

F.I.L.A. – FABBRICA ITALIANA LAPIS ED AFFINI S.P.A.



**ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS ON POINT 1 OF THE AGENDA OF
THE ORDINARY SHAREHOLDERS' MEETING OF F.I.L.A. - FABBRICA ITALIANA LAPIS ED
AFFINI S.P.A., CALLED FOR APRIL 18, 2019 IN SINGLE CALL**

(prepared in accordance with Article 125-*ter* of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements, and Article 84-*ter* of the Regulation adopted with Consob Motion No. 11971 of May 14, 1999 and subsequent amendments and supplements)

Report approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. at the meeting of March 20, 2019 and available on the website www.filagroup.it

Point 1 on the agenda of the Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A., called for April 18, 2019 in single call:

“Financial Statements for the year ended December 31, 2018, including the Board of Directors' Report, the Board of Statutory Auditors' Report and the Independent Auditors' Report; presentation of the consolidated financial statements for the year ended December 31, 2018; resolutions thereon;”

* * *

Dear Shareholders,

this Report has been prepared in accordance with Article 125-ter, paragraph 1 of Legislative Decree No. 58 of February 24, 1998 and subsequent amendments and supplements (the “**CFA**”) and Article 84-ter of the Regulation adopted with Consob motion No. 11971 of May 14, 1999 and subsequent amendments and supplements (the “**Issuers' Regulation**”).

This report was approved by the Board of Directors of F.I.L.A. – Fabbrica Italiana Lapis ed Affini S.p.A. (“**Fila**” or the “**company**”) in the meeting of March 20, 2019 and is made available to the public, in accordance with applicable law and regulations, at the registered office, on the company website (www.filagroup.it) and also by the other means established by the applicable regulation.

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With reference to the first point on the Agenda of the Shareholders' Meeting, the Board of Directors proposes for your approval, in accordance with law, the Financial Statements for the year ended December 31, 2018 (consisting of the Statement of Financial Position, the Income Statement, the Statement of Cash Flows, the Statement of Changes of Equity and the Explanatory Notes), together with the Directors' Report.

These documents, together with the consolidated financial statements at December 31, 2018, the Board of Statutory Auditors' Report as per Article 2429 of the Civil Code and the Auditors' Report of KPMG S.p.A. on the separate and consolidated financial statements at December 31, 2018, will be made available to the public at the registered office of the company, on the website www.filagroup.it, on the website of Borsa Italiana S.p.A. and on the authorised storage mechanism “EMARKET STORAGE” at www.emarketstorage.com.

The separate financial statements at December 31, 2018 present: revenues totalling Euro 90.3 million (of which core business revenues of Euro 78.9 million and other revenues and income of Euro 11.4 million);

- operating costs of Euro 82.2 million; and
- an operating profit of Euro 8.1 million;

net financial charges totalled Euro 0.2 million. The pre-tax profit was Euro 7.9 million; the profit for the year was Euro 6.6 million.

The FILA Group consolidated financial statements at December 31, 2018 present:

- normalised core business revenues of Euro 602.9 million (+18.1% on Euro 510.4 million in 2017, organic growth of +0.5%, excluding the currency effect and changes to the consolidation scope);

- normalised EBITDA of Euro 96.9 million (+20.2% on Euro 80.6 million in 2017, organic growth of +1.9%);
- normalised profit amounted to Euro 27.3 million, compared to Euro 29.1 million in 2017; and
- net financial debt of Euro 452.8 million (increasing Euro 213.2 million on the end of 2017).

The Board of Directors, in view of the profit for the year, therefore proposes, subject to approval of the separate financial statements at December 31, 2018:

- to distribute to Shareholders a dividend totalling Euro 4,069,659.2 and, therefore, Euro 0.08 for each of the 50,870,740 ordinary shares currently in circulation, while it should be noted that in the case where the total number of shares of the company currently in circulation should increase, the total amount of dividend will remain unchanged and the unitary amount will be automatically adjusted to the new number of shares. The dividend will be paid with coupon, record and payment date, respectively of May 20, 21 and 22, 2019.

* * *

Dear Shareholders,

where in agreement with the above proposals, we invite you to pass the following motions:

"The Ordinary Shareholders' Meeting of F.I.L.A. - Fabbrica Italiana Lapis ed Affini S.p.A.

- *having noted the Directors' Report;*
- *and noting the Board of Statutory Auditors' Report prepared in accordance with Article 2429 of the Civil Code and 153 of Legislative Decree No. 58 of February 24, 1998;*
- *in addition to the Auditors' Report of KPMG S.p.A., prepared as per Articles 14 and 16 of Legislative Decree No. 39 of January 27, 2010;*
- *having reviewed the Directors' Report;*
- *having reviewed the financial statements of the Company for the year ended December 31, 2018 and the consolidated financial statements for the year ended December 31, 2018;*
- *taking account of Article 2430 of the Civil Code regarding the legal reserve;*

resolves

1. *to approve the financial statements of the company for the year ended December 31, 2018, as proposed and illustrated by the Board of Directors, together with the Directors' Report, which present a profit of Euro 6,632,580.32 and also takes note of the consolidated financial statements of the Company for the year ended December 31, 2018;*
2. *to allocate 5% of the profit to the Legal Reserve for Euro 331,629.02, to allocate part of the residual profit to retained earnings for Euro 2,231,292.10 and to distribute to Shareholders a dividend of Euro 0.08 for each of the 50,870,740 shares currently in circulation and, therefore, a total dividend of Euro 4,069,659.2, from the remaining part of the profit for the year; while it should be noted that in the case where the total number of shares of the Company currently in circulation should increase, the total amount of dividend will remain unchanged and the unitary amount will be automatically adjusted to the new number of shares; the*

dividend shall be paid-out with coupon, record and payment date of May 20, 21 and 22, 2019.”

Pero, March 20, 2019

The Chairman of the Board of Directors

(Gianni Mion)