Fabbrica Italiana Lapis ed Affini

1H 2017
FILA GROUP RESULTS

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1H 2017 HIGHLIGHTS

FILA: GROUP INTEGRATION ACCELERATES

- 1H2017 Core Business Revenue of Euro 260,5 million, up 29.3% on 1H2016 (Euro 59,0 million), mainly due to acquisitions concluded in the previous period;

- Organic revenue growth of 2%, net of acquisition and currency effects. Growth impacted in the first part of the year by the logistics integration with Daler and Canson products in North America; revenue recovery is expected in the second half of the year;

- Adjusted EBITDA of Euro 43,8 million, +19,9% on Euro 36,6 million in 1H2016, of which -2,8% organic, primarily following temporary delay on North American revenue due to the above issues, increasing seasonality impacts compared to 1H2016;

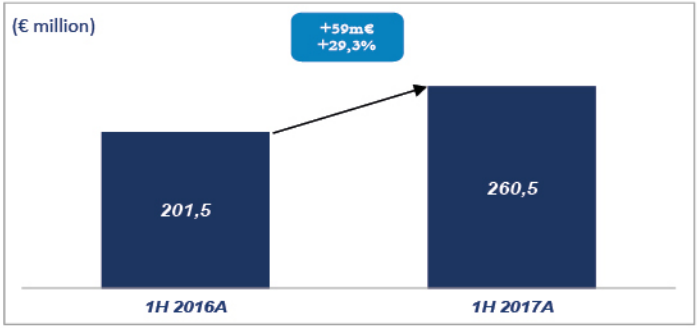
- Adjusted Net Profit increases to Euro 17,6 million (Euro 17,1 million in 1H2016);

- Net Debt of Euro -285,6 million at June 30, 2017, in line with business seasonality impacts on net working capital - slightly better than forecasts;

- Stable European market in 2017 with sustained growth in India and Mexico and focus on boosting market share across all regions and segments

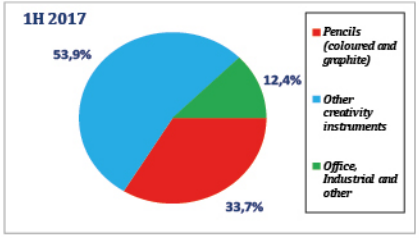
- In the first half of 2017, the Group significantly invested in logistics and managerial structure, with the expectation of a return of such investments in terms of greater future synergies.

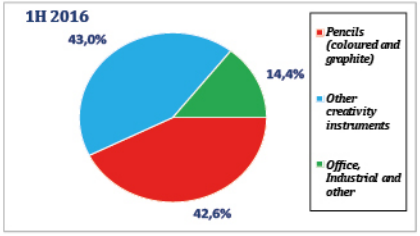
1H 2017 CORE BUSINESS SALES



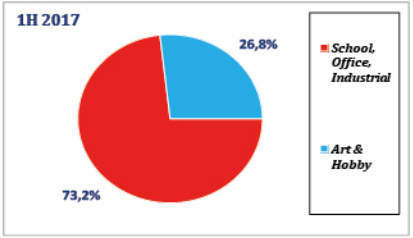
- **Core Business Sales +29,3% (+59mln €). Organic growth, +4,1mln € (+2,0%), net of M&A and FX effect, of which:**
- By Geographic Area: mainly Centre-South America +5,2mln € (+22,3%), Asia +4,7mln € (+20,2%), Europe +1,1mln € (+1,2%) and North America -7mln € (-10,4%)
- By Product line: Other Creativity Instruments +3,7mln € (+4,1%), Pencils +0,3mln € (+0,4%) Office and Industrial Products of +0,1mln € (+0,3%)
- M&A effect 53,5mln € (mainly for 46,7mln € Canson Group, 4,7mln € D&R Group and 2,4mln € St Cuthberts)

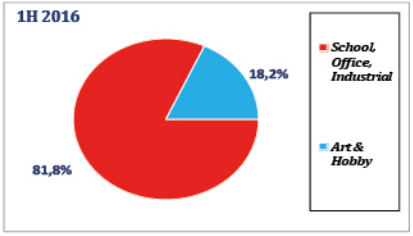
SALES BY PRODUCT LINE



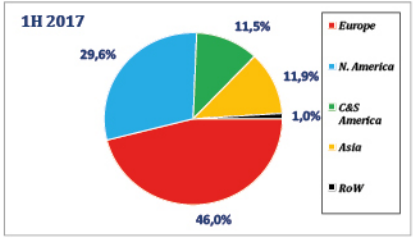


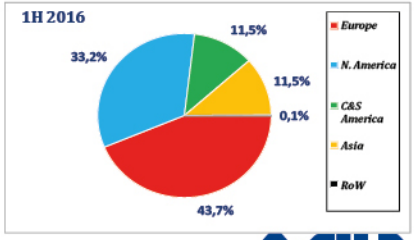
SALES BY MARKETING DIVISION





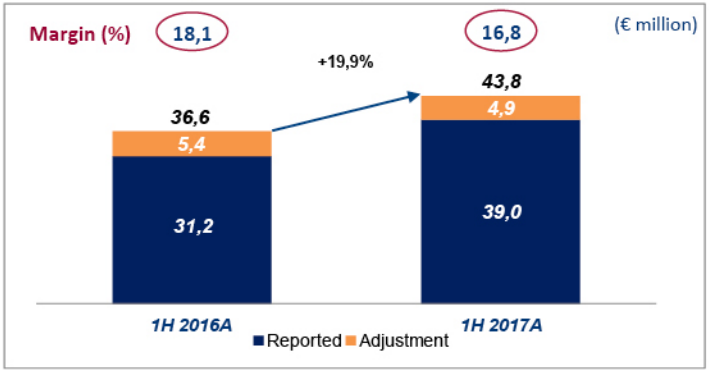
SALES BY GEOGRAPHICAL AREA





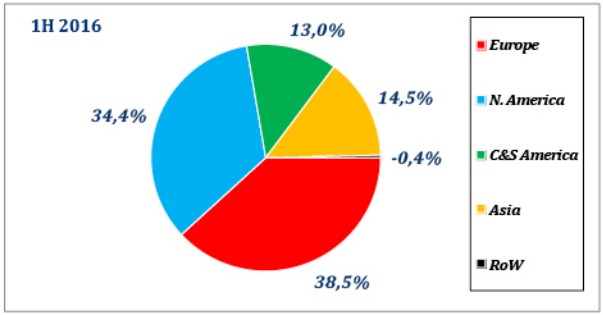
1H 2017 EBITDA

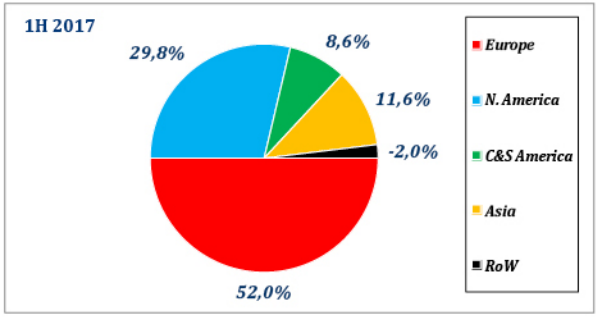
ADJUSTED EBITDA



- **Adjusted EBITDA + 7,2mln € (+19,9%), Organic Growth -1mln € (-2,8%), net of M&A and FX effect**
- **4,9mln € of extraordinary costs in 1H 2017A**, mainly related to reorganization and stock option costs
- **5,4mln € of extraordinary costs in 1H 2016A**, mainly related to M&A activities.
- **M&A effect of 7,8mln €** (mainly to 6,7mln € Canson Group, 0,5mln € D&R Group and 0,7mln € St Cuthberts)

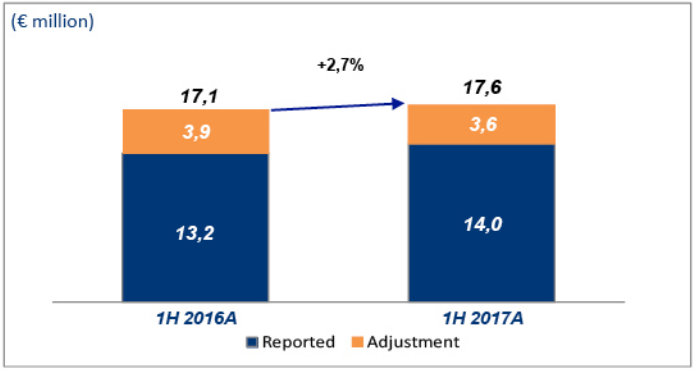
ADJUSTED EBITDA BREAKDOWN BY GEOGRAPHICAL AREA





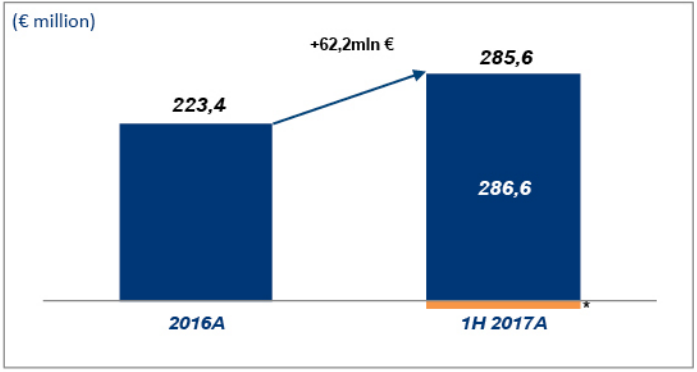
1H 2017 NET INCOME AND NET FINANCIAL POSITION

ADJUSTED NET INCOME



- The normalization of the Group Result in 1H 2017A refers mainly to reorganization and stock options costs, net of taxes effects and partially offset by adjustments of 1mln € for financial proceeds coming from the disposal of 30% participation in FILA Nordic (Sweden)
- The normalization of the Group Result in 1H 2016 refers to extraordinary operating costs, net of taxes effects

ADJUSTED NET FINANCIAL POSITION



Net debt increase of 62,2mln € mainly due to:

- Operating CF -48,6 mln Euro, mainly due to business seasonality
- Capex for 8,4mln €
- Dividend paid to shareholders for 3,8mln €
- Interest paid for 4,4mln €
- Cash in for disposal of 30% participation in FILA Nordic (Sweden) for 1mln €*
- Positive FX effect of 1,8mln €

APPENDIX

1H 2017 INCOME STATEMENT

(€ million)	1H 2016A	% on Sales	1H 2017A	% on Sales
PROFIT & LOSS				
Core Business Sales	*201,5*		*260,5*	
Other revenues	*4,8*		*12,0*	
Total revenues	**206,3**		**272,5**	-
Cost for Raw Materials and Supplies net Increase(decrease) inventory	*(83,8)*	*(41,6%)*	*(105,9)*	*(40,7%)*
Costs for Services and Use of Third-Party Assets	*(48,2)*	*(23,9%)*	*(58,7)*	*(22,5%)*
Personnel Costs	*(37,4)*	*(18,5%)*	*(55,7)*	*(21,4%)*
Other Operating Costs	*(5,7)*	*(2,8%)*	*(13,2)*	*(5,1%)*
Total operating costs	**(175,1)**	*(86,9%)*	**(233,5)**	*(89,6%)*
EBITDA	**31,2**	*15,5%*	**39,0**	*15,0%*
Depreciation and Amortization	**(6,5)**	*(3,2%)*	**(8,9)**	*(3,4%)*
Write-Downs	**(0,2)**	*(0,1%)*	**(0,2)**	*(0,1%)*
EBIT	**24,6**	*12,2%*	**29,9**	*11,5%*
Financial income/expenses	(2,0)	*(1,0%)*	(7,6)	*(2,9%)*
Income/expenses from associates at equity method	-	*0,0%*	(0,0)	*(0,0%)*
PBT	**22,6**	*11,2%*	**22,3**	*8,6%*
Taxes	(8,6)	*(4,3%)*	(7,6)	*(2,9%)*
Net profit (loss) of continuing operating activities	**13,9**	*6,9%*	**14,7**	*5,7%*
Net profit (loss) of discontinued operating activities	-	*0,0%*	-	*0,0%*
Total net profit (loss) of the period	**13,9**	*6,9%*	**14,7**	*5,7%*
Total net profit (loss) attributable to non controlling interests	0,7	*0,4%*	0,7	*0,3%*
Fila Group's total net profit (loss) of the period	**13,2**	*6,6%*	**14,0**	*5,4%*

(€ million)	1H 2016A	% on Sales	1H 2017A	% on Sales
P&L ADJUSTMENTS				
REPORTED EBITDA	**31,2**	*15,5%*	**39,0**	*15,0%*
Total Adjustments	**5,4**		**4,9**	
ADJUSTED EBITDA	**36,6**	*18,1%*	**43,8**	*16,8%*
FILA GROUP REPORTED NET PROFIT	**13,2**	*6,6%*	**14,0**	*5,4%*
Total Adjustments	**3,9**		**3,6**	
FILA GROUP ADJUSTED NET PROFIT	**17,1**	*8,5%*	**17,6**	*6,8%*

1H 2017 BALANCE SHEET

(€ million)	2016A	1H 2017A
BALANCE SHEET		
Intangible assets	*218,4*	*211,9*
Tangible Assets	*81,3*	*81,8*
Financial Fixed Assets	*3,7*	*4,6*
Fixed Assets	**303,4**	**298,3**
Other Non Current Assets/Liabilities	**20,7**	**16,9**
Inventory	177,4	191,2
Trade Receivables and Other receivables	113,6	183,4
Trade Payables and Other Payables	(90,4)	(98,6)
Trade Working Capital	**200,5**	**275,9**
Other Current Assets and Liabilities	0,2	(3,4)
Net Working Capital	**200,7**	**272,6**
Provisions & Funds	**(62,4)**	**(57,4)**
Current and not Current Assets/Liabilities Intended for Disposal	-	-
NET CAPITAL EMPLOYED	**462,4**	**530,4**
Shareholders equity	**(239,0)**	**(244,8)**
Net Financial Position	**(223,4)**	**(285,6)**
TOTAL NET SOURCES	**(462,4)**	**(530,4)**

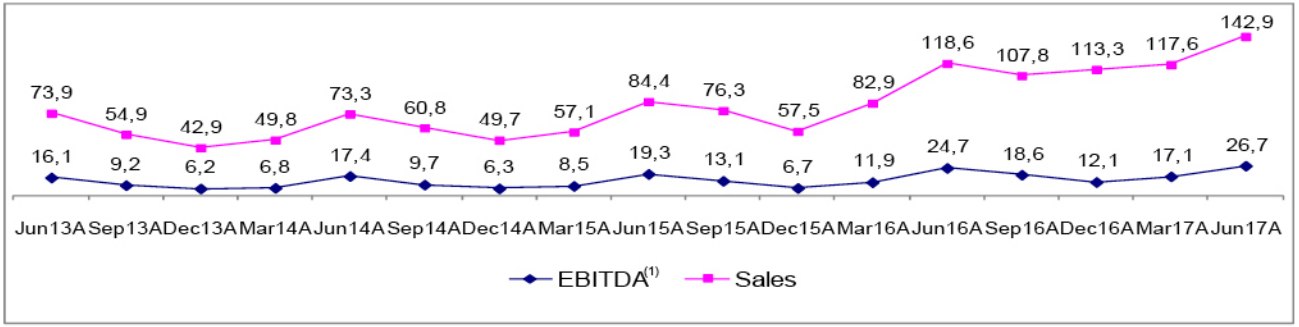
1H 2017 CASH FLOW STATEMENT

(€ million)	1H 2016A	1H 2017A
CASH FLOW		
EBIT	**24,6**	**29,9**
Adjustments for non monetary costs	6,6	10,9
Adjustments for taxes	(3,3)	(4,9)
Cash-flow from operating activities before changes in NWC	**27,9**	**36,0**
Changes in inventories	*(19,2)*	*(19,0)*
Changes in trade receivables & others	*(62,0)*	*(71,8)*
Changes in trade payables & others	*15,3*	*6,6*
Changes in other current assets/liabilities	*(0,5)*	*(0,3)*
Changes in net working capital	**(66,4)**	**(84,5)**
Operating cash-flow	**(38,4)**	**(48,6)**
Investments in tangible and intagible assets	(4,3)	(8,4)
Other changes	0,1	(0,4)
Free Cash Flow	**(42,6)**	**(57,4)**
Capital increase/reimbursement/dividends	(4,3)	(3,8)
Net interests	(2,2)	(4,4)
Participation acquisition and disposal	(16,9)	0,9
Effect of FX rate movements	2,6	1,8
Net financial position due to consolidation area changes	(86,8)	0,7
Changes in Net Financial Position	**(150,2)**	**(62,1)**

QUARTERLY CB SALES, EBITDA, TWC and NFP

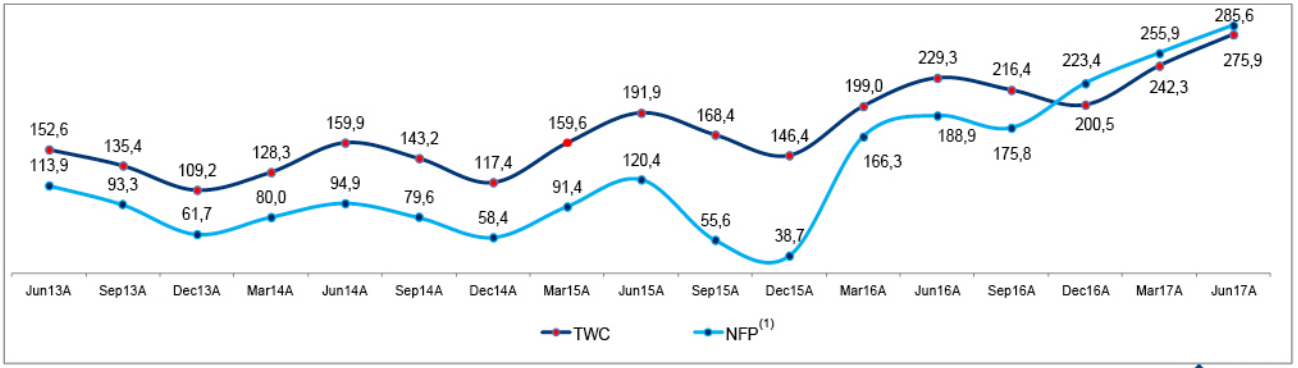
QUARTERLY CORE BUSINESS SALES AND ADJUSTED EBITDA

(€ million)



QUARTERLY TWC AND NFP

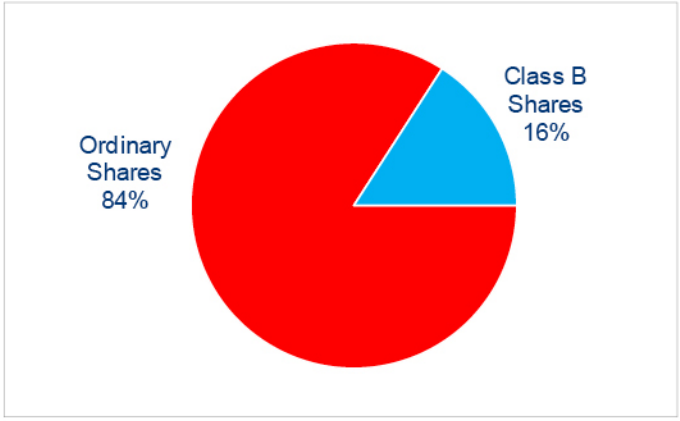
(€ million)



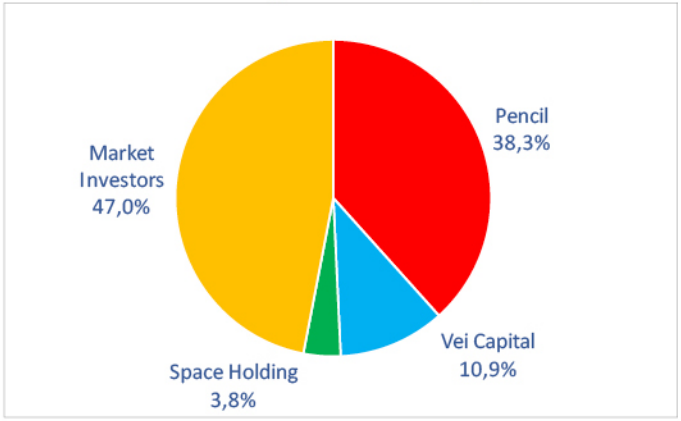
(1) Affected by extraordinary items

F.I.L.A. SHAREHOLDERS

Total shares *



Ordinary shares only



Total shares 41.332.477, of which : Ordinary shares 34.765.969, Class B shares 6.566.508 (enjoy three votes each in accordance with Article 127-sexies of Legislative Decree No. 58/1998).

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