



SPAFID CONNECT

Informazione Regolamentata n. 1565-21-2018	Data/Ora Ricezione 07 Maggio 2018 22:20:11	MTA - Star
--	--	------------

Societa' : FILA

Identificativo : 103358

Informazione
Regolamentata

Nome utilizzatore : FILASPANSS01 - De Rosa

Tipologia : REGEM

Data/Ora Ricezione : 07 Maggio 2018 22:20:11

Data/Ora Inizio : 07 Maggio 2018 22:20:12

Diffusione presunta

Oggetto : F.I.L.A. S.p.A. _PR_ Pacon acquisition

Testo del comunicato

Vedi allegato.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

PRESS RELEASE

F.I.L.A. DELIVERS ON ITS GROWTH STRATEGY AND AGREES TO ACQUIRE 100% OF THE PACON GROUP, A LEADER IN THE U.S. SCHOOLS AND ART & CRAFT MARKET

- **PACON'S AND F.I.L.A.'S PRODUCT OFFERING ARE COMPLEMENTARY IN THE EDUCATIONAL SEGMENT OF THE SCHOOL SECTOR; F.I.L.A. EXPANDS THE BREADTH OF ITS PORTFOLIO IN THE ART & CRAFT SECTOR IN NORTH AMERICA**
- **TRANSACTION VALUE US\$ 325 MILLION**
- **F.I.L.A.'S REVENUES AND NORMALIZED EBITDA AS OF 31.12.2017: € 510.4 MILLION (OF WHICH US\$ 175.8 MILLION IN NORTH AMERICA) AND € 80.6 MILLION; PACON PRO-FORMA REVENUES AND NORMALIZED EBITDA IN THE 12 MONTH PERIOD ENDED 25.11.2017¹: US\$ 241.6 MILLION AND US\$ 38.2 MILLION**
- **F.I.L.A. ESTIMATES SIGNIFICANT COST SYNERGIES**
- **PROPOSED LAUNCH OF A RIGHTS OFFERING OF UP TO €100 MILLION, WITH PRE-EMPTION RIGHTS, CONDITIONAL UPON COMPLETION OF THE ACQUISITION**

Milan, May 7, 2018 - F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A. (ISIN Code IT0004967292) announces today that it has entered into an agreement providing for the acquisition by its subsidiary Dixon Ticonderoga Company of 100% of the shares of Pacon Holding Company (“**Pacon**”) for an Enterprise Value of US\$ 325 million and US\$ 15 million in tax benefits, equal to a cash payment of US\$ 340 million (subject to customary net debt / working capital and other adjustments at closing.)

All of Pacon's shareholders support the transaction and have given their voting consent to the acquisition.

¹ Pacon, Carolina Pad & Papers and Princeton Artist Brush Co. report their results in U.S. GAAP, which differs in certain significant respects from IFRS, which is the reporting basis for F.I.L.A. results.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

Completion of the acquisition is subject to certain conditions precedent, including Hart-Scott-Rodino clearance (antitrust clearance) in the United States, and other customary conditions for transactions of this type.

Massimo Candela, CEO of F.I.L.A., stated: *“the acquisition of Pacon is a further step in the execution of the group’s international growth strategy, and further expands F.I.L.A.’s position in the largest market in the world. Furthermore, with Pacon the group will be able to complete its offering in the colour and paper segments with a broad and identifiable portfolio of products and instruments for educational and recreational creative activities, aimed at a highly diversified target.”*

Pacon, founded in 1951, is one of the main players in the U.S. market for products in the schools and art & craft sectors, based in Appleton, Wisconsin. Its product range, which includes over 8,500 items, is manufactured in 8 production facilities located in the United States (3 facilities in Appleton and 3 facilities in Neenah, Wisconsin), in the United Kingdom (1 facility in the West Midlands) and in Canada (1 facility in Barrie, Ontario).

During the period ended December 31, 2017, the F.I.L.A. group generated consolidated revenues of € 510.4 million (of which US\$ 175.8 million in North America) and normalized EBITDA of € 80.6 million. Management estimates that Pacon would have generated pro forma historical combined consolidated revenues of US\$ 241.6 million and normalized EBITDA of US\$ 38.2 million² in the 12 months period ended November 25, 2017, based on Pacon’s year end results combined with those of Carolina Pad & Papers and Princeton Artist Brush Co., which Pacon acquired in October 2017 and January 2018, respectively. Based on management estimates, the transaction will generate significant cost synergies, and will lead the F.I.L.A. group to more than doubling its consolidated sales in the United States. Upon completion of the acquisition, the enlarged F.I.L.A. group will have 29 production facilities in 5 continents with more than 9,000 employees.

F.I.L.A.’s activities in the United States following completion of the Pacon acquisition are expected to be led by James Schmitz, Pacon’s current CEO with a long-standing experience in the schools and art & craft sectors.

The transaction is financed by a medium/long-term loan underwritten by Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit S.p.A. (as Joint Global Coordinators and Bookrunners), for a total amount of €520 million, including the refinancing of its current debt.

The Board of Directors, with a view to optimizing the Group’s capital structure, has resolved to submit for approval to the general meeting of the shareholders of F.I.L.A. a proposal for a share capital increase by way of rights offering of up to €100 million (inclusive of any share premium), with pre-emption rights, to be used for the early repayment of the Group’s debt.

² Pacon, Carolina Pad & Papers and Princeton Artist Brush Co. report their results in U.S. GAAP, which differs in certain significant respects from IFRS, which is the reporting basis for F.I.L.A. results.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

Such capital increase will be subject to completion of the acquisition of Pacon. Mediobanca - Banca di Credito Finanziario S.p.A. and UniCredit Corporate & Investment Banking will act as Joint Global Coordinators and Joint Bookrunners in connection with the proposed capital increase and have entered into a pre-underwriting agreement pursuant to which they have undertaken, on terms and conditions in line with market practice for similar transactions, to enter into an underwriting agreement for the subscription of any newly issued shares that remain unsubscribed for at the end of the auction period of the offering, for a maximum amount equal to the capital increase amount.

The Board of Directors has also instructed the Group's Chief Financial Officer to evaluate the possibility for the company to enter into foreign exchange hedging agreements to be determined in accordance with ISDA standards, under the Group's risk strategy.

For the transaction, F.I.L.A. was advised by 'Leonardo & Co. - Houlihan Lokey' as sole financial advisors, Skadden, Arps, Slate, Meagher & Flom and Salonia Associati as legal advisors, and BonelliErede for financing aspects, relationships with managers and F.I.L.A.'s proposed capital increase.

An investor conference call will be held by Massimo Candela, CEO of F.I.L.A. tomorrow, May 8, 2018 at 9:00 a.m. CET.

Documentation for the presentation will be made available today on F.I.L.A.'s website www.filagroup.it, on Borsa Italiana's website www.borsaitaliana.it and on the storage mechanism NIS-STORAGE.

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 €510 million in 2017, 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, the English Daler-Rowney Lukas and the French Canson, founded by the Montgolfier family in 1557.

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, Doms, Maimeri Daler-Rowney and Canson. 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 19 production facilities (of which 2 in Italy) and 35 subsidiaries across the globe and employs more than 8,400.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

*This announcement does not contain or constitute an offer of, or the solicitation of an offer to buy, securities, nor will there be any sale of securities referred to in this announcement, in any jurisdiction, including the United States, Australia, Canada or Japan in which such offer, solicitation or sale is not permitted or would require the approval of local authorities. The securities referred to herein may not be offered or sold in the United States unless registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or offered in a transaction exempt from, or not subject to, the registration requirements of the Securities Act. The securities referred to herein have not been and will not be registered under the Securities Act or under the applicable securities laws of Australia, Canada or Japan. There will be no public offer of the securities in the United States, Australia, Canada or Japan and F.I.L.A. (Fabbrica Italiana Lapis ed Affini) S.p.A. (the “**Company**”) does not intend to register any portion of the offering of securities in the United States. Any public offering will be conducted in Italy pursuant to a prospectus, duly authorized by the Commissione Nazionale per le Società e la Borsa (“**Consob**”) in accordance with applicable regulations. Neither this document nor any part of it nor the fact of its distribution may form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. This announcement is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Financial Promotion Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This announcement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons. This announcement has been prepared on the basis that any offer of securities in any Member State of the European Economic Area (“**EEA**”), other than Italy, (each, a “**Relevant Member State**”), will be made pursuant to an exemption under the Prospectus Directive (2003/71/EC, as amended), as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of securities. Accordingly any person making or intending to make any offer in that Relevant Member State of securities which are the subject of the rights offering mentioned in this announcement may only do so in circumstances in which no obligation arises for the Company or any of the managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Company or any of the managers have authorized, nor do they authorize, the making of any offer of securities in circumstances in which an obligation arises for the Company or any of the managers to publish or supplement a prospectus for such offer. This document is an advertisement and is not a prospectus for the purposes of the Prospectus Directive. A prospectus prepared pursuant to the Prospectus Directive will be published in the future. Investors should not subscribe for any securities referred to in this document except on the basis of information contained in any prospectus.*

None of the Joint Global Coordinators or any of their affiliates or any of its or their respective directors, officers, employees, advisers or agents accepts any responsibility or liability for or makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of the information in this announcement or any other information relating to the Company, its subsidiaries or associated companies,

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

or for any loss arising from any use of this announcement or its contents or in connection therewith. They will not regard any other person as their respective clients in relation to the rights issue and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the rights issue, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

This document contains certain forward-looking statements. These statements are based on current expectations of F.I.L.A. and Pacon and are naturally subject to uncertainty and change. In some cases, you can identify these forward-looking statements by forward-looking words, such as “estimate,” “expect”, the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to F.I.L.A. Group management activities following completion of the contemplated transaction and the expected benefits of the transaction. These forward-looking statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those anticipated in these forward-looking statements. These variety of significant business, economic and competitive risks and uncertainties, many of which F.I.L.A. and Pacon may be unaware of or unable to control, include, but are not limited to, uncertainties as to the possibility that the closing conditions to the contemplated transaction may not be satisfied or waived; the effects of disruption caused by the announcement of the contemplated transaction; the risk of shareholder litigation in connection with the contemplated transaction. Subject to applicable law, neither F.I.L.A. nor Pacon assume responsibility to update or revise these forward-looking statements to reflect any changes in the expectations of the companies, i.e. related to changes in events, conditions or circumstances. Forward-looking statements are not guarantees of future performance.

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 Communications 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



NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN OR INTO OR FROM THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF SUCH JURISDICTION

e.galli@cantierecomunicazione.com

Antonella Laudadio: (+39) 02 87383180 -189

a.laudadio@cantierecomunicazione.com

Fine Comunicato n.1565-21

Numero di Pagine: 8