

Bit Market Services

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Testo del comunicato

Vedi allegato.

PRESS RELEASE

F.I.L.A.: GROWTH CONTINUES IN H1 2016

- ***Core Business Revenue of Euro 201.5 million in H1 2016 (+42.4% on Euro 141.5 million in H1 2015, with organic growth of 10% excluding the currency effect and changes to the consolidation scope)***
- ***Normalized EBITDA of Euro 36.6 million (+31.3% on Euro 27.9 million in H1 2015, with organic growth of 12.1% exceeding organic revenue growth)***
- ***Normalized Net Profit, excluding extraordinary costs and tax effects, up 28.5% to Euro 17.1 million (Euro 13.3 million in H1 2015)***
- ***Net Debt of Euro 188.9 million at June 30, 2016***

Milan, August 4, 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, meeting today approved the 2016 Half-Year Report.

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 colors - reports H1 2016 Core Business Revenue of Euro 201.5 million, up 42.4% on H1 2015. Normalised EBITDA in the first half of 2016 of Euro 36.6 million advanced 31.3% on H1 2015. Normalised net profit in the first half of 2016, excluding extraordinary items, totalled Euro 17.1 million (Euro 13.3 million in H1 2015).

“We are greatly satisfied with F.I.L.A.’s results for the first half of 2016, which prove the vibrancy of the company’s growth - stated Massimo Candela, Chief Executive Officer of F.I.L.A. “All the main financial indicators in fact significantly improved on H1 2015 and higher than our expectations - on the basis not only of the acquisition policy, but also organic growth.

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

Core Business Revenue of Euro 201.5 million grew 42.4% (Euro 60 million) on the previous year (Euro 141.5 million).

Organic revenue growth was 10%, net of currency impacts of Euro 6.1 million (principally on the Mexican and Argentinian Pesos) and M&A effects of Euro 52 million concerning the English Daler & Rowney Lukas Group (“D&R Group”) of Euro 30.1 million (from February 3, 2016) and the Indian Writefine Products Private Limited (“WFPL”) for Euro 21.9 million.

Such organic growth principally derived from Central-South America, in particular Mexico, Argentina, Chile and Brazil +20.8% (Euro +4.8 million), Europe +7% (Euro +4.8 million) and North America +8.1% (Euro +3.9 million).

This follows improved order fulfilment times, strong school and arts and craft product demand, increased penetration in South America and the continued consolidation of market share in Europe and North America.

The contribution of other creativity tools rose 9.5%, growing 16% on the same period of the previous year; Pencils (+7.2%) and Industrial and Office Products (+5.9%) also performed strongly.

Operating Costs of Euro 175.1 million increased Euro 56.6 million on H1 2015, principally due to the consolidation of the D&R Group and WFPL for approx. Euro 49 million and with approx. Euro 5.4 million concerning extraordinary costs incurred principally for M&A operations. Excluding these effects, operating costs were substantially in line with the first half of 2015.

Normalised EBITDA of Euro 36.6 million was up 31.3% (Euro 8.7 million) on H1 2015. The margin on core revenue was 18.1%, slightly under the previous year due to the consolidation of WFPL and the D&R Group. **Organic EBITDA growth, excluding M&A operations and the currency effect, was 12.1%** - therefore exceeding revenue growth.

Normalized EBIT amounted to Euro 29.9 million and includes higher amortisation and depreciation on the previous year, mainly due to the consolidation of the D&R Group and WFPL, in addition to production investment.

In the first half of 2016, Net financial charges, excluding the extraordinary effects deriving from the merger with Space S.p.A, increased slightly on the previous year.

The Normalized Net Profit, excluding minorities, was Euro 17.1 million, up 28.5% on the previous year.

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

The “Net Capital Employed” of the F.I.L.A. Group at June 30, 2016 of Euro 418.7 million principally comprised “Net Fixed Assets” of Euro 213.8 million (increasing on December 31, 2015 by Euro 76 million) and “Net Working Capital” totalling Euro 229.3 million (increasing on December 31, 2015 by Euro 82.8 million).

These increases include the change in the consolidation scope with the entry of the D&R Group on February 3, 2016 for Euro 98.9 million.

The increase in “Net Fixed Assets”, amounting to Euro 76 million, mainly concerned “Intangible and Tangible Fixed Assets” and relates to the change in the consolidation scope in 2016, substantially concerning the D&R Group for Euro 84.2 million and marginally the net investments undertaken during the year by the other Group companies.

The increase in “Intangible Assets” of Euro 64.6 million mainly relates to “Brands, Know-how and Goodwill” of the D&R Group recognised during the Business Combination of February 3, 2016, for a total of Euro 74.3 million, less currency impacts of Euro 7.5 million and amortisation of Euro 2.7 million.

The increase in “Property, plant and equipment” of Euro 11.3 million substantially concerns D&R Group assets from the Business Combination of February 3, 2016, for a total of Euro 12.8 million and net investments during the period of Euro 3.9 million, reduced by depreciation of Euro 3.9 million and currency impacts of Euro 2.4 million.

The main changes in Net Working Capital particularly concern:

- increase in “Trade and Other Receivables” (Euro 75.1 million) due to the seasonality of the F.I.L.A. Group’s business and increased revenues, of which Euro 16.1 million concerning the entry of the D&R Group into the consolidation scope.
- increase in “Inventories” of Euro 38.6 million, principally at the US, German, French and Canadian subsidiaries in support of the expanding order book in the first half-year and the prompt execution of orders;
- entry of the D&R Group into the consolidation scope for Euro 23.5 million.

The increase in “Inventories” and “Trade and Other Receivables” is offset by the changes to the “Trade and Other Payables” account (Euro -26.1 million), principally following:

- increased purchases to satisfy greater production and inventory volumes;
- extraordinary consultancy for M&A operations;
- Euro 13.1 million concerning the entry of the D&R Group into the consolidation scope.

The increase in “Provisions” of Euro 13.1 million substantially concerns “Deferred Tax Liabilities” contributed by the D&R Group under the Business Combination process of February 3, 2016, for a total of Euro 14.1 million and the tax effect from the Fair Value adjustment of “Brands” and “Know-how”.

The “Equity” of the F.I.L.A. Group of Euro 229.8 million at June 30, 2016 increased Euro 18.1 million on the previous year.

The increase was principally generated by:

- the exercise of “Market Warrants” for Euro 21.4 million;
- the comprehensive net profit in 2016 of the Group companies, totalling Euro 13.2 million, offset by the “Translation Reserve” concerning the conversion of the Group companies financial statements for Euro 12 million, recorded principally in UK Sterling and Mexican Pesos;
- the distribution of dividends to F.I.L.A. Group shareholders of Euro 4.3 million;
- the “IAS 19 Reserve” for Euro 1.2 million.

Following the conclusion of the Market Warrants exercise period, the “Net Financial Instruments” account amounted to zero, which at December 31, 2015 amounted to Euro 21.5 million. The effect of the conversion into shares resulted in a change to equity as previously described of Euro 21.4 million; the residual non-exercised portion was recognised to the income statement as financial income for Euro 60 thousand.

At June 30, 2016, the Group Net Financial Position was a net debt of Euro 188.9 million, increasing Euro 150.1 million on December 31, 2015. The increase of Euro 150.1 million relates to the following extraordinary and non-recurring items:

- the net debt of the D&R Group and of Pioneer Stationery P. Ltd at their acquisition date, respectively totalling Euro 86.7 million and Euro 0.5 million;
- the absorption of cash following the acquisition of the D&R Group investment of Euro 16.8 million;
- the currency effect from the conversion of net financial positions in currencies other than the Euro, contributing Euro 2.6 million;

Excluding these effects, the increase in the net debt was Euro 48.8 million and related to:

- net cash absorbed from operating activities of Euro 38.4 million (Euro 54.2 million in the first half of 2015), due principally to the increase in the working capital of the main group companies and reflective of business seasonality;
- net tangible and intangible asset investment (capex) of Euro 4.3 million (Euro 4.7 million in H1 2015);
- the payment of dividends of Euro 4.3 million to F.I.L.A. S.p.A. shareholders by the parent company, to non-controlling interests of the Indian and German subsidiaries (Euro 64 thousand in H1 2015);
- cash absorbed from interest on loans and credit lines issued to Group companies of Euro 2.4 million (Euro 1.8 million in H1 2015);

Significant events in the period

- **F.I.L.A.** presented a binding offer and is involved in exclusive negotiations for the full acquisition of the Canson Group, held by the French Group Hamelin. This project is subject to a disclosure and consultation process involving the main trade unions representing the workers of the French companies. The exclusive negotiations will continue until the end of 2016. F.I.L.A. expects the agreements to be concluded in October 2016.

Canson is the most respected brand globally involved in the production and distribution of high added value paper for the fine arts, design, leisure and schools, but also for artists' editions and

technical and digital drawing materials. The Canson Group, founded in 1557 by the Montgolfier family, has its headquarters in Annonay in France, production facilities in France and conversion and distribution centres in Italy, France, the USA, China, Australia and Brazil. Canson products are available in over 120 countries. In 2015, Canson generated revenue of over Euro 100 million (+5.2% on 2014), relying on a workforce numbering more than 450.

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 32 subsidiaries across the globe and employs approx. 5,000.

For further information

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

<u>Millions of Euro</u>	1H 2016	% core business revenue	1H 2015	% core business revenue	2016 - 2015 Change
Core Business Revenue	201,5		141,5		60,0 42,4%
Other Revenue and Income	4,8		3,0		1,8 58,8%
TOTAL REVENUE	206,3		144,5		61,8 42,7%
TOTAL OPERATING COSTS	(175,1)	-86,9%	(118,5)	-83,8%	(56,5) 47,7%
EBITDA	31,2	15,5%	26,0	18,4%	5,2 20,2%
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(6,7)	-3,3%	(4,2)	-2,9%	(2,5) 59,7%
EBIT	24,6	12,2%	21,8	15,4%	2,8 12,7%
NET FINANCIAL CHARGES	(2,0)	-1,0%	(48,2)	-34,1%	46,3 -95,9%
PRE-TAX PROFIT/(LOSS)	22,6	11,2%	(26,4)	-18,7%	49,0 -185,4%
TOTAL INCOME TAXES	(8,6)	-4,3%	(7,7)	-5,5%	(0,9) 11,9%
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	13,9	6,9%	(34,2)	-24,1%	48,1 -140,8%
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	0,0	0,0%	(0,1)	-0,1%	0,1 -100,0%
NET PROFIT/(LOSS) FOR THE PERIOD	13,9	6,9%	(34,3)	-24,2%	48,2 -140,7%
Non-controlling interest profit	0,7	0,4%	0,1	0,0%	0,7 1010,7%
F.I.L.A. GROUP NET PROFIT	13,2	6,6%	(34,3)	-24,3%	47,6 -138,5%

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

<u>Millions of Euro</u>	1H 2016	% core business revenue	1H 2015	% core business revenue	2016 - 2015 Change
Core Business Revenue	201,5		141,5		60,0 42,4%
Other Revenue and Income	4,8		3,0		1,8 58,8%
TOTAL REVENUE	206,3		144,5		61,8 42,7%
TOTAL OPERATING COSTS	(169,7)	-84,2%	(116,7)	-82,4%	(53,0) 45,5%
EBITDA	36,6	18,1%	27,9	19,7%	8,7 31,3%
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(6,7)	-3,3%	(4,2)	-2,9%	(2,5) 59,7%
EBIT	29,9	14,8%	23,7	16,7%	6,2 26,3%
NET FINANCIAL CHARGES	(2,3)	-1,1%	(1,6)	-1,1%	(0,7) 43,0%
PRE-TAX PROFIT/(LOSS)	27,6	13,7%	22,1	15,6%	5,5 25,1%
TOTAL INCOME TAXES	(9,8)	-4,8%	(8,6)	-6,1%	(1,2) 13,8%
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	17,9	8,9%	13,5	9,6%	4,4 32,2%
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	0,0	0,0%	(0,1)	-0,1%	0,1 -100,0%
NET PROFIT/(LOSS) FOR THE PERIOD	17,9	8,9%	13,4	9,5%	4,5 33,4%
Non-controlling interest profit	0,7	0,4%	0,1	0,0%	0,7 1018,4%
F.I.L.A. GROUP NET PROFIT/(LOSS)	17,1	8,5%	13,3	9,4%	3,8 28,5%

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

<u>Millions of Euro</u>	June 2016	December 2015	Change 2016 - 2015
Intangible assets	152,8	88,2	64,6
Property, plant & equipment	59,2	47,9	11,3
Financial assets	1,8	1,8	0,0
NET FIXED ASSETS	<u>213,8</u>	<u>137,8</u>	<u>76,0</u>
OTHER NON-CURRENT ASSETS/LIABILITIES	<u>14,9</u>	<u>13,9</u>	<u>1,0</u>
Inventories	157,2	118,5	38,6
Trade and Other Receivables	152,8	77,7	75,1
Other Current Assets	6,3	5,0	1,3
Trade and Other Payables	(79,1)	(53,0)	(26,1)
Other Current Liabilities	(7,9)	(1,8)	(6,1)
NET WORKING CAPITAL	<u>229,3</u>	<u>146,4</u>	<u>82,8</u>
PROVISIONS	<u>(39,3)</u>	<u>(26,2)</u>	<u>(13,1)</u>
ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS	<u>0,0</u>	<u>0,0</u>	<u>0,0</u>
NET CAPITAL EMPLOYED	<u>418,7</u>	<u>272,0</u>	<u>146,8</u>
EQUITY	<u>(229,8)</u>	<u>(211,7)</u>	<u>(18,1)</u>
NET FINANCIAL INSTRUMENTS	<u>0,0</u>	<u>(21,5)</u>	<u>21,5</u>
NET FINANCIAL POSITION	<u>(188,9)</u>	<u>(38,7)</u>	<u>(150,2)</u>
NET FUNDING SOURCES	<u>(418,7)</u>	<u>(272,0)</u>	<u>(146,8)</u>

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

<u>Millions of Euro</u>	June 2016	June 2015	Change 2016 - 2015
EBIT	24,6	21,8	2,8
Adjustments for non-cash items	7,4	4,5	2,9
Integrations for income taxes	(3,3)	(6,5)	3,2
Realized and Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies	(0,7)	(0,4)	(0,3)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL	28,0	19,4	8,6
Changes in net working capital	(66,4)	(73,6)	7,2
CASH FLOW FROM OPERATING ACTIVITIES	(38,4)	(54,2)	15,8
Total Investment/Divestment in Intangible Assets and Property, Plant and Equipment	(4,3)	(4,7)	0,4
Total Investment/Divestment of Investments measured at Cost	(16,9)	(0,0)	(16,9)
Total Investment/Divestment in Other Financial Assets	(0,6)	(0,1)	(0,5)
CASH FLOW FROM INVESTING ACTIVITIES	(21,6)	(4,4)	(17,2)
Total Change in Equity	(4,3)	(0,1)	(4,2)
Interest Paid	(2,4)	(1,8)	(0,6)
Totale Incremento/Decremento Finanziamenti ed altre Passività finanziarie	128,7	(13,5)	142,2
CASH FLOW FROM FINANCING ACTIVITIES	122,1	(15,4)	137,5
Translation difference and other non-cash items	(0,5)	1,2	(1,7)
CASH FLOW IN THE PERIOD	61,6	(72,8)	134,3
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period	17,5	30,7	(13,1)
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (change in consolidation scope)	(87,2)	93,3	(180,6)
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE PERIOD	(8,1)	51,2	(59,3)

Fine Comunicato n.1565-35

Numero di Pagine: 11