sector
- Great increase of the age of FILA's target customers for color products from current 2 to 10 years through the potential integration of fine art companies
- Potential integration of 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 of the three original groups (FILA, Daler-Rowney and Canson)

# 4

## Transaction strategic rationale (2/2)



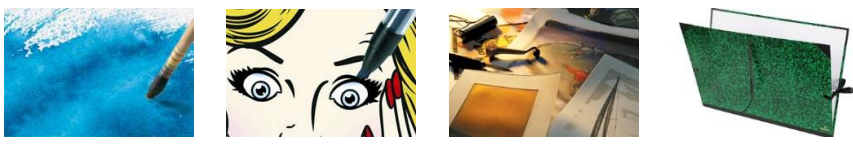
- Potential relevant commercial and distribution synergies between the Art & Craft sector and the stationery market and strengthening in the stationery sector with Canson school products (pochette and others).
- Mature technology and no technological changes envisaged in the fine arts sector are compatible with FILA's investment requirements .
- Commercial strengthening of Art & Craft and school products (strong market share in French and Spanish school market to be combined with Fila strength).
- FILA's strong know-how in the modern distribution model toward which the Art & Craft sector is moving.
- Possibility for FILA, thanks to the extensive distribution, to enter new markets in countries today not well overseen due to lack of critical mass.
- FILA's development into the Australian market, through the potential integration of the distribution in Canson Australia .

# 4 Product portfolio



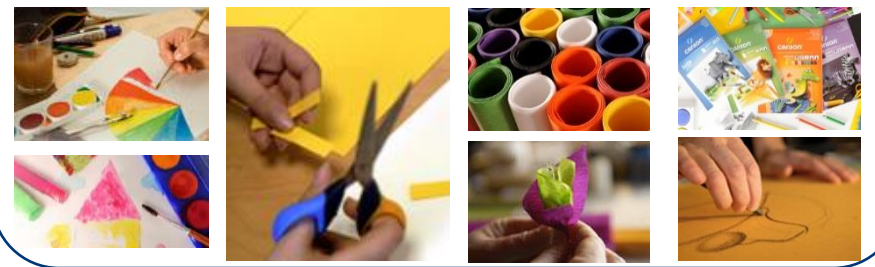
## Fine arts

Papers for drawing, Pastel, Watercolor, Oil Painting, Acrylic, Graphic Arts, Printmaking, Digital Art & Photography



## School & Leisure

Textures, Grains, Materials and Colors Papers for Schools and Students and for Leisure



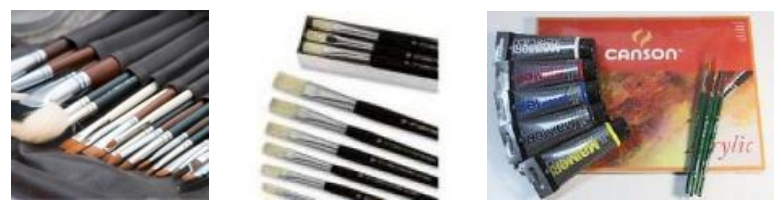
## Digital and Technical

Wide Range of Technical Solutions with Professional Quality, from Digital Fine Arts and Photo Paper to Tracing Paper



## Trading activity

Trading activity of paints, brushes, etc.



4

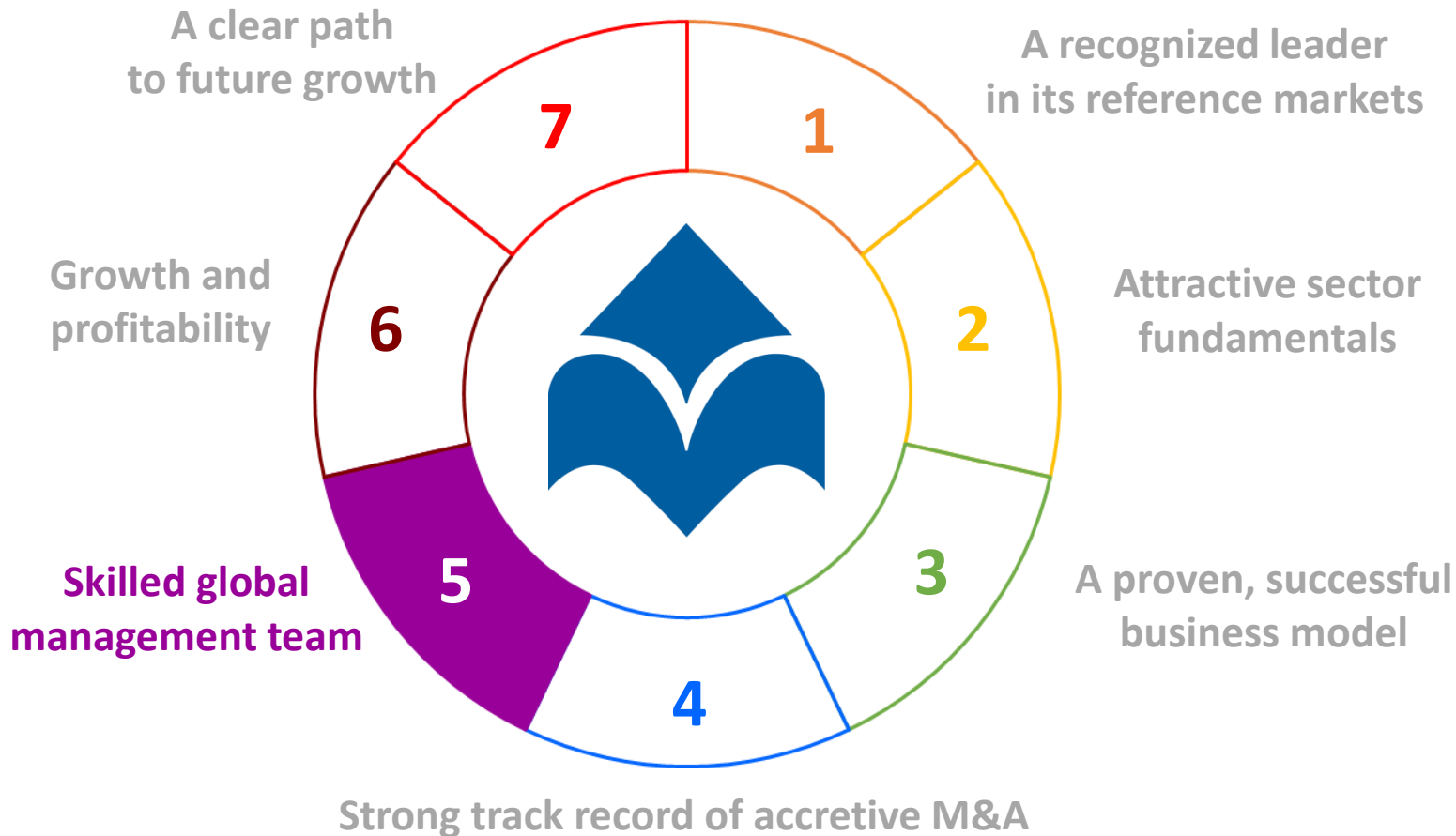
# ...and perfectly complementary to FILA's offering



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

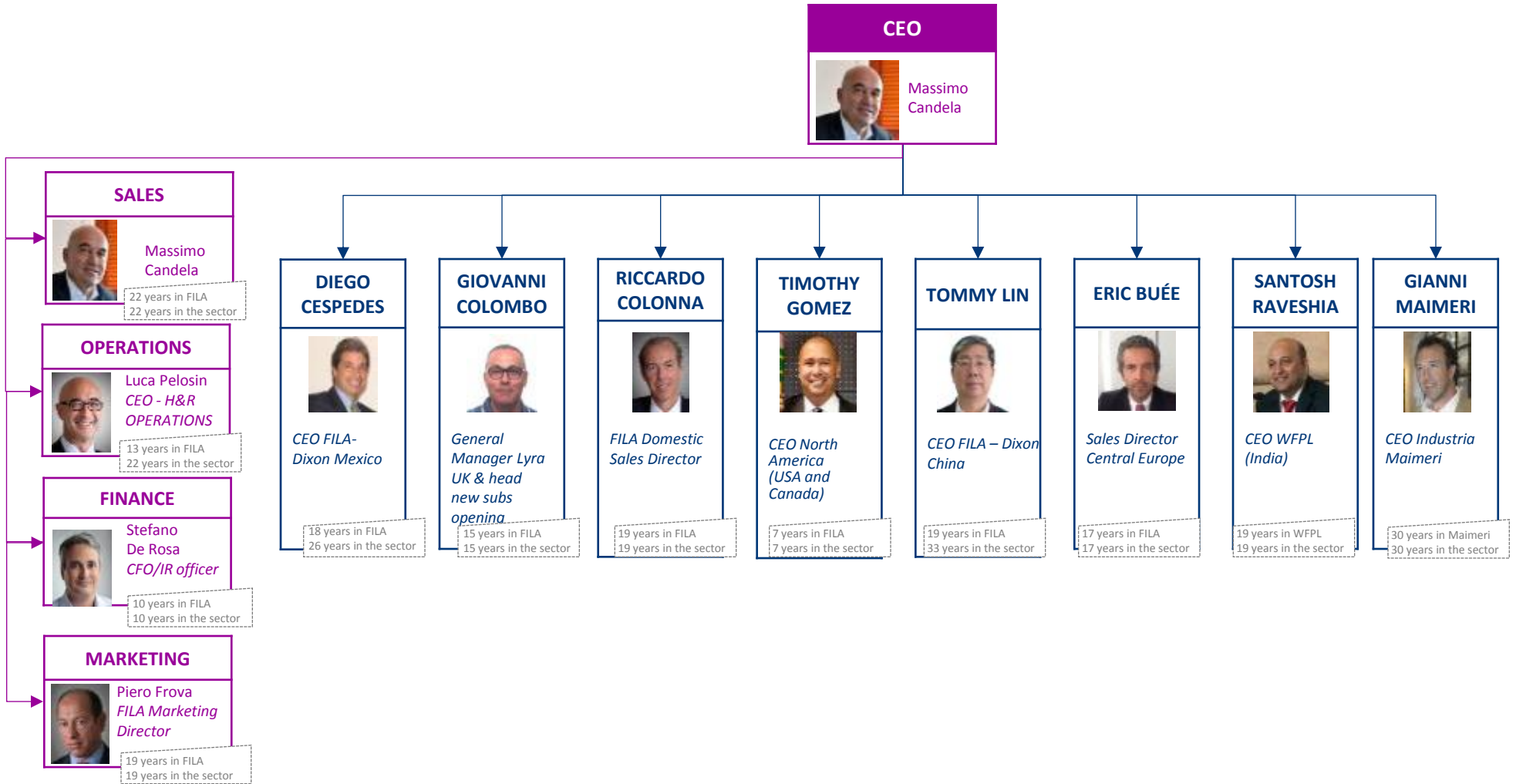
# 5

## Skilled global management team



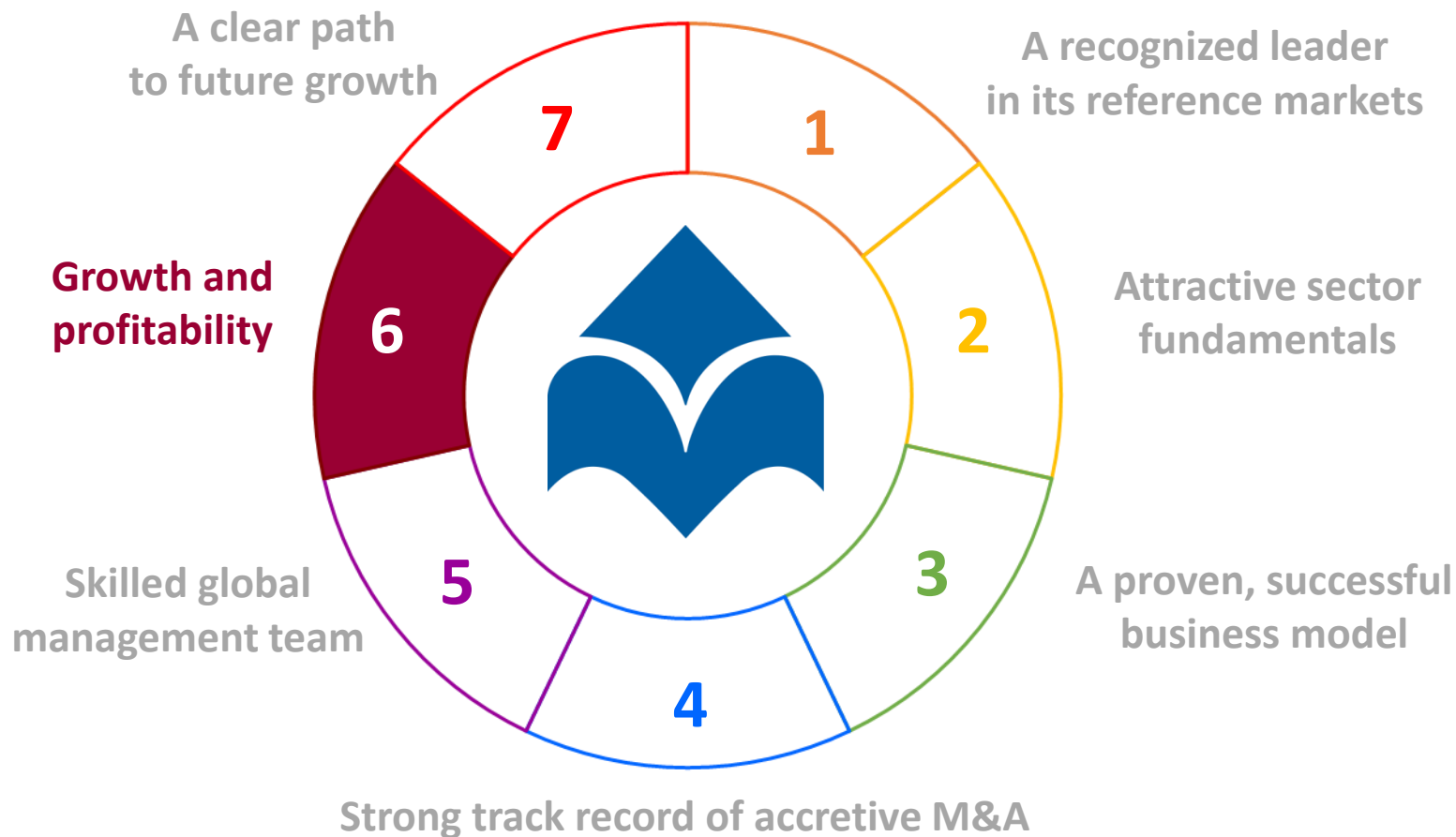
# 5

# Skilled global management team



# 6

## Growth and profitability

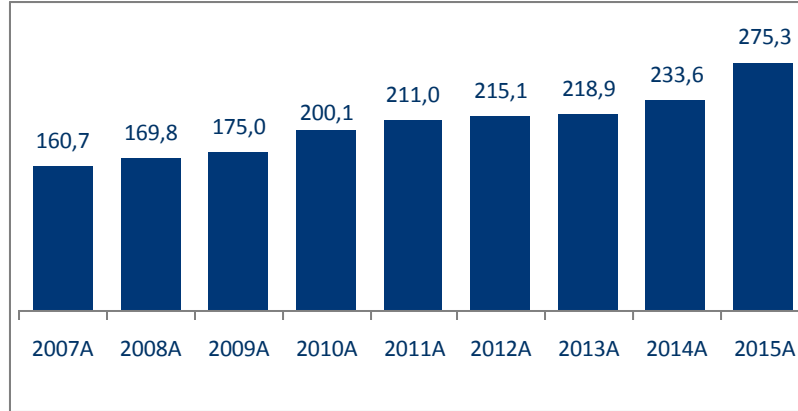




## TOTAL CORE BUSINESS SALES

2007-2015 CAGR: 7%

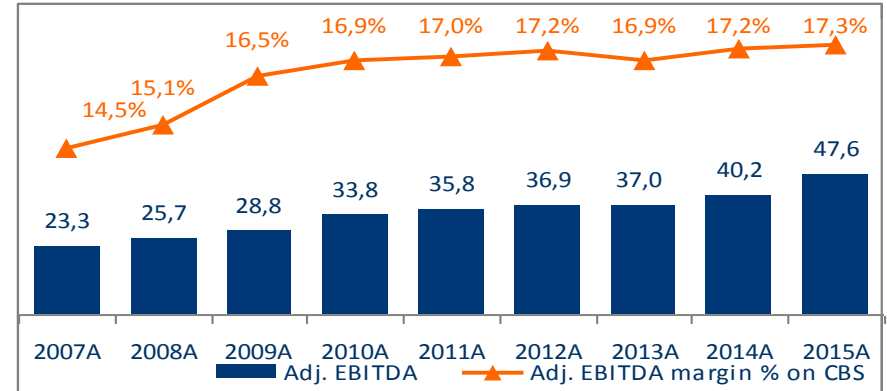
(€ million)



## ADJUSTED EBITDA (1)

2007-2015 CAGR: 9,3%

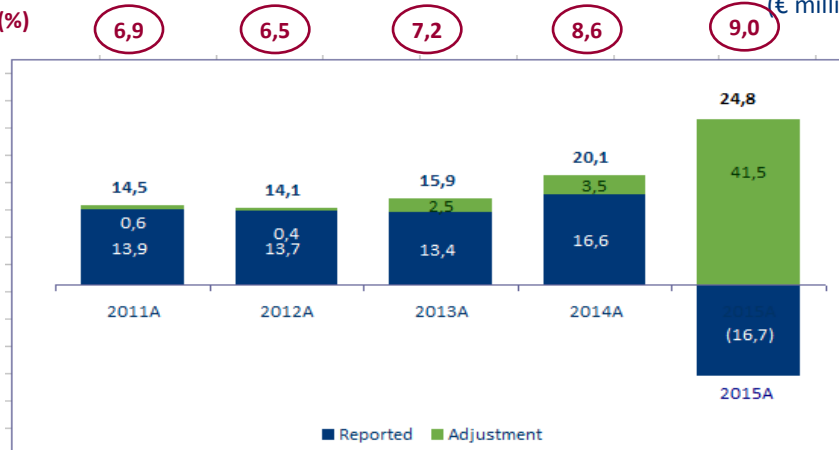
(€ million)



## ADJUSTED NET INCOME(2)

(%)

(€ million)



## NET DEBT – YEAR END

Net Debt/  
Adj EBITDA

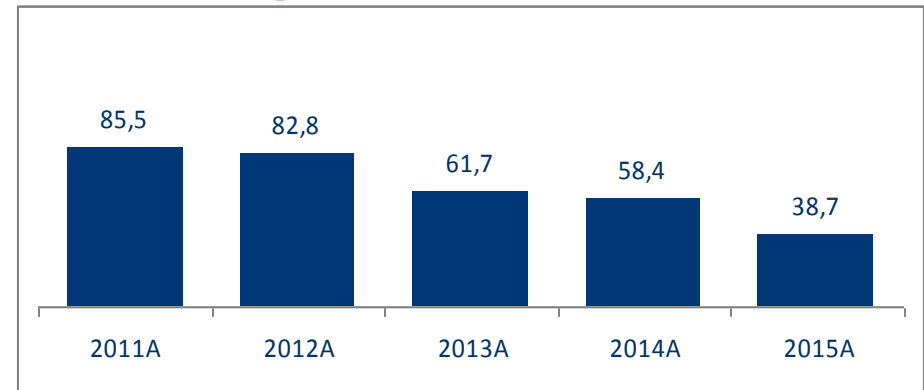
2.4x

2.2x

1.7x

1.5x

0.8x



(1) Main adjustments to reported EBITDA are related to related to non recurring operating income and expenses as for M&A, listing and restructuring activity.

(2) Adjustments related to non recurring items, operating and financial, net of tax effects





# 1H 2016 Highlights

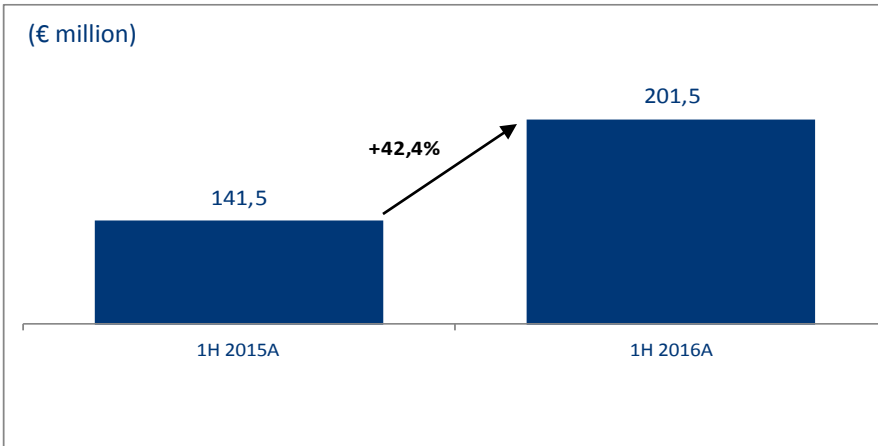


**FILA closes 1H 2016 with a increase of sales in all the reference markets, primarily Centre & South America, Europe and North America.**

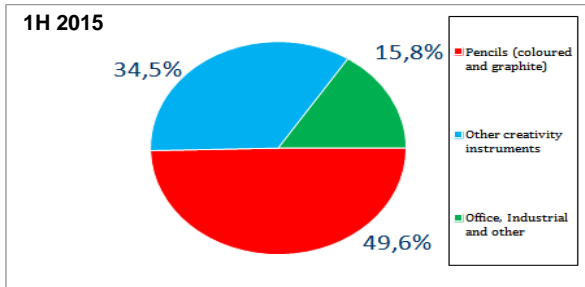
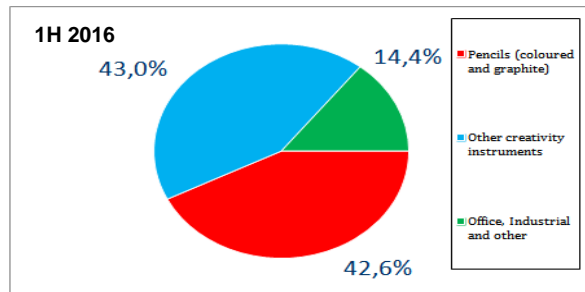
- **Core Business Sales at 201,5mln €, +42,4% (organic growth, +10%)**
  - **General improvement in the fulfillment of customers orders**
  - **Good demand from Education and Art & Craft channels**
  - **Significant growth of the Other Creativity Instruments product line of 16%**
  - **Positive contribution of M&A of 52mln €**
  - **Market share consolidation in all the reference areas and market share increase in the emerging markets**
- **Adjusted EBITDA at 36,6mln €, +31,3%, with an organic growth of 12,1% registering an increase more than proportional than the Sales organic growth.**
- **Adjusted Net Profit +28,5%**
- **Net financial position at 188,9mln Euro at the end of June 2016, mainly affected by M&A effect related to Daler & Rowney Group (104,2mln €), fully consolidated from the beginning of February 2016 and by the seasonality of the business in terms of working capital trends**

# 6

## 1H 2016 Core Business Sales



SALES BREAKDOWN BY PRODUCT LINE



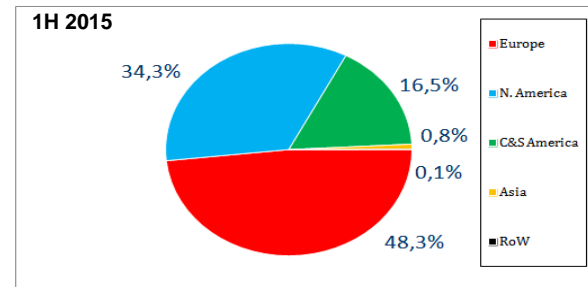
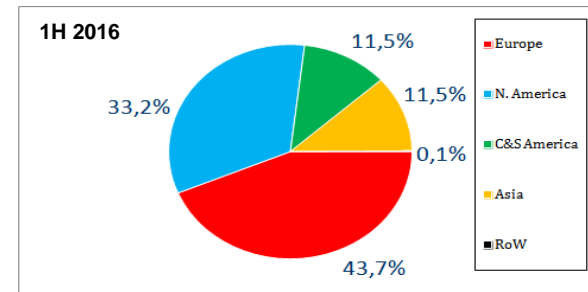
- Core Business Sales +42,4% (+60 mln €). Organic growth, +14,1 mln € (+10 %), net of M&A and FX effect, of which:

- By Geographic Area: mainly Centre-South America, +4,8 mln € (+20,8%), Europe +4,8 mln € (+7%) and North America +3,9 mln € (+8,1%)

- By Product line: Other Creativity Instruments +7,8 mln € (+16%), Pencils +5 mln € (+7,2%), Office and Industrial Products of + 1,3 mln € (+5,9%)

- M&A effect 52 mln € (21,9 WFPL/Pioneer and 30,1 D&R Group)

SALES BREAKDOWN BY GEOGRAPHY AREA

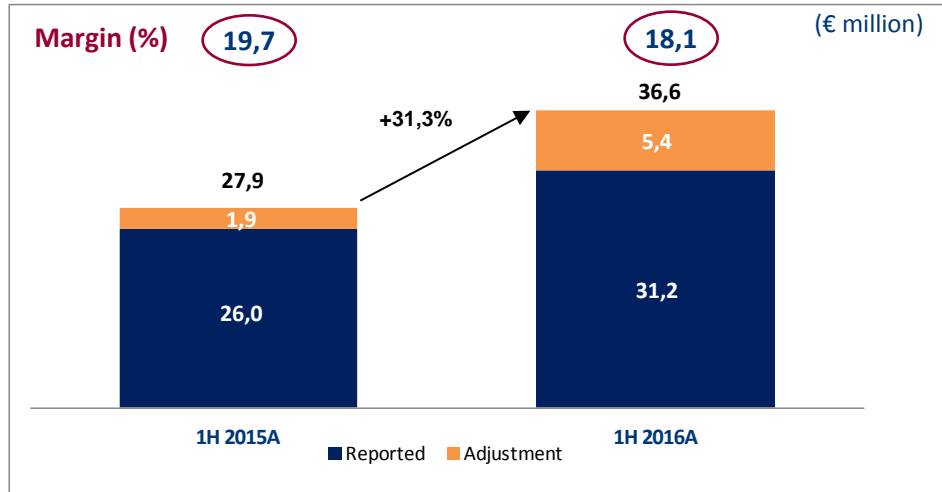


# 6

## 1H 2016 EBITDA

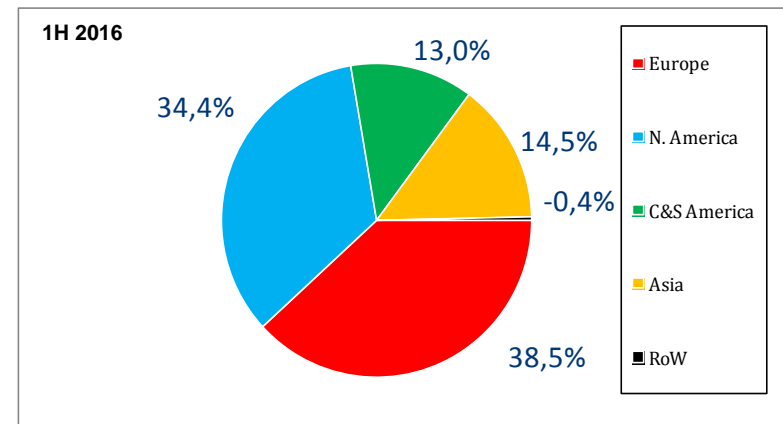
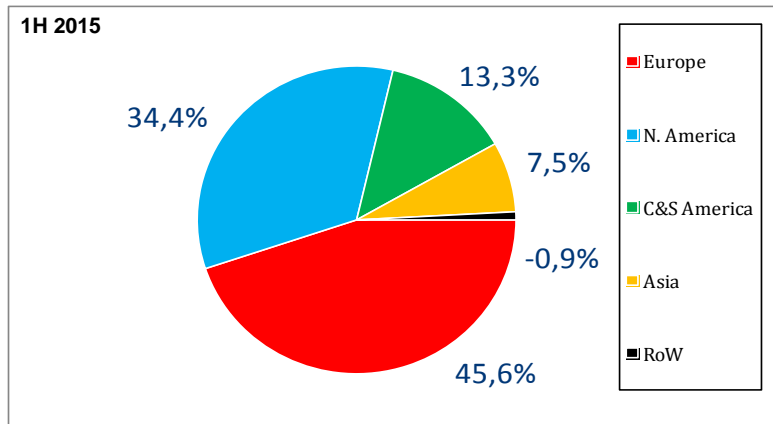


### ADJUSTED EBITDA – 1H 2016



- Adjusted Ebitda + 8,7 (+31,3 %), Organic Growth + 3,4 mln (+12,1%), net of M&A and main FX effect, more than proportional than the Organic Turnover Growth
- 5,4 mln Euro of extraordinary costs in FY2016, mainly related to the M&A activities
- 1,9 mln Euro extraordinary costs in 1H 2015, mainly related to the listing expenses
- M&A effect 5,6 mln Euro (3,1 WFPL/Pioneer and 2,5 D&R Group)

### ADJUSTED EBITDA BREAKDOWN BY GEOGRAPHY AREA



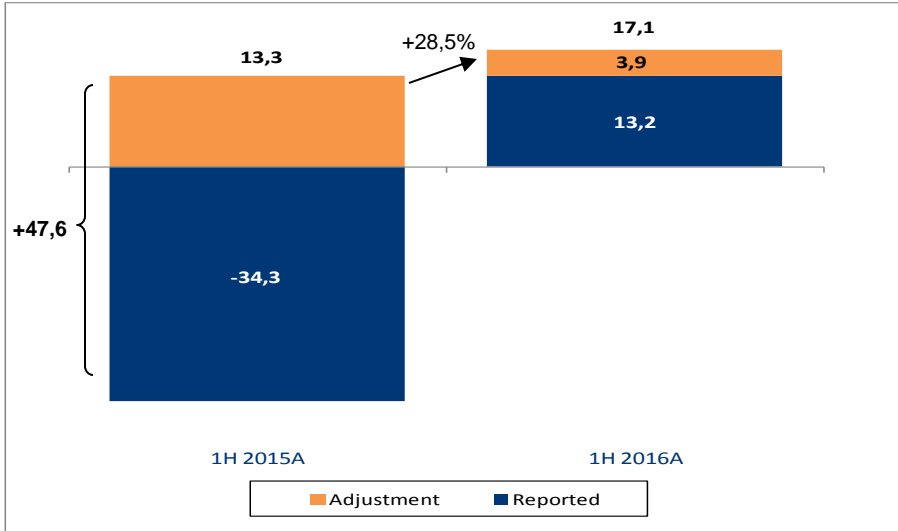
# 6

## 1H 2016 Net Income and Net Debt



(€ million)

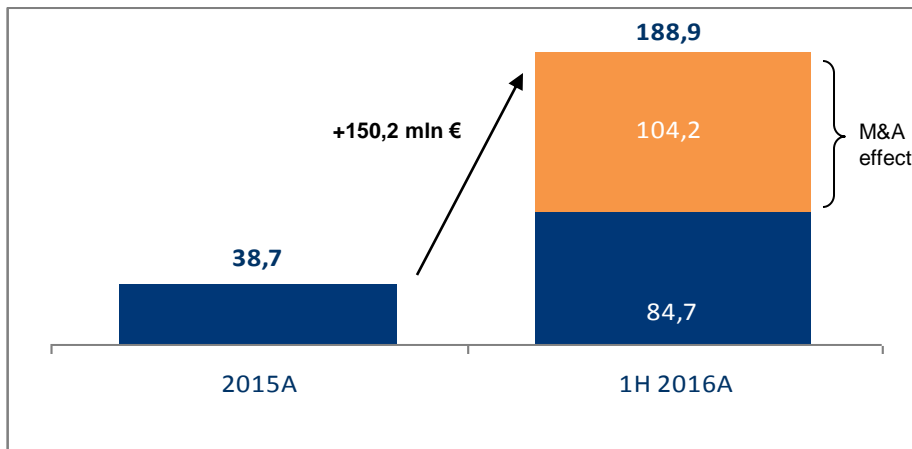
### ADJUSTED NET INCOME – 1H 2016



- The normalization of the Group Result in 1H 2016 refers to extraordinary operating costs, net of taxes effects
- The normalization of the Group Result in 1H 2015 refers to non-recurring financial cashless charges related to the accounting of the fair value of Space S.p.A. equity at May 31<sup>st</sup> 2015 (45.8mln Euro) and of the Market Warrants at June 30<sup>th</sup> 2015 (0.9mln Euro) and to extraordinary operating costs, net of taxes effects

(€ million)

### NET DEBT – FY 2015 and 1H 2016



#### Net debt Increase of 150,2 mln € mainly due to:

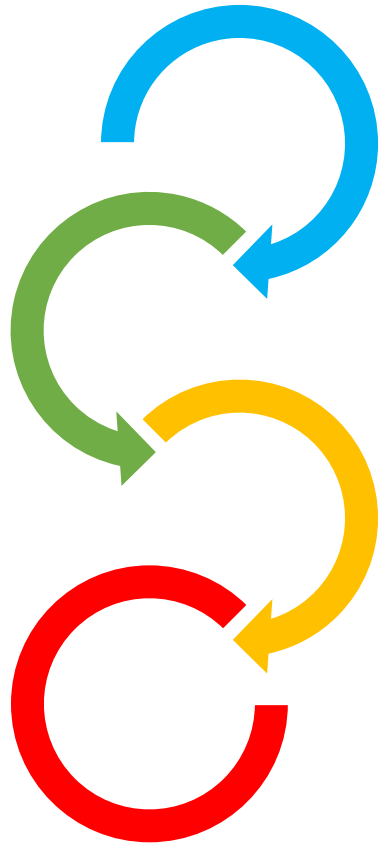
- Operating CF before TWC adjustment equal to + 27,9 mln Euro
- Trade working capital cash absorption of 66,4 mln Euro, due to business seasonality
- Capex for 4,3 mln € due to new investment in tangible and intangible assets
- M&A effect, mainly referred to Daler & Rowney Group, for shares acquisition (16,9 mln €) and Net Debt Contribution (87,3 mln €)
- Interest paid for 2,4 mln €
- Divident paid for 4,3 mln €
- FX effect +2 mln €



# A clear path to future growth



## Growth acceleration and focus on efficiency are FILA's core strategic goals



### Further penetration in Emerging Markets through organic and M&A growth

- Indian Market presence consolidated with the acquisition of control of Writefine Products Private Limited (51%)
- Development of recent branches
- M&A opportunities in Far East and Central Latin America

### Market share consolidation in Developed Markets

#### Growth in the hobby and fine art sector

- Consolidate leveraging on commercial and production synergies
- Complement FILA product offering for all ages users
- Daler Rowney acquisition
- In Exclusive negotiations for acquisition of the Canson Group

#### Focus on operational efficiency

- Leverage on integrated value chain
- Improve asset rotation

# 7

## A clear path to future growth



- Integration and Development of the Oaxaca tablets plant in Mexico
- Focus on industrial products and colored pencils, introduction of graphite and ink markers
- Focus on margins increase in Mexico
- Focus on TICONDEROGA brand (USA e Canada), Vinci and Vividel (Mexico)



- Further focus on colored pencils to gain market share from Faber, Staedler and Stabilo
- Launch of new product range branded DAS
- Glue and tempera product development



- Increase in production capacity
- Development of domestic demand through brand enhancement (advertising, local partnerships)
- Market promoter



- Local market development through the brand strengthening
- Further development in Argentina, Brazil and Chile



### DEVELOPMENT IN THE FINE ARTS SEGMENT

- Further consolidation and integration in the Group of the Maimeri brand in all the covered markets.
- Daler Rowney acquisition in line with the aim to increase the penetration in the Fine Arts & Craft segment, with substantial commercial and distribution synergies between the Art & Craft segment and the Stationary school market

# In conclusion.....

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**LEADERSHIP IN AN ATTRACTIVE SECTOR**



**COMMITTED ENTREPRENEURSHIP TOGETHER WITH MANAGERIAL TALENT**



**PROVEN, SUCCESSFUL BUSINESS MODEL**



**ACCRETIVE M&A TRACK RECORD**



**CLEAR PATH TO FUTURE GROWTH**

*Feel*  
**creative**





# Appendix



# 1H 2016 Income Statement



(€ million)	1H 2015A	% on Sales	1H 2016A	% on Sales
<b>PROFIT &amp; LOSS</b>				
Core Business Sales	141,5		201,5	
Other revenues	3,0		4,8	
<b>Total revenues</b>	<b>144,5</b>		<b>206,3</b>	-
Cost for Raw Materials and Supplies net Increase(decrease) inventory	(55,0)	(38,8%)	(83,8)	(41,6%)
Costs for Services and Use of Third parties Assets	(33,0)	(23,3%)	(48,2)	(23,9%)
Personnel Costs	(27,5)	(19,4%)	(37,4)	(18,5%)
Other Operating Costs	(3,1)	(2,2%)	(5,7)	(2,8%)
<b>Total operating costs</b>	<b>(118,5)</b>	<b>(83,8%)</b>	<b>(175,1)</b>	<b>(86,9%)</b>
<b>EBITDA</b>	<b>26,0</b>	<b>18,4%</b>	<b>31,2</b>	<b>15,5%</b>
Depreciation and Amortization	(3,6)	(2,6%)	(6,5)	(3,2%)
Write-Downs	(0,6)	(0,4%)	(0,2)	(0,1%)
<b>EBIT</b>	<b>21,8</b>	<b>15,4%</b>	<b>24,6</b>	<b>12,2%</b>
Financial income/expenses	(48,7)	(34,4%)	(2,0)	(1,0%)
Income/expenses from associates at equity method	0,5	0,3%	-	0,0%
<b>PBT</b>	<b>(26,4)</b>	<b>(18,7%)</b>	<b>22,6</b>	<b>11,2%</b>
Taxes	(7,7)	(5,5%)	(8,6)	(4,3%)
<b>Net profit (loss) of continuing operating activities</b>	<b>(34,2)</b>	<b>(24,1%)</b>	<b>13,9</b>	<b>6,9%</b>
Net profit (loss) of discontinued operating activities	(0,1)	(0,1%)	-	0,0%
<b>Total net profit (loss) of the period</b>	<b>(34,3)</b>	<b>(24,2%)</b>	<b>13,9</b>	<b>6,9%</b>
Total net profit (loss) attributable to non controlling interests	0,1	0,0%	0,7	0,4%
<b>Fila Group's total net profit (loss) of the period</b>	<b>(34,3)</b>	<b>(24,3%)</b>	<b>13,2</b>	<b>6,6%</b>

(€ million)	1H 2015A	% on Sales	1H 2016A	% on Sales
<b>P&amp;L ADJUSTMENTS</b>				
<b>REPORTED EBITDA</b>	<b>26,0</b>	<b>18,4%</b>	<b>31,2</b>	<b>15,5%</b>
<b>Total Adjustments</b>	<b>1,9</b>		<b>5,4</b>	
<b>ADJUSTED EBITDA</b>	<b>27,9</b>	<b>19,7%</b>	<b>36,6</b>	<b>18,1%</b>
<b>REPORTED NET PROFIT</b>	<b>(34,3)</b>	<b>(24,3%)</b>	<b>13,2</b>	<b>6,6%</b>
<b>Total Adjustments</b>	<b>47,6</b>		<b>3,9</b>	
<b>ADJUSTED NET PROFIT</b>	<b>13,3</b>	<b>9,4%</b>	<b>17,1</b>	<b>8,5%</b>

# 1H 2016 Balance Sheet



<i>(€ million)</i>	<b>2015A</b>	<b>1H 2016A</b>
<b>BALANCE SHEET</b>		
Intangible assets	88,2	152,8
Tangible Assets	47,9	59,2
Financial Fixed Assets	1,8	1,8
<b>Fixed Assets</b>	<b>137,8</b>	<b>213,8</b>
<b>Other Non Current Assets/Liabilities</b>	<b>13,9</b>	<b>14,9</b>
Inventory	118,5	157,2
Trade Receivables and Other receivables	77,7	152,8
Trade payables and Other Payables	(53,0)	(79,1)
<b>Trade Working Capital</b>	<b>143,2</b>	<b>230,9</b>
Other Current Asstes and Liabilities	3,2	(1,6)
<b>Net Working Capital</b>	<b>146,4</b>	<b>229,3</b>
<b>Provisions &amp; Funds</b>	<b>(26,2)</b>	<b>(39,3)</b>
<b>Current and not Current Assets/Liabilities Intended for Disposal</b>	<b>-</b>	<b>-</b>
<b>NET CAPITAL EMPLOYED</b>	<b>272,0</b>	<b>418,7</b>
<b>Shareholders equity</b>	<b>(211,7)</b>	<b>(229,8)</b>
<b>Financial Instruments</b>	<b>(21,5)</b>	<b>-</b>
<b>Net Financial Position</b>	<b>(38,7)</b>	<b>(188,9)</b>
<b>TOTAL NET SOURCES</b>	<b>(272,0)</b>	<b>(418,7)</b>

# 1H 2016 Cash Flow Statement



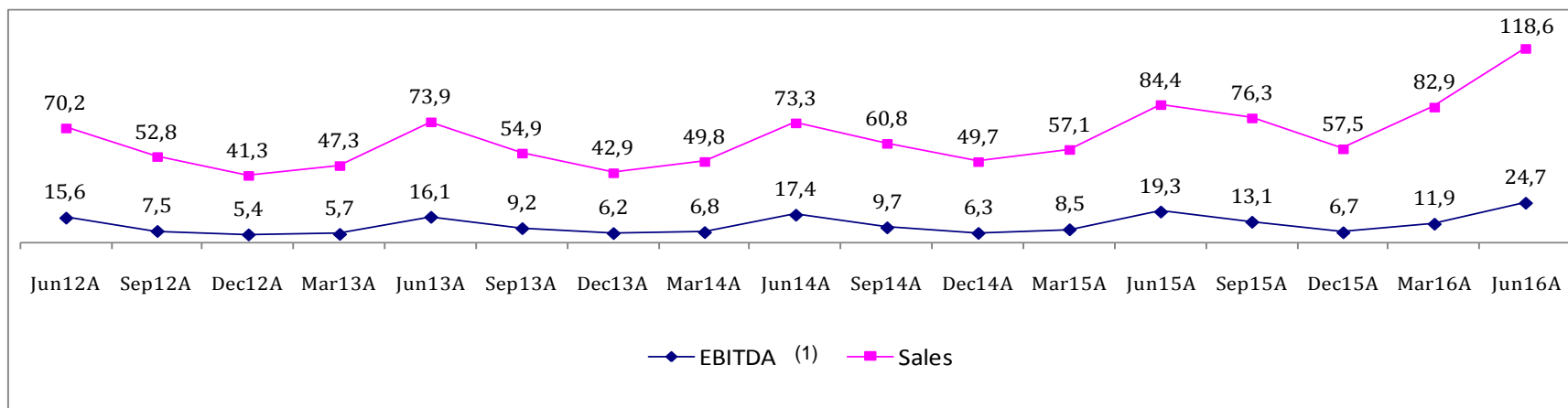
<i>(€ million)</i>	1H 2015A	1H 2016A
<b>CASH FLOW</b>		
<b>EBIT</b>	<b>21,8</b>	<b>24,6</b>
Adjustments for non monetary costs	4,2	6,6
Adjustments for taxes	(6,5)	(3,3)
<b>Cash-flow from operating activities before changes in NWC</b>	<b>19,5</b>	<b>27,9</b>
<i>Changes in inventories</i>	<i>(17,7)</i>	<i>(19,2)</i>
<i>Changes in trade receivables &amp; others</i>	<i>(57,3)</i>	<i>(62,0)</i>
<i>Changes in trade payables &amp; others</i>	<i>1,9</i>	<i>15,3</i>
<i>Changes in other current assets/liabilities</i>	<i>(0,5)</i>	<i>(0,5)</i>
<b>Changes in net working capital</b>	<b>(73,6)</b>	<b>(66,4)</b>
<b>Operating cash-flow</b>	<b>(54,1)</b>	<b>(38,4)</b>
Investments in tangible and intangible assets	(4,7)	(4,3)
Other investments	0,2	(16,9)
<b>Cash-flow from investments</b>	<b>(4,5)</b>	<b>(21,0)</b>
Capital increase/reimbursement	(0,1)	(4,3)
Net interests	(1,8)	(2,4)
<b>Cash-flow from financing</b>	<b>(1,9)</b>	<b>(6,6)</b>
Other changes	1,3	0,6
<b>Total cash-flow</b>	<b>(59,2)</b>	<b>(65,5)</b>
Effect of FX rate movements	(2,8)	2,6
Net financial position of New Companies as at Acquisition Date	64,8	(87,3)
<b>Changes in Net Financial Position</b>	<b>2,8</b>	<b>(150,2)</b>

# Quarterly CB Sales, EBITDA, TWC and NET DEBT



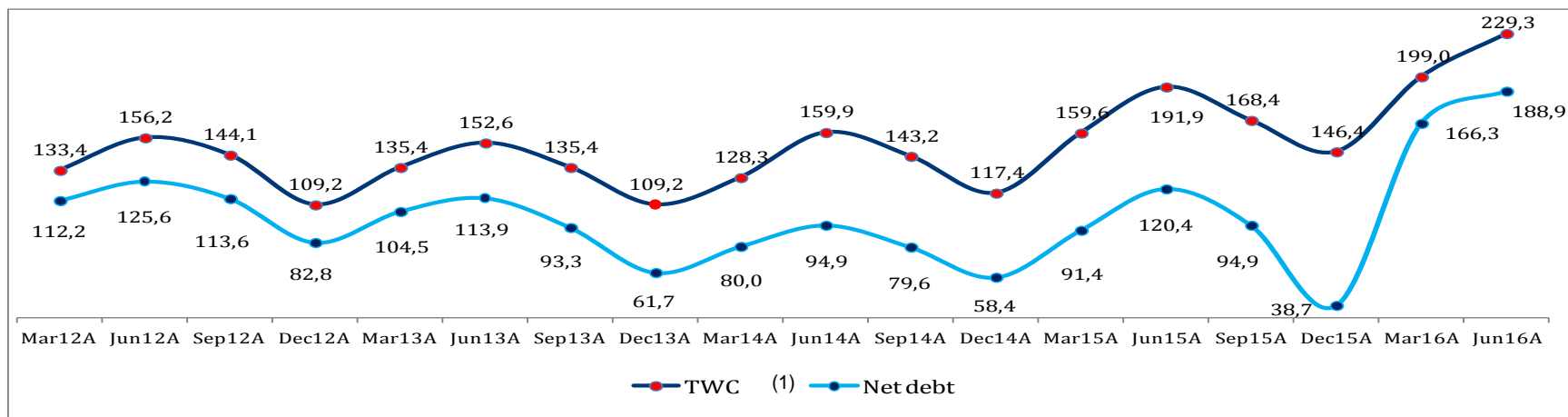
## QUARTERLY CORE BUSINESS SALES AND ADJUSTED EBITDA

(€ million)



(€ million)

## QUARTERLY TWC AND NET DEBT



(1) Affected by extraordinary items

# FILA Corporate Governance



**Board of Directors consist of 9 members**

**Gianni Mion Chairman and Massimo Candela CEO**

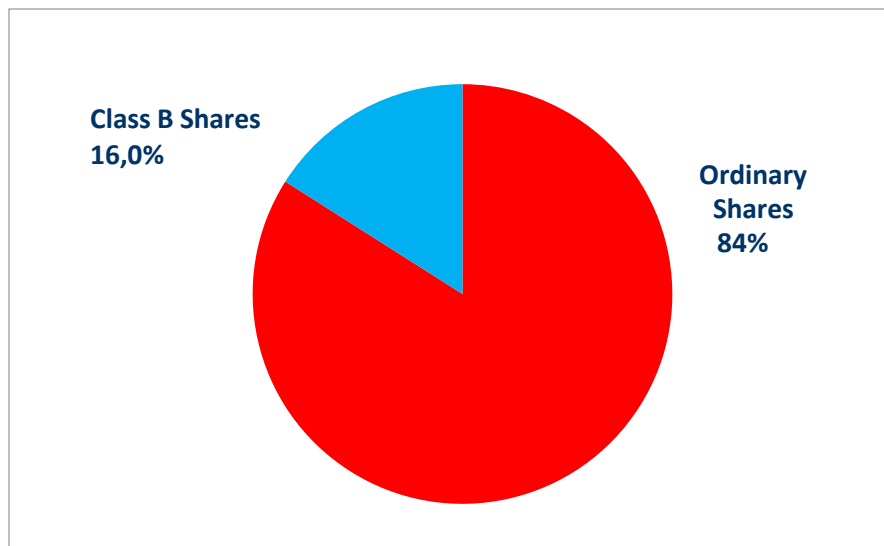
- In line with the **best practices provided by the Italian Stock Exchange**, the Board of Directors will include
  - 2 independent directors
  - 1 director elected by minority shareholders through voting lists mechanism
  
- **Lock-up obligations** for key shareholders
  - Pencil: 18-month lock up
  - Sponsors: 12-month lock up
  - VEI: 6-month lock up



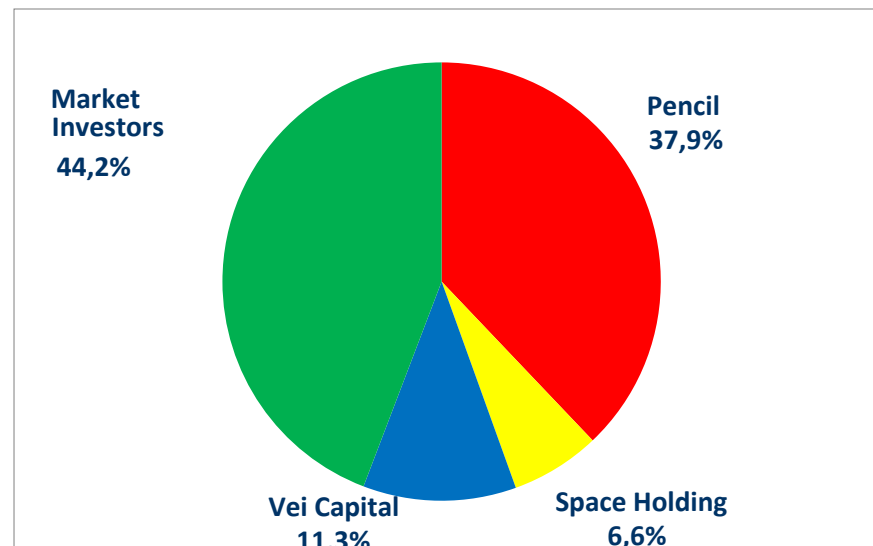
# FILA Shareholders



## Total shares \*



## Ordinary shares only



Total shares 41.232.296, of which : Ordinary shares 34.665.788, Class B shares 6.566.508 (enjoy three votes each in accordance with Article 127-sexies of Legislative Decree No. 58/1998).

Last update January 5th 2016

Investor Relations F.I.L.A.

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