



Fabbrica Italiana Lapis ed Affini



Corporate Presentation



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F.I.L.A.
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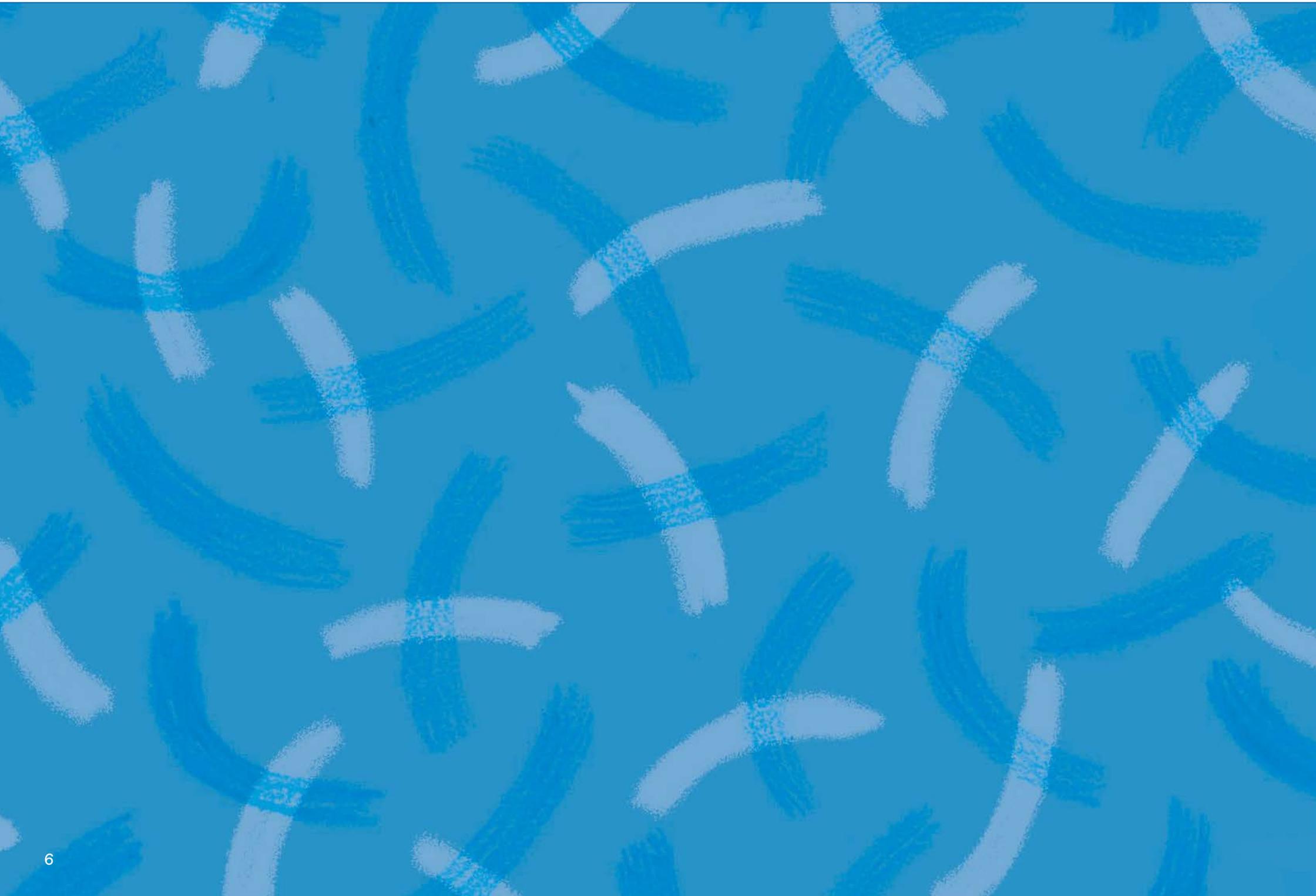
FY 2018
Results





01

Overview



We paint the future



With a portfolio of over 25 iconic brands and thousands of products available on all continents, F.I.L.A. Fabbrica Italiana Lapis ed Affini is a leading global player specialised in the research, design, manufacturing and sale of creative expression tools.

Highlights



1920

year
established



9,500+

employees



25

iconic
brands



20+

product
categories



150+

countries global
presence



35

branches
in 5 continents



21

factories



€602.9 million

in core business sales in 2018
Proforma: €678.6* mln



€96.9 million

2018 adjusted EBITDA
Proforma: €111.4* mln



€700+

invested
in acquisitions
since 1994

*Proforma data including Pacon from January 1st 2018

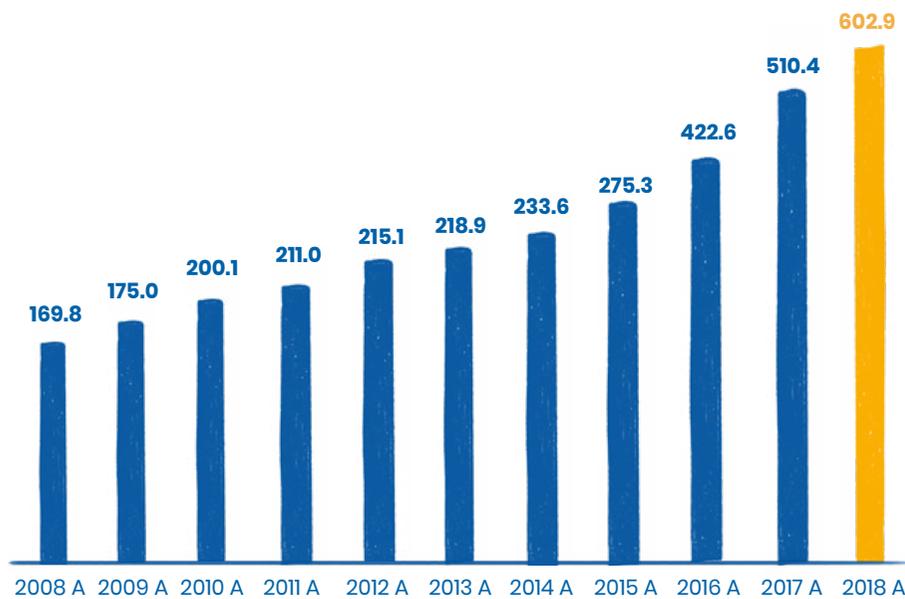
Long-term growth

The F.I.L.A. Group results of the last 10 years clearly showed its capacity for organic and external growth over time

Total Core Business Sales

2008-2018 CAGR · 13.5%

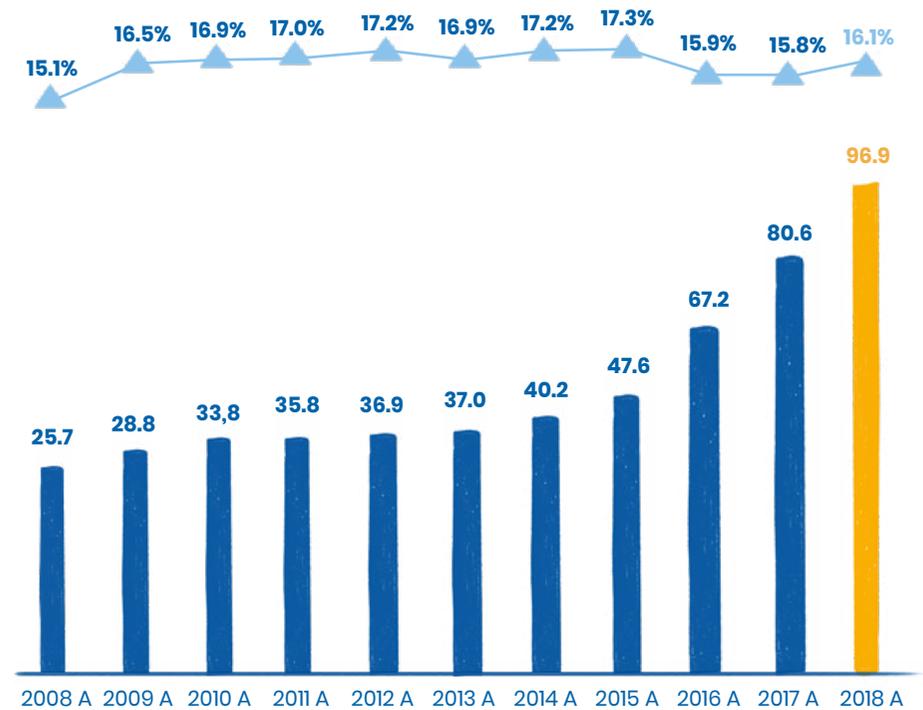
(€ Million)



Adjusted EBITDA

2008-2018 CAGR · 14.2%

(€ Million)



Corporate Governance

The Board of Directors

Gianni Mion
Chairman

Francesca Prandstraller
Director (*)

Alberto Candela
Honorary Chairman

Annalisa Barbera
Director

Filippo Zabban
Director (*)

Alessandro Potestà
Director (*)

Massimo Candela
Chief Executive Officer

Paola Bonini
Director (*)

Gerolamo Caccia Dominioni
Director (*)

Luca Pelosin
Executive Director

(*) Independent Director

Shareholder structure

Current Share Capital

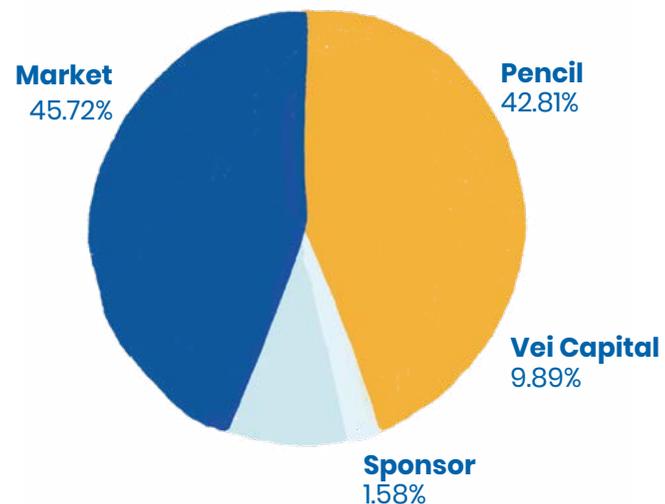
Ordinary Shares listed on MTA (STAR Segment)

42,788,884 (c. 84.12% of total share capital)

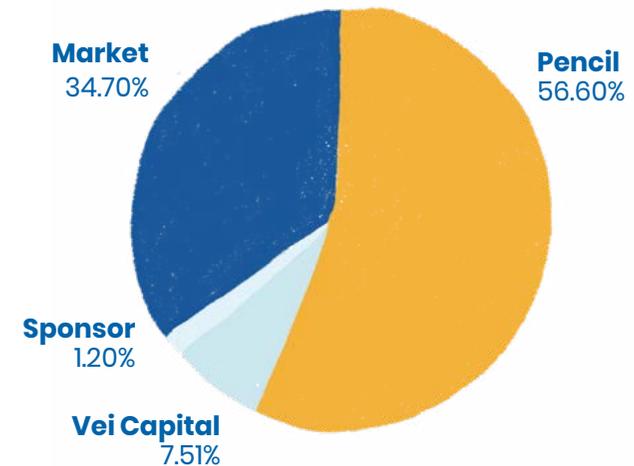
Class B shares not listed and with 3x voting rights¹

8,081,856 (c. 15.88% of total share capital)

Total share capital



Voting share capital



¹ Category B shares will be automatically converted in ordinary shares in case of transfer to third parties
 Source: Company data
 Last update March 2019





02

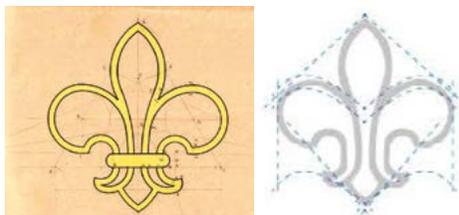
F.I.L.A. Group

The story

Italian Talent and Unique Heritage

1920

F.I.L.A. Fabbrica Italiana Lapis ed Affini emerged from Florence and the vision of the noble Antinori and Gherardesca families. Its symbol has always been the lily, which represents the city and the unbreakable link between art and history.



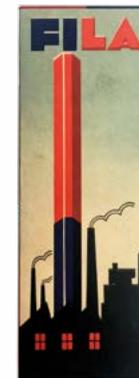
1923

The Giotto brand was created; a timeless icon of Italian drawing and colouring products, represented by the historic cartoon which depicts Giotto and his master Cimabue and makes the brand immediately recognisable.



1956

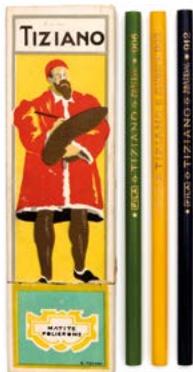
In 1956, a group of employees headed by Renato Candela took over the company and began to transform it into a production firm with a solid base in Italy. This enterprising and pioneering growth strategy based on innovation in technologies, products and tools, led F.I.L.A. progressively to conquer leading positions on the market.



The beginnings of a family-run business during the century and across generations

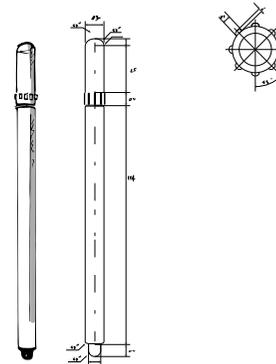
1964

Alberto Candela succeeded his father Renato. Under his leadership the company started up a production path that concentrated on new products, images and styles: this saw the birth of Giotto Fibra, a forerunner of coloured felt-tip pens and the Tiziano range, devoted to professional and amateur artists.



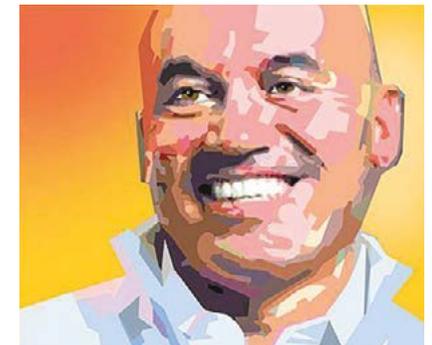
1973

In 1973, Tratto-Pen – the “writing felt-tip pen” – was launched and met with immediate success being awarded the prestigious Compasso d’Oro prize in 1979 which celebrated its originality and the innovative functionality of the design, a quality that would also guarantee it a place in the New York MoMA.



1994

Massimo Candela, son of Alberto, became Chief Executive Officer. Under his leadership, F.I.L.A. has been focusing on international expansion, through a new policy of strategic acquisitions and continued organic growth, which also saw the establishment of distribution branches in strategic countries for the Group.



A far-reaching expansion history

M&A has been part of our DNA since the '90s, today our products write and colour in all the languages of the world

Growth has always been in the DNA of F.I.L.A., which since 1994 has undertaken a constant process of internationalisation mainly thanks to a shrewd M&A strategy that has led to important, successful acquisitions. Long-range geographical expansion is accompanied by consolidation in mature markets through the expansion of the product range to the fine arts & crafts segment.

The latest addition is the US company Pacon, which will support F.I.L.A. to compete in the US school segment and help it to secure a leading global position in the fine arts & crafts segment thanks to its brands Strathmore and Princeton.



Prove track record of successful M&A

	1994	2000	2005	2008	2010	2012	2014	2015	2016	2018
Countries	Italy	France	USA, Canada, Mexico, China	Germany	Mexico	India, Brazil	Italy	Italy	France, UK	USA
Main Rationale	Product Expansion	Internationalisation		Entrance in the Fine Art Segment		Entrance in Key Growing Markets	Increase Presence in Fine Art	Admission to listing on the STAR segment of the MTA market	Increase Presence in Fine Art	Increase presence in one of the most relevant markets in the world

Mission

F.I.L.A. firmly believes in the world of colour and individual creative expression. For this reason, in order to become the key international group in the sector, it aims to offer an ever wider and more innovative range of products and brands. Achieving this position through the strongest, most beneficial and long-term positive partnerships with all of its stakeholders. From suppliers to employees, and from distributors to the end customer, because they are all fundamental to its development.



Vision

Day by day, to turn its vision into a solid reality. F.I.L.A. will direct its focus on developing sustainable long-term solutions for production, distribution and sales for its growing family of brands. Achieving these aims will give each and every one of us the opportunity and pleasure of expressing ourselves creatively at any time in our lives. F.I.L.A. will ensure the quality, safety, ease of use and ready availability of all of its products.

Strengths

F.I.L.A. is active on 7 fronts and that makes us one of the leading global players



1. Recognised leadership in attractive markets

F.I.L.A. is present in over 150 countries as one of a few global players focused on consumable products for school, office and fine arts. F.I.L.A. is among the leading groups for coloured pencils in the European and Mexican markets and for graphite pencils in the US and India. In the fine arts segment, F.I.L.A. is one of the most relevant players worldwide, with leading positioning in fine art paper and colours.

2. Truly global presence



Since 2005 F.I.L.A. has increased its global penetration by expanding its network from 3 to 35 commercial branches. The number of production facilities has risen from 6 to 21, allowing F.I.L.A. to produce nearly all of its products at its own facilities. The high degree of interchangeability among F.I.L.A. manufacturing sites allow the group to optimize the production cycle and to adapt in a timely manner to changes in the legal and regulatory framework (import/export and introduction of new custom duties).

India and US count more than 60% of the F.I.L.A. Group turnover.



3. Vertically integrated business model

F.I.L.A. has developed a fully integrated business model, which allows the control of the critical phases of the manufacturing and distribution chain. Production follows a highly verticalised pattern, enabling the company to control costs, monitor quality standards and guarantee supplies to the distribution centres of the Group.



4. Extensive product range and brand identity

F.I.L.A. designs and manufactures more than 50 product families for writing, drawing, painting, and modelling, supporting the artistic flair of children and adults. The portfolio includes several iconic products and, over the years, F.I.L.A.'s trademarks have become symbols of high standards of quality, reliability, and safety.



5. Proven track record of successful M&A

F.I.L.A. boasts a strong track record in identifying and pursuing successful M&A deals. Such an expansive strategy, started in the 1990s, has allowed the company to expand its presence in many key markets, and to diversify revenue generation by both region and product category.



6. Strong financial performance

In recent years the F.I.L.A. Group has demonstrated a constant capacity for stable growth, with great resilience in the face of economic cycles. Its economic and financial performance has featured growth in revenues, solid profitability and cash generation which have made it possible to preserve a stable capital structure and fuel external growth.



7. Solid management team

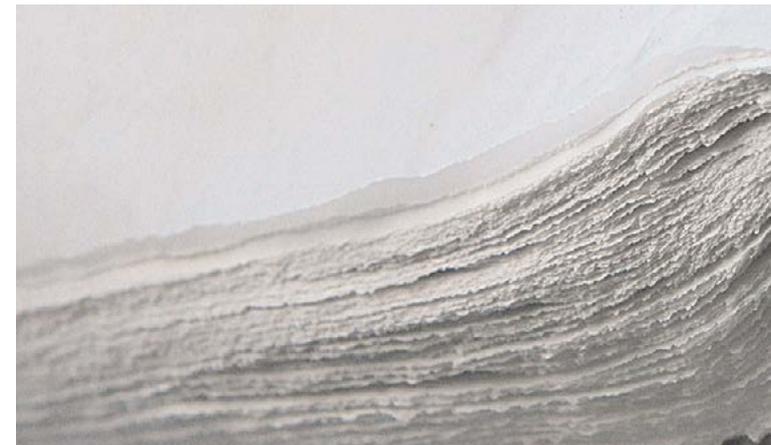
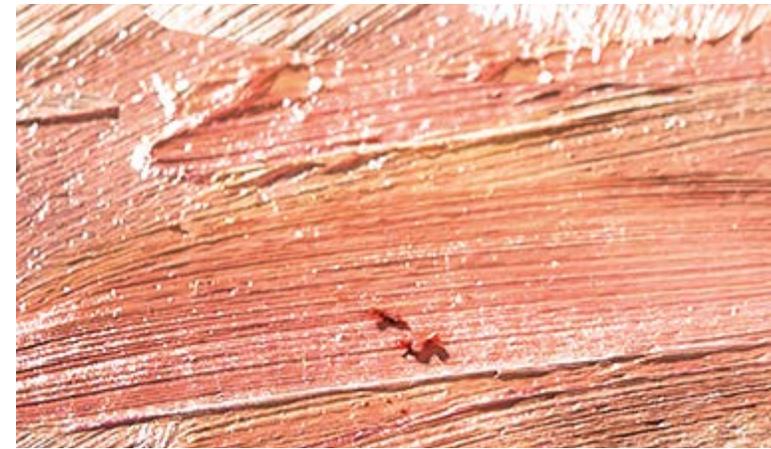
The leadership exerted since the 1960s, first by Alberto Candela and then by Massimo Candela, has resulted in a stable and consistent long-term vision, allowing F.I.L.A. to implement the growth strategy that has resulted in today's company configuration.

Market Scenario

The F.I.L.A. Group today produces and manufactures tools and supports for design, colouring, painting and modelling, giving an outlet to the creative expression of children, young persons and adults

Unlike other industry players, F.I.L.A. has decided to remain faithful to the strategy of focusing on tools supporting creativity. This decision stems from the awareness that colour is acyclic and fundamental to the creativity and growth of people. Moreover, colour is not replaced by digital tools, but integrates with them.

F.I.L.A.'s future growth strategy is consistent with the current market situation and focuses on combining organic growth and product expansion in mature markets with targeted acquisitions in both mature and emerging markets.





F.I.L.A. segments

**School
and Office**



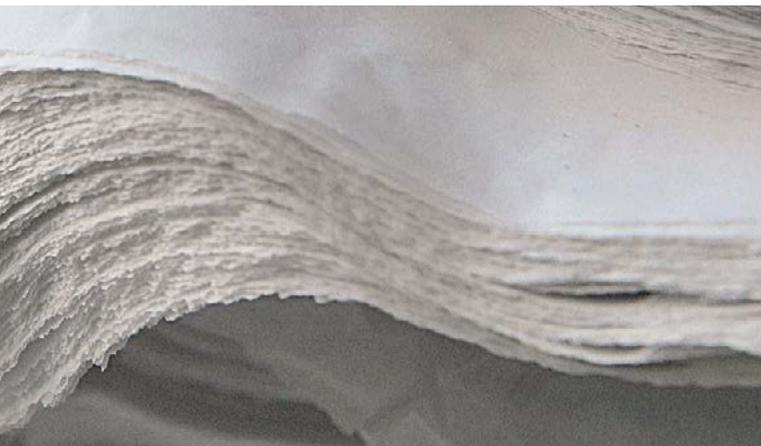
9 bn



**Fine Arts
Colours**



700 – 800 mln



**Fine Arts
Paper**



200 – 250 mln

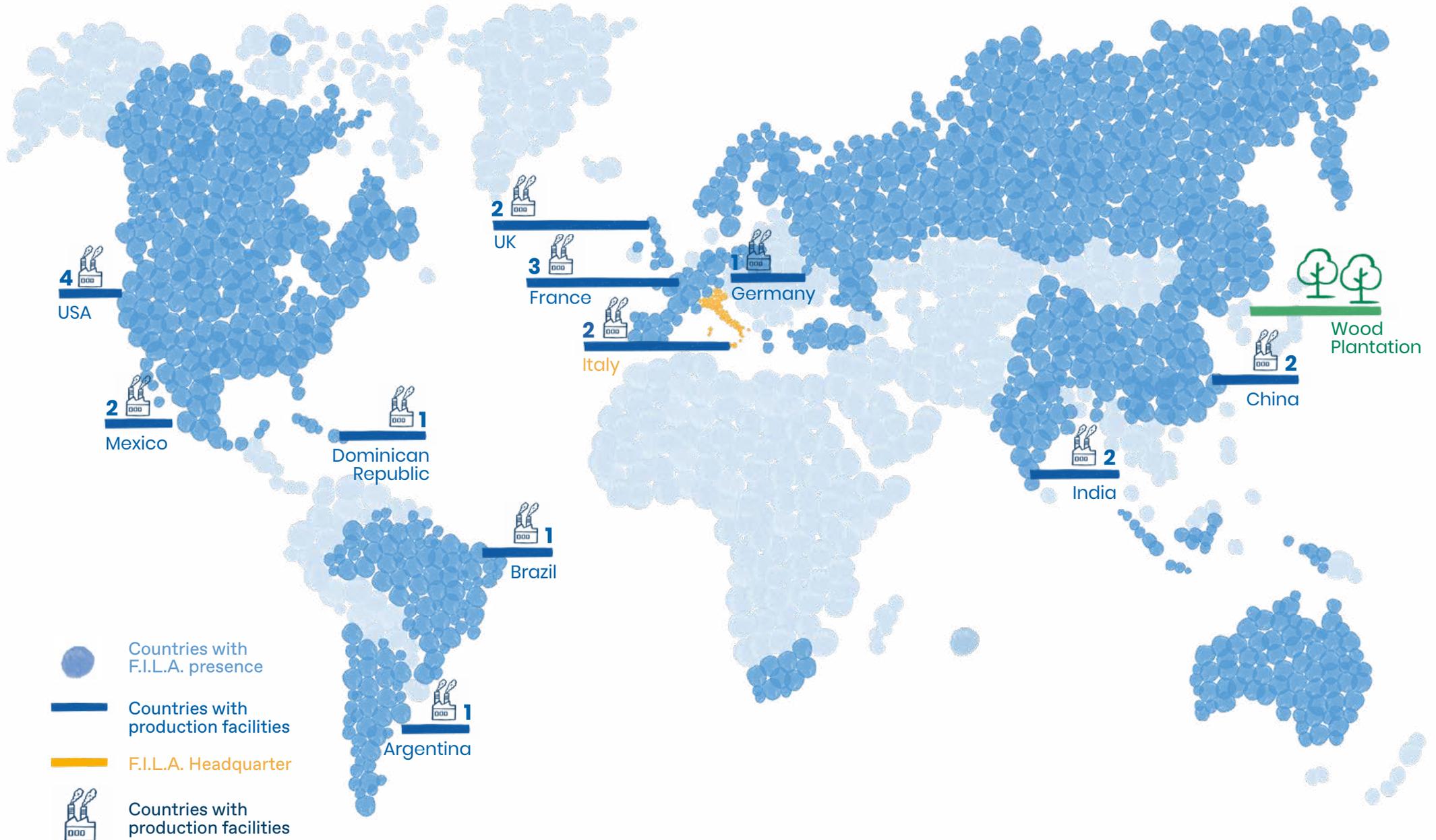
Global market size ex works €

Source: Estimates carried out by management based on internal and third-party data sources

Truly Global Presence

The international dimension of F.I.L.A. shows how it has managed to consolidate a vertically integrated production platform. Since 2005 F.I.L.A. has increased its global penetration by expanding its distribution network from 3 to **35 commercial branches**. The number of **manufacturing facilities has risen from 6 to 21**, allowing F.I.L.A. to produce almost 100% of its products at its own facilities and to gain direct access to local production resources such as wood. Its fully integrated business model allows F.I.L.A. to have full control over its production processes, from wood to pencils.

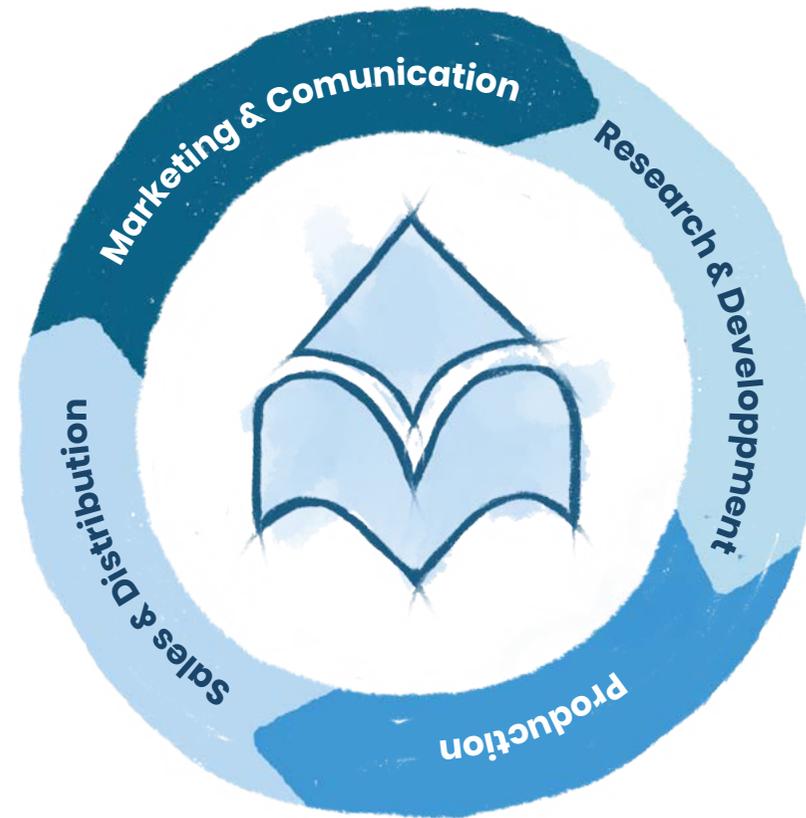
35 commercial branches
21 manufacturing facilities



Vertically Integrated Business Model

F.I.L.A. has established a vertically integrated business model, which is rare for the sector and allows the control of each phase of the manufacturing and distribution chain. F.I.L.A.'s global presence permits high flexibility and interchangeability to minimize the impact of import duties and other potential risks. The integrated business model allows F.I.L.A. to manufacture almost every item in its catalogue while maintaining a strong connection with the final users throughout all the distribution channels available.

F.I.L.A. is in full control of every process, "from timber to products"





① Modular GLASS
② WOOD-TRUSS WITH PLANTS

③ MINI-TRUSS



Dressy Building (curved)

Red Pine? (easy maintenance)

Marketing and Communication

Objective

Giving individuals the opportunity to express and satisfy their innate creative impulse throughout their entire life.

Strategy

Pull strategy based on building lasting relationships thanks to safeguarding touchpoints with stakeholders.

Touchpoints

01

School

02

Home

03

Point of sale

04

Free Time

05

Office

Actions

Create analogue and digital content and communication activities, which feed the creative and artistic experience of the individual at all ages.

Activities

School projects (artistic and creative contests, promoters and academic training)

Ongoing activities (public relations, trader and consumer fairs, point of sale, workshop and tutorials, testimonials, loyalty programs)

Partnerships (museums, cultural events, festival)

Charity

Research and Development

Dedicated teams

F.I.L.A. oversees R&D activities aimed at developing new products and improving existing ones through new materials. Research and development activities are carried out both centrally and through dedicated teams in Europe, Central and South America and Asia.

Competitive advantage

R&D ensures the compliance of products with applicable laws, particularly concerning their physical and chemical characteristics. In a context of frequent regulatory changes, this represents an important competitive advantage over the private label sector, which is less able to invest and comply with regulations.



Production

— Made in F.I.L.A.

Vertically integrated production platform across more than 150 countries that allows important strategic advantages.

01

Direct access to production resources, in particular wood (F.I.L.A. creates finished products beginning with tree trunks)

02

In-house production of almost 100% of its products

03

Establishment of a plantation of approximately 250,000 poplar trees in China, with the aim of covering around 15% of company's wood needs

Sales and Distribution

— Commercial network

Strong network of 35 commercial branches in the main reference regions.

— Ready availability

To ensure the ready availability for all of its products is part of F.I.L.A.'s mission.

— Multichannel distribution, with a few categories of counterparties

Wholesalers, which buy F.I.L.A.'s products and resell them to convenience/proximity stores and small retailers in general.

Office/school suppliers a subcategory of wholesalers, which are entirely specialised in office/school items.

— Mass-market retailers

Large distributors that work as intermediaries between the company and wholesalers.

B2B operators (clients buying tailor-made products with their own logos).

Online channel (sales to pure players and does not include online sales performed by multichannel retailers). F.I.L.A. is not directly selling on line in order not to compete with a portion of its clients.



Extensive Product Range and Brand identity

F.I.L.A. operates worldwide through a wide range of local and global brands, partly developed internally and partly acquired over the years as the expansion strategy moved forward. The range of products is primarily destined for use in schools, art schools, hobbyists and artists. The company, however, also caters for the office and industry segments, with a few, selected products.

2 business units

School-Office

Fine Art & Craft

Annual Production



2.5 bn pencils



600 mln chucks



500 mln markers



4 mln liters of paint



14,000 mln tonnes of paper

Main group brands and product categories

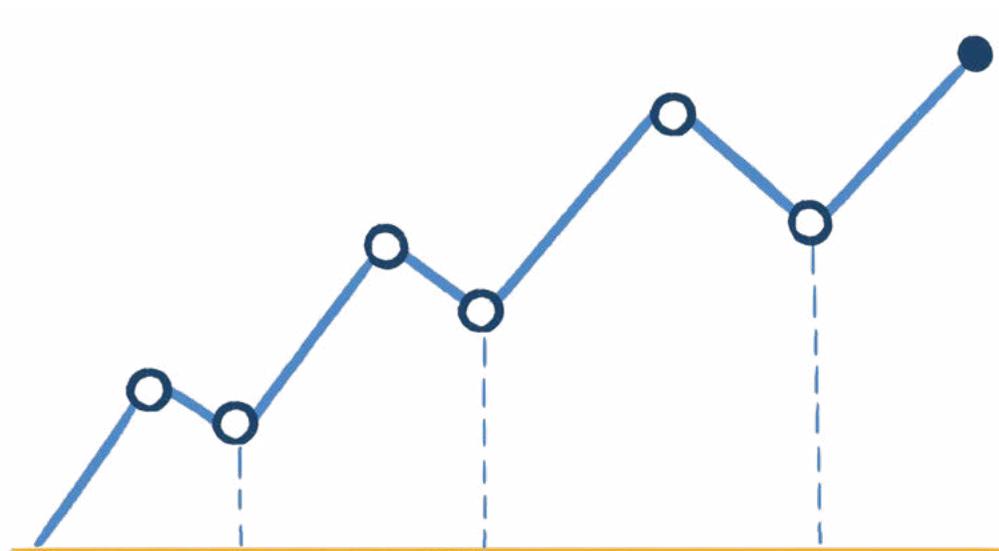
Product Categories	School			Office	Industry	Consumer Categories
Paper						<ul style="list-style-type: none"> Paper for the fine arts Paper for school Paper for leisure and craft Coloured paper Paper for traditional printmaking Digital fine art paper
Fine Arts&Craft						<ul style="list-style-type: none"> Oil and acrylic colours Watercolours and gouache Canvases and brushes Accessories Basic craft
Writing						<ul style="list-style-type: none"> Graphite pencils Ballpoint pens, fineliners and gel ink pens Highlighters and markers
Drawing and Colouring						<ul style="list-style-type: none"> Coloured and graphite pencils Wax and oil crayons Felt-tip pens Paints and watercolours Chalks and glues
Modelling						<ul style="list-style-type: none"> Plasticine Clay for play Modelling clay

Corporate Social Responsibility

CSR issues are rooted in F.I.L.A.'s history and culture. Paying attention to input quality, product and workplace safety and to supporting art and culture are patterns that have marked the history of F.I.L.A. and underlie the Group's growth and development.

Materiality Analysis

Material topics that are relevant to the Group. Indicators were selected from international standards, such as the 2016 GRI Standards to best measure the matters listed in the Decree.



Decree Topic

01

Environment

Use of raw materials
Consumption of energy resources
Emissions into the atmosphere
Water consumption

02

Personnel

Equal opportunities
Occupational health and safety

03

Social and Local communities

Product quality and safety
Relations with suppliers
Protecting diversity

04

Human rights

Respect for human rights
Freedom of association and collective bargaining

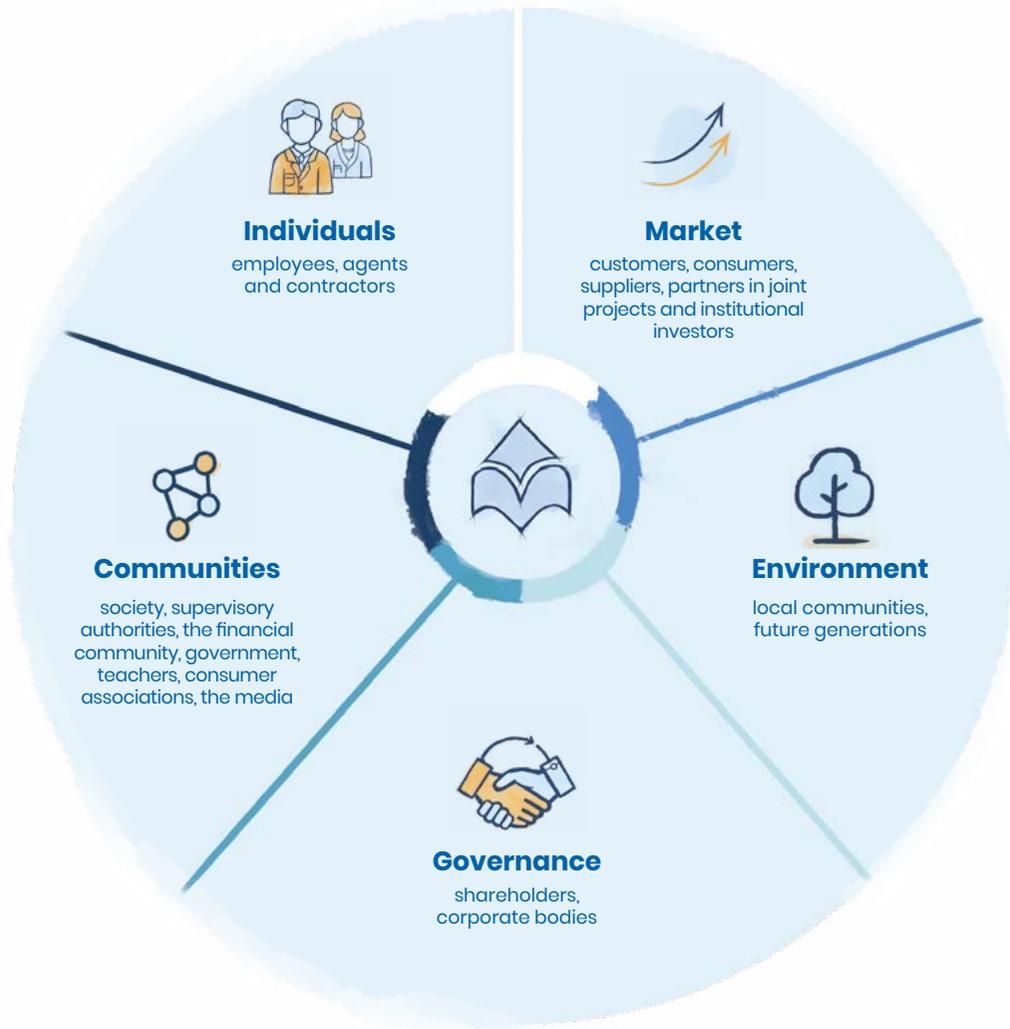
05

Corruption

Combating active and passive corruption

Material Topics

Main group Stakeholders



People



9,560
Employees

of which



5,067
Males

53%



4,493
Females

47%



55,441
Total training hours

Creating value for children

Objective

Promoting creativity and the expressive capacity of individuals and making culture an opportunity that can be accessed by everyone.

Children and young people are the first company stakeholders and so are the institutes and organizations that work for the well-being and the growth “in colour” of the younger generations. This is why the F.I.L.A. Group has been expressing its social commitment by collaborating with institutions and alongside operators, and supporting educational and cultural projects.

For more information please see the document “F.I.L.A. 2018 Consolidated Non-Financial Statements as per Legislative Decree no. 254/2016” published on www.filagroup.com.



Timber and environment

Renewable forest



Investment in a plantation
of approximately 250,000
popular trees.

First cycle of trees expected in 2020, planting at least 5 cycles of timber. The forecast is that the plantation could produce 40% of supplies required for the Chinese factory's production needs, i.e. 15% of F.I.L.A.'s total supply requirements.

Other advantages

01

Reduction of exposure to the
volatility in the cost of raw materials.

02

Improvement of the environmental
sustainability of production processes.

Certifications

In recent years, the F.I.L.A Group has moved towards certifying the timbers to ensure that products are realised using timber based on sustainable forestry management.



Programme for Endorsement
of Forest Certification schemes
(PEFC®)





03

2018 - Beyond

Key events

Acquisition

The acquisition of Pacon US

F.I.L.A. expands its presence in school and becomes a fine arts & crafts primary player

Spring 2018 marked another important milestone for the Group. In June 2018, F.I.L.A. acquired 100% of the share capital of the US company Pacon from the private equity firm Mason Wells for \$320 mln. Pacon and F.I.L.A. share a similar and complementary heritage and corporate culture boasting a strong track record in M&A and market consolidation.

Advantages for F.I.L.A.

- Broaden its product offering on the US school segment, where most of Pacon's sales are concentrated.
- Expand its positioning in the US fine arts & crafts segment, in particular in paper and brushes, covering all market segments.
- Bring on board the solid management team of Pacon, which is now in charge of all of F.I.L.A.'s North American operations.
- Benefit from synergies stemming from the integration of the two groups, both on the revenue and cost side.

About Pacon



Founded
in 1951



Appleton,
Wisconsin



Leading school,
office and arts
& crafts player
in the US market

Array of brands

01

classroom
and home
papers

02

construction
paper

03

fine arts
papers

04

brushes

05

art and craft



400 Series | Best Série 400 | Meille

Strathmore®
Watercolor

Watercolor paper cold
Papier à aquarelle pa
Papel de acuarela pr

Acid free. Heavy weight. For finishe
Sans acide. Poids lourd. Pour les a
Sin ácido. Peso pesado. Para ilust

12 sheets, fe
9 in. x 12 in. (22.9 x 30.5 cm) 1

Key events

Investments

A single Group ERP

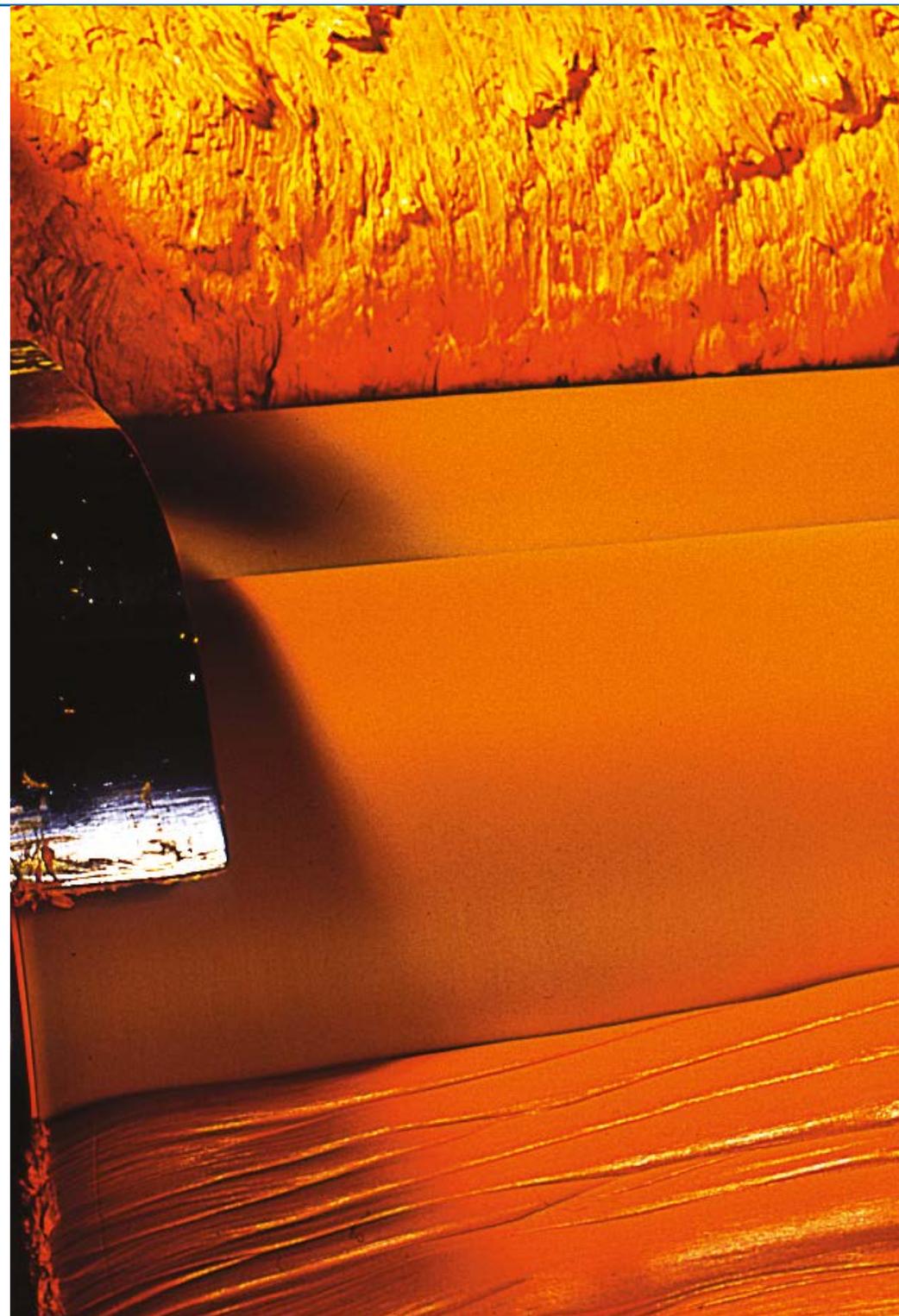
Resource planning software aimed at increasing the efficiency of business processes

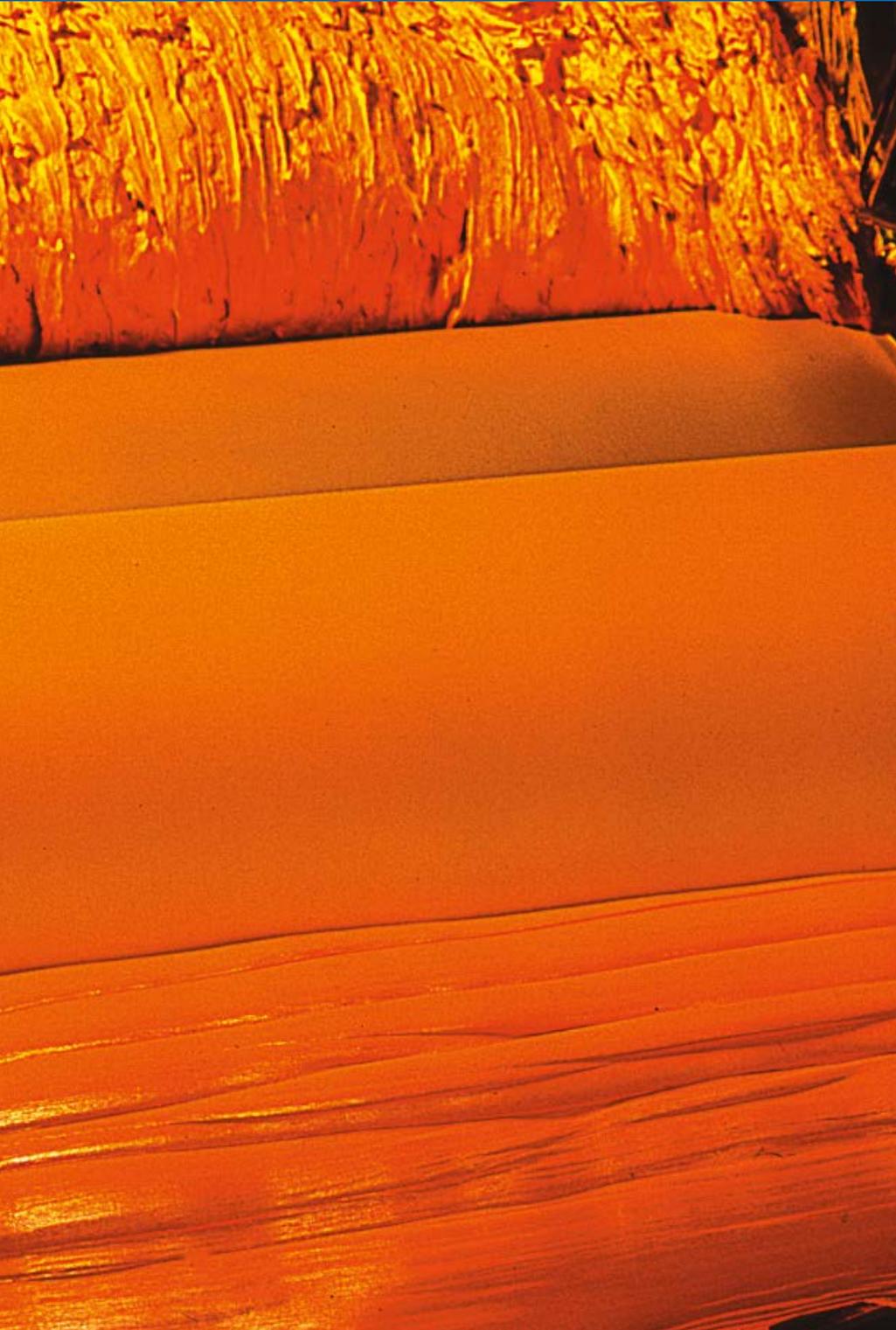
With the aim of:

- 01** enhancing the onboarding of any new companies acquired
- 02** facilitating control of internal growth lines
- 03** promoting the harmonisation of processes and the creation of a common culture

The Group ERP will also make it possible to obtain an updated and rationalized range of applications in support of the growth objectives of F.I.L.A. The investment envisages the gradual activation of the main Group companies in the SAP environment. Once the implementation of the production companies has been completed, the advisability of extending the scope to include the commercial companies will be assessed.

The main business processes supported by PP (production planning), QM (quality management), MM (material Management), WM (warehouse Management), SD (sales and Distribution), FI (Finance), CO (controlling) are: Planning, Purchasing, Production, Sales, Logistic, Accounting and Control. Management reporting is supported by a dedicated platform such as BW (business warehouse) and BO (Business Object).





The logistics warehouse in Annonay

The creation of a European logistics warehouse to distribute the Group's main brands

In 2017, the development of a new logistics warehouse located in Annonay, France, was started, with the aim of distributing to Central Europe Countries all the main brands in the fine arts and school and channels. The investment has enabled the Group to benefit from cost and service synergies, particularly in distribution to customers in the European market.

The warehouse was started up in August 2018, with products under the Canson, Lyra, Maimeri brands and progressively all the other brands of the F.I.L.A. Group like Daler, Lukas, Saint Cuthberts and Giotto have been entered in the scope for completion of the ramp up at the end of 2018.

Annonay is supported by the latest generation ERP platform and a dedicated warehouse management tool benefiting from technologically advanced systems, such as an automatic picking system.

What's next?

Concentration of activity in the core businesses

- Increase the Group's sales continuing to expand both geographically as well as by product categories
- Vertical production integration that allows cost and quality control at all stages of the production process

Expansion of existing brands and geographical presence

- Functional and aesthetic innovation of products to meet the ever-changing needs of the market
- Maintenance of the quality standards of the products offered
- Increase in promotional/advertising activities
- Adoption of policies aimed at expanding the distribution share at both absolute and weighted numerical levels
- Compliance with stricter regulation across the different geographical areas

Continue to pursue M&A opportunities and geographical expansion

- Target acquisition of companies with leading brands with global footprint and production in key markets
- Opening, consolidation and growth of branches in strategic countries with high development potential



Constant monitoring of the main distribution channels

- Focus on traditional distribution channels still representing the main source of demand/revenues for the Group
- Expanding presence on e-commerce platforms created and managed by third-parties, including generalist platforms (e.g, Amazon) and platforms created and/or managed directly by customers

Improvement of the efficiency of the production and distribution process

- Implementation of an integrated and common enterprise resource planning system (SAP)
- Investment in R&D in order to identify new materials of the same quality available at lower costs
- Containment of production costs through investments in new technologically advanced machinery
- Achievement of greater efficiency of distribution chain

Control of the supply of raw materials

- Further strengthening of existing relationships with the main suppliers of timber
- Preservation and maintenance of the wood plantations in China, with the goal of keeping production costs under control and ensuring we continue to meet at least part of our wood demand with wood sources from our own renewable forests

04

FY 2018 Results

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FY2018 Highlights

F.I.L.A. FY2018: strong recovery of revenues, EBITDA and margin in the fourth quarter of 2018 compared to the same period of the previous year

Adjusted FY2018 Core Business Revenue of Euro 602.9 million +18.1% on the previous year (adjustment effect from introduction of IFRS 15 of Euro 14.2 million); Organic revenue +0.5%, net of the negative exchange rate and the M&A effect, registering a +2.4% growth in the fourth quarter.

Sales Organic growth in Asia, particularly in India, and in Central-South America, in 2018 respectively of 23.4% and 10.3% compared to the previous year, offset the negative growth in North America, for internal organizational problems, and in Europe that, despite the context in which the reorganization process of the Group is still in progress, has begun to give positive signs of recovery in the fourth quarter of the year.

Adjusted EBITDA of Euro 96.9 million, +20.2% compared to Euro 80.6 million for FY2017 (+1.9% organic, substantially up compared to -5.8% in the first nine months of the year, +43.2% in the fourth quarter of 2018), the margin on revenues settled at 16.1%.

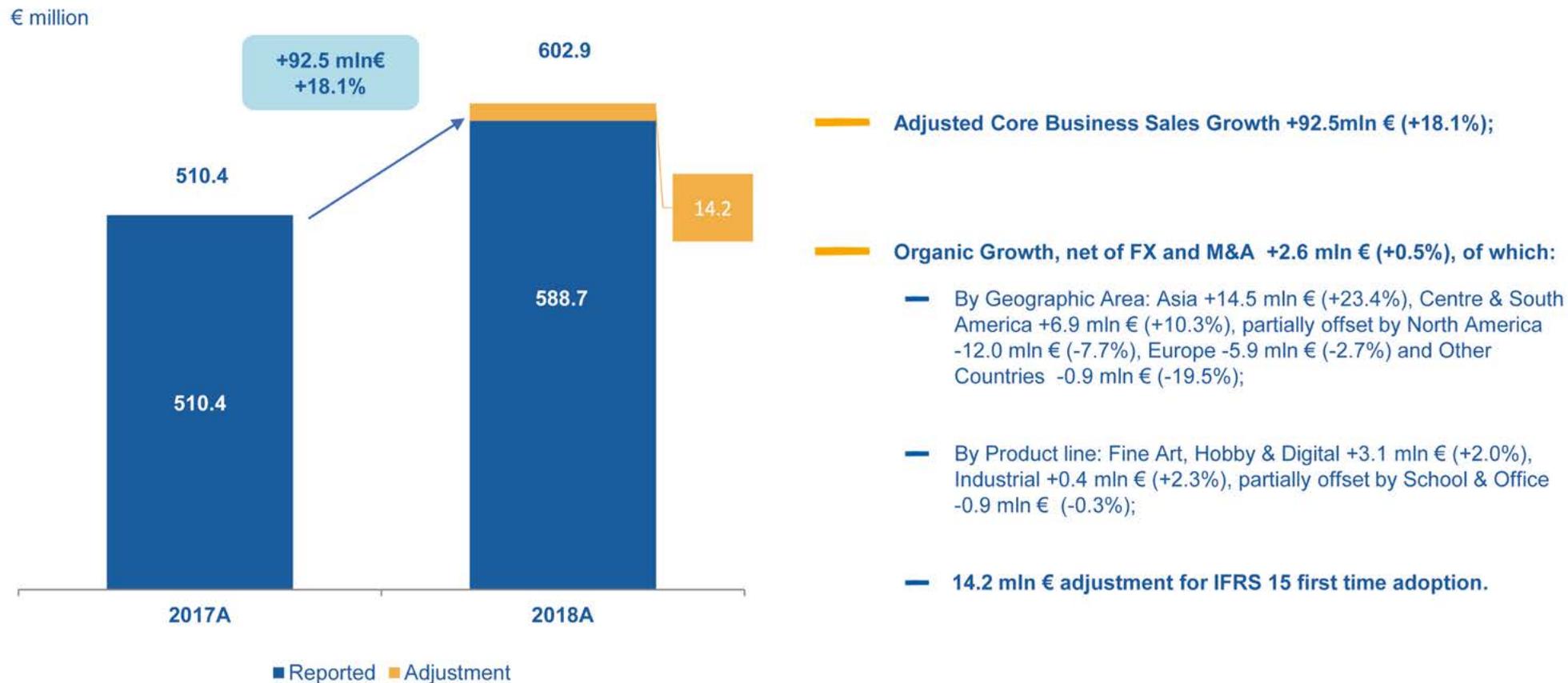
Adjusted net profit of Euro 27.3 million compared to Euro 29.1 million for FY2017, principally due to higher D&A and financial charges related to the new loan granted for the Pacon acquisition.

Net Financial Position at Euro -452.8 million (including Euro 100 million of capital increase) at 31 December 2018 compared with € -239.6 m at 31 December 2017. This change is mainly linked to the acquisition of Pacon for Euro 301.7 million and the impact of working capital management, in particular inventories.

FY2018 Pacon Revenue of USD 238.9 million* and Adjusted EBITDA of USD 37.1 million*, although reflected in FY2018 report from the acquisition date (June 7th, 2018) for respectively Euro 112.4 million and Euro 16.9 million. FY2018 F.I.L.A. GROUP Proforma Revenue of Euro 678.6 million and Proforma Adjusted EBITDA of Euro 111.4 million.

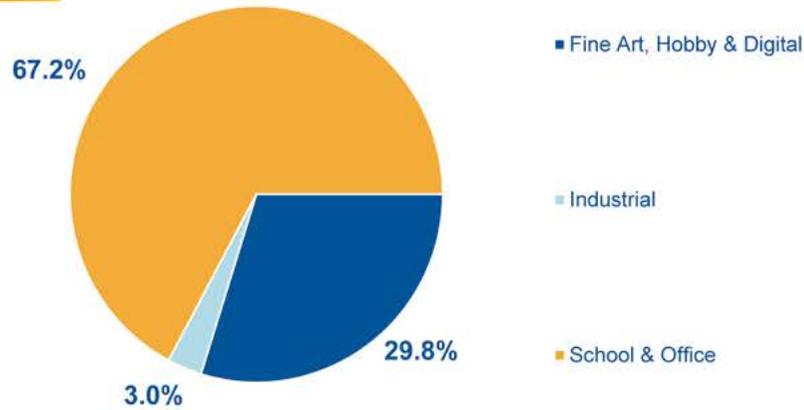
*Data provided by Pacon management and not approved by F.I.L.A. Board of Directors or management, not subject to audit or other checks by the latter

FY2018 Core Business Sales

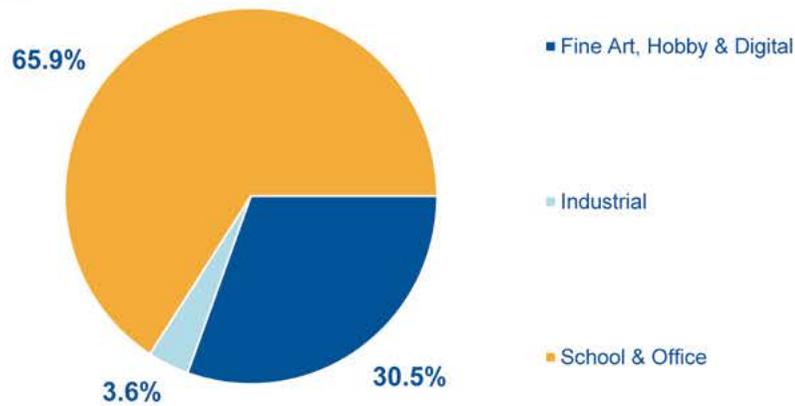


Sales by product line

FY2018

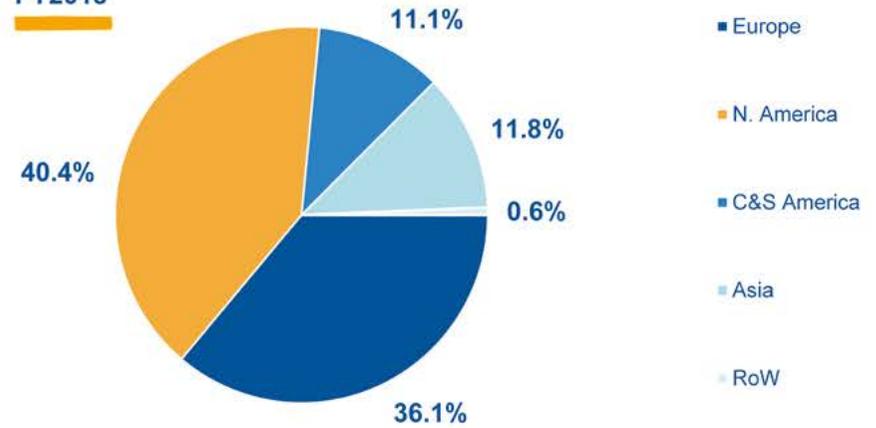


FY2017

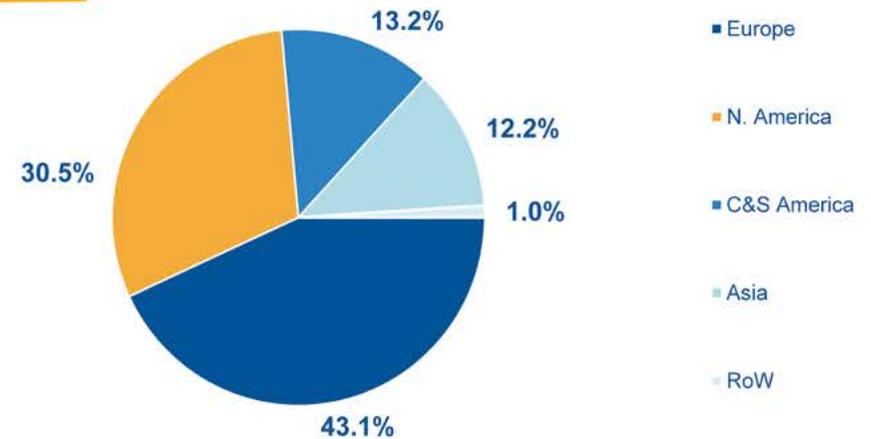


Sales by geographical area

FY2018



FY2017



Data in millions of euros for precise data refer to 12M F.I.L.A. report

FY2018 EBITDA

Adjusted EBITDA

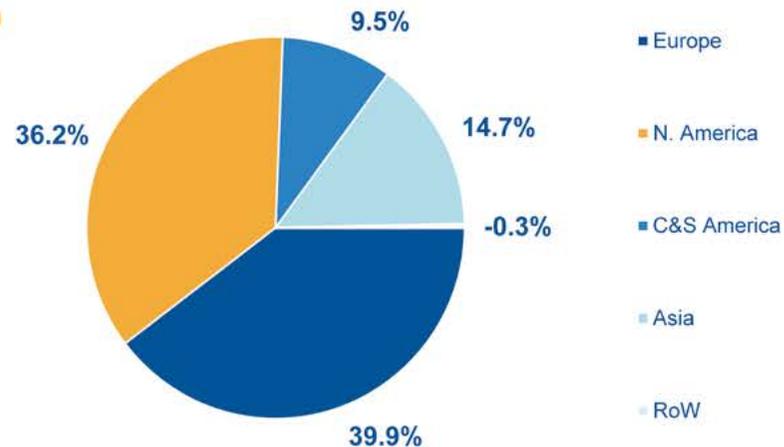
€ million



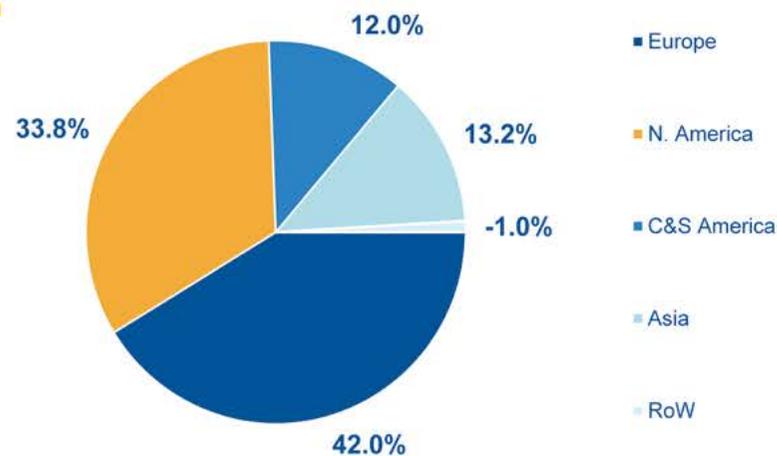
- Adjusted EBITDA Growth +16.3 mln € (+20.2%);
- Organic Growth, net of FX and M&A effect, +1.5 mln €, (+1.9%);
- 23.4 mln € of extraordinary costs in FY2018, related to Pacon Group acquisition, reorganization and IFRS 15 first time adoption;
- 7.5 mln € of extraordinary costs in FY2017, mainly related to the reorganization costs.

Adjusted EBITDA breakdown by geographical area

FY2018



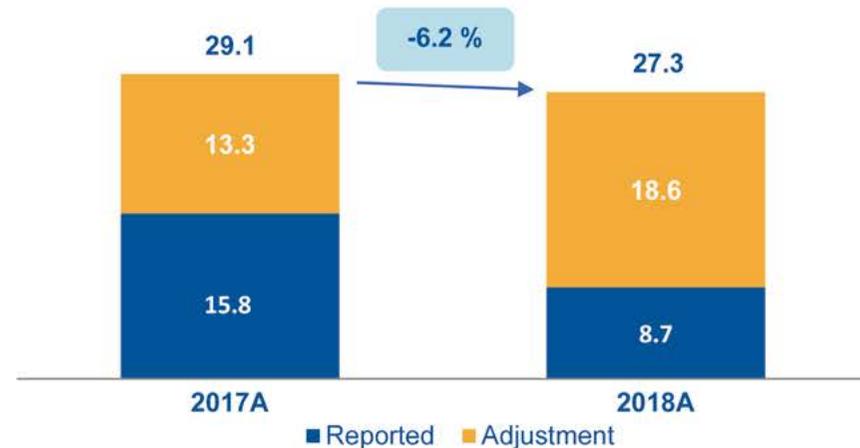
FY2017



FY2018 Net Income and Net Financial Position

Adjusted Net income

€ million



- The adjustment of the **Group Result** in FY2018 refers to extraordinary operating and financial costs for M&A, reorganization, IFRS 15 and 9 first time adoption, net of tax effect;
- The adjustment of the **Group Result** in FY2017 refers mainly to reorganization and stock options costs, net of taxes effects and for 7.5 mln € to the Earn- Out accrual for the adjustment price mechanism of Canson Group Acquisition, partially offset by adjustments of 1 mln € for financial proceeds coming from the disposal of 30% participation in FILA Nordic (Sweden).

Adjusted Net financial position

€ million



Net debt increase of 213.2 mln € mainly due to:

- Extraordinary effect for -199.3 mln €:
 - Cash out for M&A effect of 301.7 mln €, related to Pacon Group acquisition;
 - Cash in for Capital Increase injection of 100 mln €;
 - Cash in for sales of rights for 0.6 mln € and Cash in for Warrant Pacon Management for 1.8 mln €.
- Operating CF 50.6 mln €;
- Capex for 23.4 mln €;
- Net financial expenses for 25.8 mln € of which 7.0 mln € of one-off bank fees and excluding the sales of rights for 0.6 mln €;
- Dividends paid for 4.1 mln €;
- Negative Mark to Market hedging of 6.1 mln €;
- Negative FX effect of 4.5 mln €.

Data in millions of euros for precise data refer to 12M F.I.L.A. report

FY2018 Income Statement

(€ million)

PROFIT & LOSS	2017A	% on Sales	2018A	% on Sales
Core Business Sales	510.4		588.7	
Other revenues	18.3		8.7	
Total revenues	528.7		597.4	-
Cost for Raw Materials and Supplies net Increase(decrease) inventory	(214.2)	(42.0%)	(268.7)	(45.6%)
Costs for Services and Use of Third-Party Assets	(115.7)	(22.7%)	(125.5)	(21.3%)
Personnel Costs	(106.3)	(20.8%)	(120.4)	(20.5%)
Other Operating Costs	(19.3)	(3.8%)	(9.3)	(1.6%)
Total operating costs	(455.5)	(89.3%)	(523.9)	(89.0%)
EBITDA	73.1	14.3%	73.5	12.5%
Depreciation and Amortization	(17.8)	(3.5%)	(23.5)	(4.0%)
Write-Downs	(2.1)	(0.4%)	(1.0)	(0.2%)
EBIT	53.3	10.4%	49.0	8.3%
Financial income/expenses	(22.4)	(4.4%)	(26.4)	(4.5%)
Income/expenses from associates at equity method	0.1	0.0%	0.02	0.0%
PBT	30.9	6.1%	22.6	3.8%
Taxes	(13.5)	(2.7%)	(12.1)	(2.1%)
Total net profit (loss) of the period	17.4	3.4%	10.5	1.8%
Total net profit (loss) attributable to non controlling interests	1.6	0.3%	1.8	0.3%
F.I.L.A. Group's total net profit (loss) of the period	15.8	3.1%	8.7	1.5%

(€ million)

P&L ADJUSTMENTS	2017A	% on Sales	2018A	% on Sales
REPORTED CORE BUSINESS SALES	510.4		588.7	
Total Adjustments			14.2	
ADJUSTED CORE BUSINESS SALES	510.4		602.9	
REPORTED EBITDA	73.1	14.3%	73.5	12.5%
Total Adjustments	7.5		23.4	
ADJUSTED EBITDA	80.6	15.8%	96.9	16.1%
F.I.L.A. GROUP REPORTED NET PROFIT	15.8	3.1%	8.7	1.5%
Total Adjustments	13.3		18.6	
F.I.L.A. GROUP ADJUSTED NET PROFIT	29.1	5.7%	27.3	4.5%

FY2018 Balance Sheet

(€ million)

BALANCE SHEET	2017A	2018A
Intangible assets	208.1	445.9
Tangible Assets	88.4	104.5
Financial Fixed Assets	4.7	3.6
Fixed Assets	301.2	554.0
Other Non Current Assets/Liabilities	15.6	20.5
Inventory	178.7	262.4
Trade Receivables and Other receivables	132.8	151.6
Trade Payables and Other Payables	(96.3)	(105.5)
Trade Working Capital	215.2	308.5
Other Current Assets and Liabilities	0.2	2.1
Net Working Capital	215.4	310.6
Provisions & Funds	(53.0)	(93.5)
NET CAPITAL EMPLOYED	479.2	791.6
Shareholders equity	(239.6)	(338.8)
Net Financial Position	(239.6)	(452.8)
TOTAL NET SOURCES	(479.2)	(791.6)

FY2018 Cash Flow Statement

(€ million)

CASH FLOW	2017A	2018A
EBIT	53.3	49.0
Adjustments for non monetary costs	22.8	30.0
Adjustments for taxes	(14.8)	(16.8)
Cash-flow from operating activities before changes in NWC	61.2	62.2
<i>Changes in inventories</i>	<i>(10.8)</i>	<i>(19.8)</i>
<i>Changes in trade receivables & others</i>	<i>(28.5)</i>	<i>24.9</i>
<i>Changes in trade payables & others</i>	<i>9.9</i>	<i>(12.7)</i>
<i>Changes in other current assets/liabilities</i>	<i>(3.7)</i>	<i>(4.0)</i>
Changes in net working capital	(33.1)	(11.6)
Operating cash-flow	28.1	50.6
Investments in tangible and intangible assets	(23.9)	(23.4)
Other changes	0.2	(0.6)
Free Cash Flow	4.4	26.6
Capital increase/reimbursement/dividends	(3.8)	97.7
Net financial expenses	(8.3)	(25.2)
Adjustment mark to market hedging	-	(6.1)
Participation acquisition and disposal	0.8	(215.0)
Effect of FX rate movements	(2.5)	(4.5)
Net financial position due to consolidation area changes	(6.8)	(86.7)
Changes in Net Financial Position	(16.2)	(213.2)

Quarterly CB Sales, EBITDA, TWC and NFP

Quarterly adjusted core business sales and adjusted EBITDA

€ million



Quarterly TWC and NFP

€ million



(1) Affected by extraordinary items

Data in millions of euros for precise data refer to 12M F.I.L.A. report



Investor Relations F.I.L.A.
Stefano De Rosa CFO/IR Officer - Francesca Cocco IR
ir@fila.it - (+39) 02 38105206

