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PRESS RELEASE

FILA GROUP GROWTH CONTINUES APACE CORE BUSINESS REVENUE IN 9M 2015 UP 18.4%

DOUBLE-DIGIT REVENUE GROWTH AND FURTHER BOOST TO MARGINS FORECAST FOR FY 2015

GROWTH THROUGH ACQUISITION STRATEGY DELIVERS

F.I.L.A. S.p.A. TO JOIN STAR SEGMENT OF ITALIAN STOCK EXCHANGE FROM NOVEMBER 12, 2015

- *9M 2015 Core Business revenue of Euro 217.8 million, +18.4% on 9M 2014 (organic growth of +9.7%, excluding the currency effect and changes to the consolidation scope)*
- *Revenue growth principally in the US, Mexico and Mediterranean Europe - particularly Italy.*
- *Normalised EBITDA of Euro 40.9 million, up +20.9% on 9M 2014 - 18.8% operating revenue margin*
- *Financial charges impacted by non-cash charges of approx. Euro 46.2 million, principally from the Fair Value measurement of Space S.p.A. equity at May 31.*
- *Net Profit, excluding extraordinary charges and net of minorities, of Euro 20.7 million - up 21% on 9M 2014*
- *F.I.L.A. further advances global growth strategy and consolidates presence on Indian market with acquisition of control of Writefine Products Private Limited PVT LTD in October 2015. “Accretive” benefit reflected in EPS from beginning of next year, with the company fully consolidated from beginning November 2015.*
- *“2016 Corporate events calendar” approved.*
- *Internal Audit Manager appointed.*
- *Required amendments made to the F.I.L.A. S.p.A. Market Warrants Regulation, the F.I.L.A. S.p.A. Sponsor Warrants Regulation and the Code for the handling of price sensitive information following transfer from the MIV to the MTA market, STAR Segment*

Milan, November 13, 2015 - The Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“F.I.L.A.”), at a meeting chaired today by Mr. Gianni Mion, approved the Interim Report at September 30, 2015.

FILA Group Consolidated Operating Performance

Core Business Revenue of Euro 217.8 million, up 18.4% on the same period of the previous year. Organic growth in the period of 9.7% excluding currency movements (FX effect) - principally concerning the US Dollar and partly the Mexican Peso - and the M&A contribution from the acquisition of Industria Maimeri S.p.A..

Revenue growth principally concentrated in North America (+18%), in particular the United States, following the excellent reception of the schools campaign, with 10% growth in Central-South America, particularly Mexico, amid an improved sales mix - with Mediterranean Europe also performing strongly, in particular Italy (+9%) following the continued consolidation of F.I.L.A. S.p.A. market share on all commercial channels.

Operating Costs in 9M 2015 totalled Euro 182.3 million, increasing substantially in line with revenues and reflecting - in addition to the strengthening of the US Dollar, the Mexican Peso and the Chinese Renminbi against the Euro - also the following factors:

- increased procurement related to the higher sales;
- increased commercial costs in support of rising sales in the United States and Italy;
- operating costs at the Chinese facility (principally utilities, maintenance and personnel), not fully operational in H1 2014 following the transfer of production;
- higher air transport costs in order to ensure punctual procurement of materials and in support of major demand growth;
- the change to the consolidation scope concerning Industrie Maimeri S.p.A.;
- extraordinary charges of Euro 3.0 million related to the operation with Space S.p.A. and the listing process.

EBITDA, adjusted for these extraordinary charges, was Euro 40.9 million, growth of 20.9% and exceeding organic revenue growth - with an operating revenue margin of 18.8%.

EBIT of Euro 35.1 million includes higher amortisation, depreciation and write-downs on the previous year, principally due to increased depreciation on recent production investment (in particular at the Kunshan production site in China).

The financial management result included charges, without any cash impact, from the Fair Value measurement of Space S.p.A. equity at May 31, 2015 (Euro 45.8 million), following the merger with Space S.p.A. and on the option signed by the parent company for the forward purchase of Indian Rupees (Euro 0.4 million) for payment on part of the price for the acquisition of control of Writefine Products Private Limited PVT LTD..

Net Financial Charges, excluding these items, amounted to Euro -4.1 million, increasing Euro 1.3 million on the same period of the previous year due to the increased short-term debt of the Mexican subsidiary and, to a lesser degree, of the Brazilian, Turkish and Russian subsidiaries to meet operating needs.

Group Income Taxes totalled Euro 10.4 million, upon a slightly lower effective tax rate than the same period of the previous year due to the tax benefits for F.I.L.A. S.p.A. from the merger with Space S.p.A. (principally concerning the ACE (growth assistance) tax break). These benefits entirely offset the reversal of deferred tax assets recognised on prior German tax losses, valued prudently and no longer recoverable following the efficacy of the merger with Space S.p.A..

Consequently Net Profit, excluding “minorities”, was Euro 20.7 million in 9M 2015, up 21% on the same period of the previous year.

The Reported Net Result, including extraordinary charges, the Fair Value measurement of Space S.p.A. equity at May 31, 2015 and of market warrants at September 30, 2015 was a loss of Euro 28.2 million.

F.I.L.A. in October 2015 increased its holding 32.5% in *Writefine Products Private Limited PVT LTD*, an Indian company in which 18.5% was already held and concluded an initiative begun in December 2011, reaching a 51% stake in the company, which will be fully consolidated from the beginning of November 2015. The consideration involved totalled approx. INR 2.6 billion (approx. Euro 36 million).

FILA Group Consolidated Balance Sheet Review

F.I.L.A. Group Net Capital Employed at September 30, 2015 of Euro 223.8 million principally comprises Net Fixed Assets for Euro 55.5 million, increasing Euro 1.2 million on December 31, 2014 and Net Working Capital of Euro 168.0 million, increasing Euro 50.6 million on December 31, 2014 (decreasing however Euro 22.1 million on June 2015).

The main change in Net Fixed Assets relates to the increase in property, plant and equipment following capital expenditure of Euro 5.6 million, principally plant and machinery at the Italian, Chinese and Mexican production facilities, offset by depreciation in the period of Euro 3.8 million and the increase of financial assets (with the recognition of Writefine Products Private Limited PVT LTD), less the decrease in intangible assets due to amortisation in the period (principally on brands).

The change in Net Working Capital particularly concerns the increases in:

- Trade and Other Receivables of Euro 38.0 million, relating to the seasonality of the F.I.L.A. Group's business, in addition to revenue growth;
- Inventories of Euro 10.5 million, mainly at the Mexican subsidiary and the parent company in support of the expanding order book in the first nine months and the prompt execution of orders. The US subsidiary however reduced inventory through processing the increased orders in the period.

Equity of the F.I.L.A. Group of Euro 176.9 million at September 30, 2015 increased Euro 64.9 million on the previous year. Excluding the merger contribution of Euro 45.8 million, equity increased Euro 19.1 million and was principally generated by the comprehensive net profit in 9M 2015 of Group companies of Euro 17.9 million (net of the recognition to the income statement of the difference between the fair value and book value of Space S.p.A. at the effective merger date, as neutral at consolidated equity level), the exercise of market warrants and the Translation Reserve following the conversion of the Group companies financial statements and the distribution of dividends to third parties.

Net Financial Instruments of Euro 16.7 million concern principally the Fair Value measurement of market warrants.

The F.I.L.A. Group Net Financial Position at September 30, 2015 was a net debt of Euro 30.1 million, improving Euro 28.3 million on December 31, 2014 (improving Euro 25.5 million on June 2015).

Excluding the net cash deriving from the merger of Euro 64.8 million, the debt increased Euro 36.5 million (compared to cash absorption of Euro 15.1 million in 9M 2014, adjusted by the net financial position of the companies acquired during the period), principally due to:

- net cash absorbed from operating activities of Euro 29.7 million (Euro 4.4 million in 9M 2014), mainly owing to the increase in receivables and inventories related to additional orders and revenues and the decrease in trade payables, both against higher payments made and due to extraordinary charges on corporate operations involving the parent company over the past 12 months and the payment of the trade payables matured by Space S.p.A. prior to the merger with F.I.L.A. S.p.A.;
- net tangible and intangible asset investment of Euro 5.7 million (Euro 3.9 million in 9M 2014);
- cash absorbed of 3.0 million from interest on loans and credit lines issued to Group companies, in line with the previous year;
- The benefit from the conversion of the Group company financial statements from local currencies to the consolidation currency (the Euro) and other non-cash increases for Euro 3.1 million.

F.I.L.A. announces, in accordance with Article 2.6.2 of the Regulation for the Markets Organised and Managed by Borsa Italiana S.p.A., that the Board of Directors' performance review dates for 2016 have been approved.

Any changes to these dates will be communicated in a timely manner.

The annual corporate events calendar is available to the public on the company website www.fila.it, in the "Investors" section and at the authorised storage mechanism NIS-STORAGE (www.emarketstorage.com).

The Board of Directors, having consulted the Board of Statutory Auditors and the Control and Risks Committee, also approved the setting up of an internal audit function and the appointment of Mr. Massimiliano Rigo as the Internal Audit Manager.

The Board of Directors at the same meeting amended the “F.I.L.A. S.p.A. Market Warrants” Regulation, the “F.I.L.A. S.p.A. Sponsor Warrants” Regulation and the Code for the handling of price sensitive information, in line with that required for the listing of the ordinary shares and the “F.I.L.A. S.p.A. Market Warrants” on the MTA market of the STAR segment. The latest versions of all of the above-stated documents are available on the Company website (www.fila.it – *governance* section).

Finally, as announced on October 26, 2015, F.I.L.A. at the end of October increased its holding 32.5% in Writefine Products Private Limited, an Indian company in which 18.5% was already held and concluded an initiative begun in December 2011, reaching a 51% stake in the company, which will be fully consolidated from the beginning of November 2015.

*“We are very satisfied with the continued growth of the Group and of earnings in these first nine months of 2015, which have surpassed expectations” stated **Massimo Candela, Chief Executive Officer of F.I.L.A.** “F.I.L.A.’s acquisition-led growth strategy has been delivered upon and we are going from strength to strength on the Indian market. The listing in June and the upcoming transfer to the STAR segment, which represents the cream of Italian enterprises, has provided us with the funding necessary to achieve these goals and further improve market visibility.”*

“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) has achieved outstanding success in Italy through its colouring, drawing, modelling, writing and painting tools and is now seen as the pinnacle for creative solutions across many countries thanks to brands such as GIOTTO, Tratto, DAS, Didò, Pongo and LYRA. Founded in Florence in 1920, F.I.L.A. is a highly consolidated, dynamic and innovative industrial enterprise and continues to grow market share. Managed since 1956 by the Candela family, FILA has achieved global reach and is listed on the STAR segment of the Milan Stock Exchange

Under the stewardship of Massimo Candela, majority shareholder and CEO of F.I.L.A., the company has achieved strong growth over the last twenty years, with revenues of over Euro 230 million in 2014 while undertaking a series of strategic acquisitions: the Italian Adica Pongo in 1994, the US Dixon Ticonderoga in 2005, the German LYRA in 2008, the Mexican Lapiceria Mexicana in 2010 and the Brazilian Lycin in 2012. In addition to these acquisitions, in 2011 a stake was acquired in the Indian Writefine Products Private Limited. In October 2015, a further stake of 32.5% was acquired, bringing F.I.L.A.'s holding in the company to 51%.

In 2014, F.I.L.A. and Maimeri - a highly-renowned Italian enterprise involved in the production and sale of colours, paints and fine art products and accessories - set up Industria Maimeri. The joint venture was a major step in the Group's expansion on the fine arts market.

F.I.L.A. operates through 11 production facilities and 19 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:

iCorporate

Greta Bonsignore: (+39) 02 4678759- mob: (+39) 3483113185

greta.bonsignore@icorporate.it

Rita Arcuri: (+39) 02 4678753 – mob: (+39) 333 2608159

rita.arcuri@icorporate.it

F.I.L.A Press Office

Cantiere di Comunicazione

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

e.galli@cantierecomunicazione.com

Antonella Laudadio: (+39) 02 87383180 -189

a.laudadio@cantierecomunicazione.com

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

<u>Millions of Euro</u>	9M 2015	% core business revenue	9M 2014	% core business revenue	2015 - 2014 Change
Core Business Revenue	217,8		183,9		33,9 18,4%
Other Revenue and Income	5,5		2,4		3,1 132,2%
TOTAL REVENUE	223,3		186,2		37,1 19,9%
TOTAL OPERATING COSTS	(185,3)	-85,1%	(155,6)	-84,6%	(29,7) 19,1%
EBITDA	37,9	17,4%	30,6	16,7%	7,3 23,9%
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(5,9)	-2,7%	(4,2)	-2,3%	(1,7) 41,0%
EBIT	32,1	14,7%	26,4	14,3%	5,7 21,5%
NET FINANCIAL CHARGES	(50,2)	-23,1%	(2,7)	-1,5%	(47,5) 1740,3%
PRR-TAX PROFIT/(LOSS)	(18,2)	-8,4%	23,6	12,9%	(41,8) -176,9%
TOTAL INCOME TAXES	(10,2)	-4,7%	(8,4)	-4,6%	(1,8) 20,8%
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	(28,4)	-13,0%	15,2	8,3%	(43,6) -286,7%
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	0,5	0,2%	(0,1)	0,0%	0,6 -855,1%
NET PROFIT/(LOSS) FOR THE PERIOD	(27,9)	-12,8%	15,1	8,2%	(43,0) -284,1%
Non-controlling interest profit	0,4	0,2%	0,3	0,2%	0,1 33,3%
F.I.L.A. GROUP NET PROFIT/(LOSS)	(28,2)	-13,0%	14,9	8,1%	(43,1) -290,0%

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

<u>Millions of Euro</u>	9M 2015	% core business revenue	9M 2014	% core business revenue	2015 - 2014 Change
Core Business Revenue	217,8		183,9		33,9 18,4%
Other Revenue and Income	5,5		2,4		3,1 132,2%
TOTAL REVENUE	223,3		186,2		37,0 19,9%
TOTAL OPERATING COSTS	(182,3)	-83,7%	(152,4)	-82,9%	(30,0) 19,7%
EBITDA	40,9	18,8%	33,9	18,4%	7,1 20,9%
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(5,9)	-2,7%	(4,2)	-2,3%	(1,6) 38,7%
EBIT	35,1	16,1%	29,6	16,1%	5,4 18,3%
NET FINANCIAL CHARGES	(4,1)	-1,9%	(2,7)	-1,5%	(1,3) 49,4%
PRR-TAX PROFIT	31,0	14,2%	26,9	14,6%	4,1 15,2%
TOTAL INCOME TAXES	(10,4)	-4,8%	(9,4)	-5,1%	(1,0) 10,5%
NET PROFIT - CONTINUING OPERATIONS	20,5	9,4%	17,5	9,5%	3,1 17,7%
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	0,5	0,2%	(0,1)	0,0%	0,6 -855,1%
NET PROFIT FOR THE PERIOD	21,1	9,7%	17,4	9,5%	3,7 21,2%
Non-controlling interest profit	0,4	0,2%	0,3	0,2%	0,1 33,3%
F.I.L.A. GROUP NET PROFIT	20,7	9,5%	17,1	9,3%	3,6 21,0%

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

<u>Millions of Euro</u>	September 2015	December 2014	Change 2015 - 2014	Space S.p.A. merger contribution at May 31, 2015
Intangible assets	20,0	21,3	(1,3)	0,0
Property, plant & equipment	27,3	25,6	1,8	0,0
Financial assets	8,2	7,5	0,7	0,0
NET FIXED ASSETS	55,5	54,3	1,2	0,0
OTHER NON-CURRENT ASSETS/LIABILITIES	11,5	10,4	1,1	1,4
Inventories	102,5	92,0	10,5	0,0
Trade and Other Receivables	114,1	76,1	38,0	0,4
Other Current Assets	8,5	0,9	7,6	0,4
Trade and Other Payables	(48,2)	(49,1)	0,9	(3,8)
Other Current Liabilities	(8,9)	(2,5)	(6,3)	0,0
NET WORKING CAPITAL	168,0	117,4	50,6	(3,0)
PROVISIONS	(11,8)	(11,7)	(0,0)	0,0
ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS	0,5	0,0	0,5	0,0
NET CAPITAL EMPLOYED	223,8	170,4	53,4	(1,6)
EQUITY	(176,9)	(112,0)	(64,9)	(45,8)
NET FINANCIAL INSTRUMENTS	(16,7)	0,0	(16,7)	(17,3)
NET FINANCIAL POSITION	(30,1)	(58,4)	28,3	64,8
NET FUNDING SOURCES	(223,8)	(170,4)	(53,4)	1,6

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

<u>Milioni di Euro</u>	Settembre 2015	Settembre 2014	Variazione 2015 - 2014
EBIT	32,1	26,4	5,7
Adjustments for non-cash items	6,5	4,8	1,6
Integrations for income taxes	(10,6)	(5,2)	(5,5)
Realized and Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies	(1,4)	(0,6)	(0,8)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL	26,5	25,5	1,0
Changes in net working capital	(56,2)	(29,9)	(26,3)
CASH FLOW FROM OPERATING ACTIVITIES	(29,7)	(4,4)	(25,3)
Total Investment/Divestment in Intangible Assets and Property, Plant and Equipment	(5,7)	(3,9)	(1,8)
Total Investment/Divestment in Other Financial Assets	(0,6)	(0,3)	(0,3)
Interest Received	0,3	0,0	0,3
CASH FLOW FROM INVESTING ACTIVITIES	(6,0)	(4,2)	(1,8)
Total Change in Equity	(0,3)	(0,9)	0,7
Interest Paid	(3,0)	(3,1)	0,0
Totale Incremento/Decremento Finanziamenti ed altre Passività finanziarie	(41,7)	(9,2)	(32,6)
CASH FLOW FROM FINANCING ACTIVITIES	(45,0)	(13,1)	(31,9)
Translation difference and other non-cash items	3,1	1,3	1,8
CASH FLOW IN THE PERIOD	(77,6)	(20,4)	(57,2)
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)	0,0	(1,1)	1,1
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE PERIOD	46,4	14,2	32,2

Fine Comunicato n.1565-79

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