

PRESS RELEASE

F.I.L.A.: DOUBLE-DIGIT GROWTH FOR ALL KEY CONSOLIDATED PROFIT INDICATORS IN 2015

- *Core Business Revenue of Euro 275.3 million in 2015 (+17.9% on Euro 233.6 million in 2014, with organic growth of 8.3%, excluding the currency effect and changes to the consolidation scope)*
- *Normalised EBITDA of Euro 47.6 million (+18.4% on Euro 40.2 million in 2014, with more than proportional organic growth of 15.4%)*
- *Normalised Net Profit up 23% to Euro 24.8 million (Euro 20.2 million in 2014)*
- *A Net Loss of Euro 16.7 million is reported, exclusively due to non-monetary and non-recurring charges from the fair value measurement of Space S.p.A. equity at May 31, 2015 (Euro 45.8 million) and market warrants at December 31, 2015 (Euro 5.2 million), offset by the fair value revaluation of the investment in the Indian subsidiary WFPL (Euro 14 million)*
- *Net Debt of Euro 38.7 million at December 31, 2015*
- *Shareholders' Meeting called in single call for April 29, 2016.*
- *Proposal to cover the losses, fully constitute the legal reserve and distribute a dividend of Euro 0.09 for each of the 41,232,296 shares currently in circulation, for a total of Euro 3,710,907*
- *Shareholders' Meeting called for April 29, 2016*
- *The Company announces the adoption of the Self-Governance Code for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, ANIA, Assogestioni, Assonime and Confindustria.*

Milan, March 22, 2016 – The Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“F.I.L.A.”), ISIN Code IT0004967292, at a meeting today chaired by Mr. Gianni Mion, reviewed and approved the separate and consolidated financial statements at December 31, 2015.

F.I.L.A. – a Company listed on the STAR segment of the Milan Stock Exchange, which operates in the creativity tools market, producing writing and design objects - reports 2015 Core Business Revenue of Euro 275.3 million, up 17.9% (Euro 233.6 million in 2014). Normalised EBITDA of Euro 47.6 million in 2015 was up 18.4% on 2014 (Euro 40.2 million). Normalised Net Profit of Euro 24.8 million (+23% on Euro 20.2 million in 2014).

*“F.I.L.A. has delivered excellent results in 2015, which we can take great pride in - stated **Massimo Candela, Chief Executive Officer of the Group** – “The revenue growth confirms that we are on the path to becoming an even more global and integrated Italian enterprise, as again highlighted by the strong results across all regions in the initial months of the current year. Our 2016 strategies include continued product innovation, maintenance of high quality standards and further boosting Group growth, also through targeting more acquisitions within a highly fragmented sector. We wish to develop further the Arts market into the future, with a particular focus on colour segment products”*

Operating performance - F.I.L.A. GROUP

Core Business Revenue of Euro 275.3 million grew 17.9% (Euro 41.7 million) on the previous year (Euro 233.6 million).

Organic revenue growth was 8.3%, excluding exchange gains, principally on the US Dollar, and the contribution of M&A operations from the full consolidation of the Indian subsidiary Writefine Products Private Limited (from November 2015) and Industrie Maimeri S.p.A. (from April 2014).

This organic growth principally follows the strong results in North America (+16%) - in particular in the United States - thanks to the excellent schools campaign, in Central-South America (+7%) and in Europe (+6%). In Europe, revenue in Italy grew 8% on the back of further F.I.L.A. S.p.A market share growth across all commercial channels.

Operating Costs in 2015 of Euro 234.9 million increased 19.1% on 2014 (Euro 197.2 million), due in particular to increased procurement volumes related to the revenue growth, the strengthening of the US Dollar and the Renminbi, in addition to:

- operating costs at the Chinese facility, not fully operational in H1 2014;
- higher air transport costs (particularly air costs) to ensure punctual procurement of materials;
- the M&A effect concerning Industrie Maimeri S.p.A. and Writefine Products Private Limited.

Normalised EBITDA of Euro 47.6 million increased 18.4% (Euro 7.4 million) on 2014 (Euro 40.2 million). Core business revenue margin of 17.3%. EBITDA organic growth, excluding M&A operations and the currency effect, was 15.4% - therefore exceeding revenue growth.

In 2015, normalised “Net financial charges”, excluding charges from the Fair Value measurement of Space S.p.A. equity at May 31, 2015 (Euro 45.8 million) and market warrants at December 31, 2015 (Euro 5.2 million), offset by the Fair Value revaluation of the investment in the Indian subsidiary (Euro 13.9 million), was in line with the previous year.

The normalised “Net Profit”, excluding “minorities”, was Euro 24.8 million, up 23% (Euro 4.6 million) on the previous year.

A Net Loss of Euro 16.7 million is reported, exclusively due to non-monetary and non-recurring charges from the fair value measurement of Space S.p.A. equity at May 31, 2015 (Euro 45.8 million) and market warrants at December 31, 2015 (Euro 5.2 million), offset by the fair value revaluation of the investment in the Indian subsidiary WFPL (Euro 14 million).

The Parent FILA S.p.A. reports a Net Loss of Euro 41.1 million, exclusively due to non-monetary and non-recurring charges from the fair value measurement of Space S.p.A. equity at May 31, 2015 (Euro 45.8 million) and market warrants at December 31, 2015 (Euro 16 million), offset by the fair value revaluation of the investment in the Indian subsidiary WFPL (Euro 15 million). The accounting effect differences regarding market warrants and the investment in India entirely concern the differing accounting treatment between the consolidated and separate financial statements.

Balance Sheet review - F.I.L.A. GROUP

The “Net Capital Employed” of the F.I.L.A. Group at December 31, 2015 of Euro 272 million principally comprises “Net Fixed Assets” of Euro 137.8 million, increasing Euro 83.5 million on the previous year and “Net Working Capital” of Euro 146.4 million, increasing Euro 29 million on 2014.

The increase in “Net Fixed Assets” substantially concerns intangible and tangible assets, following the change in the consolidation scope with the acquisition of the Indian subsidiary Writefine Products Private Limited and net investments by other Group companies.

The increase in “Net Working Capital” is principally due to higher inventories, mainly at the Parent and the South American subsidiaries, in support of sales orders and to ensure prompt execution.

F.I.L.A. Group reports “Equity” of Euro 211.7 million at December 31, 2015, increasing approx. Euro 99.8 million on the previous year.

The increase, excluding the Space S.p.A. merger contribution of Euro 45.8 million, was Euro 53.9 million, principally generated by the comprehensive net profit in 2015 by Group companies of Euro 29 million, the exercise of the Market Warrants, the “Translation Reserve” for the conversion of the Group companies financial statements and the change in “Non-Controlling Interest Equity”.

“Financial Instruments” of Euro 21.5 million concern the Fair Value measurement of the market warrants, mainly due to the Space S.p.A. merger contribution.

The Group Net Financial Position at December 31, 2015 was a net debt of Euro 38.7 million: improving Euro 19.7 million on Euro 58.4 million at December 31, 2014.

Excluding the net cash deriving from the merger (Euro 64.7 million) and the change to the consolidation scope (-Euro 0.9 million), exclusively concerning the Indian subsidiary Writefine Products Private Limited, cash absorbed amounted to Euro 44.1 million and related to:

- the generation of net cash from operating activities (Euro 292 thousand);
- net investments in intangible and tangible assets (Euro 7.6 million);
- the absorption of cash (Euro 36.1 million) due to the additional investment in Writefine Products Private Limited to reach 51%;
- the absorption of cash from interest on loans and credit lines of Group Companies (Euro 3.8 million).

Significant events in the year

The significant events in 2015 included:

- In January 2015, F.I.L.A. S.p.A. acquired the entire minority share of FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey), achieving full ownership at December 31, 2015.
- In June, the merger of F.I.L.A. S.p.A. into Space S.p.A. became effective.
- F.I.L.A. S.p.A. acquired in August 2015 a minority share in Fila Cartorama SA PTY LTDA (South Africa), holding 90% of the company at December 31, 2015.
- F.I.L.A. in October 2015 increased its holding by 32.5% in Writefine Products Private Limited, an Indian company in which 18.5% was already held, reaching therefore a 51% stake in the company.
- On November 11, 2015, Borsa Italiana S.p.A. approved the listing of F.I.L.A. S.p.A. on the MTA market, STAR segment, with trading commencing the following day.

Outlook

In 2016, F.I.L.A. will continue to focus on acquiring market share through ongoing product innovation, the maintenance of high quality, strengthening brand image and access to new markets, including through acquisitions and partnerships.

Commercial and strategic focus will continue in the “colour” segment, with a view to widening the customer base, also thanks to the recent acquisition of Industria Maimeri and the Daler-Rowney Lukas Group.

Investments planned in 2016 will be concentrated in the Group production companies, in particular in the Indian company, confirming the Group’s focus on continued product research and innovation.

The Board of Directors approved the Corporate Governance and Ownership Structure Report, drawn up as per Article 123-*bis* of Legs. Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the CFA), and the Remuneration Report, drawn up as per Article 123-*ter* of the CFA, which will be made available in accordance with law at the registered office of the Company at via XXV Aprile No. 5, Pero, Milan, on the company website (www.fila.it, Governance section) and on the authorised storage mechanism NIS-STORAGE.

The Board of Directors also called the Shareholders’ Meeting at ATA Hotel Expo Fiera, via Giovanni Keplero No. 3, Pero (Milan), 20016, for April 29, 2016 at 10AM in single call to discuss and consider the approval of the 2015 Separate Financial Statements, the presentation of the 2015 Consolidated Financial Statements, in addition to the coverage of the losses, the full constitution of the legal reserve and the distribution of a dividend to shareholders.

The Board of Directors will propose the distribution of a dividend of Euro 0.09 for each of the 41,232,296 ordinary shares currently in circulation, for a total of Euro 3,710,907, through the available reserves, net of those required by paragraph 1, letter a) of Article 6 of Legs. Decree No. 38 of February 28, 2005.

The dividend will be paid with coupon, record and payment dates respectively of 23, 24 and 25 2016.

All information concerning the means and terms:

- for attendance and voting at the Shareholders’ Meeting;
- for exercising the right to submit questions before the Shareholders’ Meeting and to supplement the Agenda or to present additional proposals on matters on the Agenda;
- to exercise proxy voting;
- to avail of the proposals, the illustrative reports on each matter on the Agenda and the documents which will be put to the Shareholders’ Meeting,

are reported in the call notice, whose full text, together with the Shareholders’ Meeting documentation, are published according to the means established by law on the company website www.fila.it (Governance section).

“The Executive Officer responsible for the preparation of the financial statements, Mr. Stefano De Rosa, declares in accordance with Legs. Decree 58/1998, that the accounting information contained in the present press release corresponds to the underlying accounting documents, records and accounting entries.”

F.I.L.A. (Fabbrica Italiana Lapis ed Affini), founded in Florence in 1920 and managed since 1956 by the Candela family, is a highly consolidated, dynamic and innovative Italian industrial enterprise and continues to grow market share. In November 2015, F.I.L.A. listed on the STAR segment of the Milan Stock Exchange. The company, with revenue of over Euro 275 million in 2015, has grown significantly over the last twenty years and has achieved a series of strategic acquisitions, including the Italian Adica Pongo, the US Dixon Ticonderoga, the German LYRA, the Mexican Lapiceria Mexicana, the Brazilian Lycin and the English Daler-Rowney Lukas.

F.I.L.A. is an icon of Italian creativity globally through its colouring, drawing, modelling, writing and painting tools, thanks to brands such as Giotto, Tratto, Das, Didò, Pongo, Lyra, Dooms, Maimeri and Daler. Since its foundation, F.I.L.A. has chosen to focus on growth through continuous innovation, both in technological and product terms, in order to enable individuals to express their ideas and talent through tools of exceptional quality. In addition, F.I.L.A. and the Group companies work together with the Institutions to support educational and cultural projects which promote creativity and expression among individuals and make culture accessible to all.

F.I.L.A. operates through 14 production facilities (of which 2 in Italy) and 22 subsidiaries across the globe and employs approx. 5,000.

For further information

F.I.L.A. Investor Relations

Stefano De Rosa Investor Relations Officer

Francesca Cocco Investor Relations

ir@fila.it

(+39) 02 38105206

For financial communication:

Community – Strategic Communication Advisers

Tel. +39 02 89404231

fila@communitygroup.it

F.I.L.A Press Office

Cantiere di Comunicazione

Eleonora Galli: (+39) 02 87383180 -186 – mob: (+39) 331 9511099

e.galli@cantieredicomunicazione.com

Antonella Laudadio: (+39) 02 87383180 -189

a.laudadio@cantieredicomunicazione.com

Attachment 1 – F.I.L.A. Group Consolidated Income Statement

| <u>Millions of Euro</u> | 12M 2015 | % core business revenue | 12M 2014 | % core business revenue | Change 2015 - 2014 |
|---|--------------|-------------------------|--------------|-------------------------|--------------------|
| Core Business Revenue | 275,3 | | 233,6 | | 41,7 17,9% |
| Other Revenue and Income | 7,2 | | 3,8 | | 3,4 88,9% |
| TOTAL REVENUE | 282,5 | | 237,4 | | 45,1 19,0% |
| TOTAL OPERATING COSTS | (240,8) | -87,4% | (202,4) | -86,6% | (38,4) 19,0% |
| EBITDA | 41,8 | 15,2% | 35,0 | 15,0% | 6,8 19,3% |
| AMORTISATION, DEPRECIATION AND WRITE-DOWNS | (7,8) | -2,8% | (6,0) | -2,6% | (1,8) 28,8% |
| EBIT | 34,0 | 12,3% | 29,0 | 12,4% | 5,0 17,3% |
| NET FINANCIAL CHARGES | (42,2) | -15,3% | (4,1) | -1,7% | (38,1) 940,6% |
| PRR-TAX PROFIT/(LOSS) | (8,2) | -3,0% | 24,9 | 10,7% | (33,1) -132,8% |
| TOTAL INCOME TAXES | (8,3) | -3,0% | (8,2) | -3,5% | (0,0) 0,5% |
| NET PROFIT/(LOSS) - CONTINUING OPERATIONS | (16,5) | -6,0% | 16,7 | 7,1% | (33,1) -198,6% |
| NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS | 0,1 | 0,0% | (0,1) | 0,0% | 0,1 -170,4% |
| NET PROFIT/(LOSS) FOR THE PERIOD | (16,4) | -6,0% | 16,6 | 7,1% | (33,0) -198,8% |
| Non-controlling interest profit | 0,3 | 0,1% | 0,0 | 0,0% | 0,2 766,2% |
| F.I.L.A. GROUP NET PROFIT/(LOSS) | (16,7) | -6,1% | 16,6 | 7,1% | (33,2) -200,5% |

Attachment 2 – F.I.L.A. Group Normalised Consolidated Income Statement

| <u>Millions of Euro</u> | 12M 2015 | % core business revenue | 12M 2014 | % core business revenue | 2015 - 2014 Change |
|---|--------------|-------------------------|--------------|-------------------------|--------------------|
| Core Business Revenue | 275,3 | | 233,6 | | 41,7 17,9% |
| Other Revenue and Income | 7,2 | | 3,8 | | 3,4 88,9% |
| TOTAL REVENUE | 282,5 | | 237,4 | | 45,1 19,0% |
| TOTAL OPERATING COSTS | (234,9) | -85,3% | (197,2) | -84,4% | (37,7) 19,1% |
| EBITDA | 47,6 | 17,3% | 40,2 | 17,2% | 7,4 18,4% |
| AMORTISATION, DEPRECIATION AND WRITE-DOWNS | (7,8) | -2,8% | (6,0) | -2,6% | (1,7) 28,8% |
| EBIT | 39,8 | 14,5% | 34,2 | 14,6% | 5,7 16,6% |
| NET FINANCIAL CHARGES | (4,7) | -1,7% | (4,1) | -1,7% | (0,7) 16,8% |
| PRR-TAX PROFIT | 35,1 | 12,8% | 30,1 | 12,9% | 5,0 16,5% |
| TOTAL INCOME TAXES | (10,1) | -3,7% | (9,9) | -4,2% | (0,2) 2,4% |
| NET PROFIT - CONTINUING OPERATIONS | 25,0 | 9,1% | 20,3 | 8,7% | 4,7 23,4% |
| NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS | 0,1 | 0,0% | (0,1) | 0,0% | 0,1 -170,4% |
| NET PROFIT FOR THE PERIOD | 25,1 | 9,1% | 20,2 | 8,6% | 4,9 24,1% |
| Non-controlling interest profit | 0,3 | 0,1% | 0,0 | 0,0% | 0,2 766,2% |
| F.I.L.A. GROUP NET PROFIT | 24,8 | 9,0% | 20,2 | 8,6% | 4,6 23,0% |

Attachment 3 – F.I.L.A. Group Consolidated Balance Sheet

| <u>Millions of Euro</u> | December 2015 | December 2014 | Change 2015 - 2014 | Space S.p.A. merger contribution at May 31, 2015 |
|--|------------------|------------------|-----------------------|--|
| Intangible assets | 88,2 | 21,3 | 66,9 | 0,0 |
| Property, plant & equipment | 47,9 | 25,6 | 22,3 | 0,0 |
| Financial assets | 1,8 | 7,5 | (5,7) | 0,0 |
| NET FIXED ASSETS | 137,8 | 54,3 | 83,5 | 0,0 |
| OTHER NON-CURRENT ASSETS/LIABILITIES | 13,9 | 10,4 | 3,5 | 1,4 |
| Inventories | 118,5 | 92,0 | 26,5 | 0,0 |
| Trade and Other Receivables | 77,7 | 76,1 | 1,7 | 0,4 |
| Other Current Assets | 5,0 | 0,9 | 4,1 | 0,4 |
| Trade and Other Payables | (53,0) | (49,1) | (3,9) | (3,8) |
| Other Current Liabilities | (1,8) | (2,5) | 0,7 | 0,0 |
| NET WORKING CAPITAL | 146,4 | 117,4 | 29,0 | (3,0) |
| PROVISIONS | (26,2) | (11,7) | (14,5) | 0,0 |
| ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS | 0,0 | 0,0 | (0,0) | 0,0 |
| NET CAPITAL EMPLOYED | 272,0 | 170,4 | 101,6 | (1,6) |
| EQUITY | (211,7) | (112,0) | (99,8) | (45,8) |
| NET FINANCIAL INSTRUMENTS | (21,5) | 0,0 | (21,5) | (17,3) |
| NET FINANCIAL POSITION | (38,7) | (58,4) | 19,7 | 64,8 |
| NET FUNDING SOURCES | (272,0) | (170,4) | (101,6) | 1,6 |

Attachment 4 – F.I.L.A. Group Consolidated Cash Flow Statement

| <u>Millions of Euro</u> | December 2015 | December 2014 | Change 2015 - 2014 |
|---|------------------|------------------|-----------------------|
| EBIT | 34,0 | 29,0 | 5,0 |
| Adjustments for non-cash items | 9,7 | 6,8 | 2,9 |
| Integrations for income taxes | (15,5) | (8,7) | (6,8) |
| Realized and Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies | (3,2) | (1,0) | (2,2) |
| CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL | 25,0 | 26,1 | (1,2) |
| Changes in net working capital | (24,7) | (6,9) | (17,8) |
| CASH FLOW FROM OPERATING ACTIVITIES | 0,3 | 19,3 | (19,0) |
| Total Investment/Divestment in Intangible Assets and Property, Plant and Equipment | (7,6) | (6,6) | (1,0) |
| Total Investment/Divestment of Investments measured at Cost | (36,1) | (0,0) | (36,1) |
| Total Investment/Divestment in Other Financial Assets | (0,5) | (0,3) | (0,2) |
| Interest Received | 0,5 | 0,0 | 0,4 |
| CASH FLOW FROM INVESTING ACTIVITIES | (43,8) | (6,9) | (36,9) |
| Total Change in Equity | (0,3) | (0,9) | 0,7 |
| Interest Paid | (3,8) | (3,8) | (0,0) |
| Totale Incremento/Decremento Finanziamenti ed altre Passività finanziarie | (65,4) | (14,0) | (51,5) |
| CASH FLOW FROM FINANCING ACTIVITIES | (69,5) | (18,7) | (50,8) |
| Translation difference and other non-cash items | 4,1 | 2,4 | 1,7 |
| CASH FLOW IN THE PERIOD | (108,9) | (4,0) | (104,9) |
| Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period | 30,7 | 35,7 | (5,0) |
| Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (merger contribution) | 93,3 | 0,0 | 93,3 |
| Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (change in consolidation scope) | 2,4 | (1,1) | 3,5 |
| CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE PERIOD | 17,5 | 30,7 | (13,1) |

