



SPAFID CONNECT

Informazione Regolamentata n. 1565-25-2020	Data/Ora Ricezione 15 Maggio 2020 17:32:34	MTA - Star
--------------------------------------------------	--------------------------------------------------	------------

Societa' : FILA
Identificativo : 132561
Informazione
Regolamentata
Nome utilizzatore : FILASPANSS01 - De Rosa
Tipologia : REGEM
Data/Ora Ricezione : 15 Maggio 2020 17:32:34
Data/Ora Inizio : 15 Maggio 2020 17:32:36
Diffusione presunta
Oggetto : F.I.L.A. S.p.A._Results PR Q1 2020

Testo del comunicato

Vedi allegato.



Il futuro ha i nostri colori. Da 100 anni.

1920 • 2020

PRESS RELEASE

BOD OF F.I.L.A. S.P.A. APPROVES Q1 2020 RESULTS

REVENUE IN Q1 2020 OF EURO 145.8 MILLION (+1.4%), DRIVEN BY GROWTH IN NORTH AMERICA, DESPITE COVID-19 AND LOCKDOWN EFFECT

IMPROVEMENT IN BANK DEBT OVER LAST 12 MONTHS OF EURO 56,4 MILLION, EXCLUDING OUTLAY FOR ACQUISITION OF ARCHES®

THE POSITIVE OUTLOOK FOR REVENUE AND EBITDA GROWTH IN 2020 PROVED JUSTIFIED FOR ALL REFERENCE MARKETS UNTIL MID-MARCH

FOCUS FROM Q2 2020 ON REDUCING INVESTMENTS AND FIXED COSTS IN 2020

- *Q1 2020 revenue of Euro 145.8 million, +1.4% compared to the same period of the previous year (Euro 143.8 million Q1 2019), +1.8% (net of FX and M&A effects), driven by organic growth on the North American market (+11.2%), especially in the Fine Art segment. In the other geographical segments, and especially in India, the outbreak of COVID-19 and the consequent lockdown affected results for the quarter, beginning from the second half of March;*
- *Q1 2020 Adjusted EBITDA (net of IFRS 16 effects) of Euro 16.8 million, down 8.7% on Q1 2019 (Euro 18.4 million), mainly due to the impact of COVID-19 and the consequent lockdown on the profitability of sales and organisational and production costs in all geographical areas from March 2020, particularly in India and North America;*
- *Q1 2020 Adjusted Group Net Result (net of IFRS 16 effects) of Euro -0.2 million, compared to Euro 3.6 million profit in Q1 2019, mainly due to higher financial expenses due to currency losses;*
- *Net Bank Debt falls Euro 9.8 million in the last 12 months, despite the outlay of Euro 43.6 million for the acquisition of ARCHES® and Euro 3 million for related consulting and other fees. Over the last 12 months, it has therefore decreased Euro 56.4 million, excluding the cash out sustained for the acquisition of ARCHES®;*

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

- *Free Cash Flow to Equity of Euro -37.4 million, including consulting fees and other expenses related to the acquisition of ARCHES® for Euro 3 million, improving on the first quarter of 2019 (Euro -35.2 million)*
- *Net Financial Position at March 31, 2020, including IFRS 16 effect, of Euro -584.6 million (Euro -498.2 million at December 31, 2019). This increase is mainly due to the acquisition of ARCHES® for Euro 43.6 million and the impact of business seasonality.*

* * *

Pero, May 15, 2020 – The Board of Directors of F.I.L.A. – **Fabbrica Italiana Lapis ed Affini S.p.A.** (“F.I.L.A.” or the “Company”), listed on the Milan Stock Exchange, STAR Segment, ISIN code IT0004967292, meeting today, has reviewed and approved the consolidated results at March 31, 2020, prepared according to IFRS.

F.I.L.A. – a Company which operates in the creativity tools market - producing design, colouring, writing and modelling objects - reports Q1 2020 revenue of Euro 145.8 million, up 1.4% (+1.8% net of exchange rate and M&A effects). Q1 Adjusted EBITDA, net of IFRS 16 effects, of Euro 16.8 million is down 8.7% on Q1 2019. The Adjusted Net Result, net of extraordinary items, IFRS 16 effects and minorities, is Euro -0.24 million, compared to Euro 3.6 million profit in Q1 2019.

* * *

“The positive outlook communicated to the market for 2020 proved correct in all geographic segments until mid-March, and in particular in North America and India, where growth was in line with expectations until the effects of the outbreak of COVID-19 and the consequent lockdown emerged. The type of business in which Fila operates has already demonstrated in previous recessions that it is absolutely inelastic, but it is not immune to a global lockdown in distribution and production. For 2020, we remain confident in the budget revisions indicated upon presentation of results for 2019. These have been justified by business performance in the last six weeks and are in line with market expectations, considering the positive effects to emerge in Q2 from cuts to costs and investments and the opening of all Group facilities from May 7, although not at full capacity. The latest acquisition, ARCHES®, is working at the same levels as 2019. All actions have been taken to guarantee the necessary liquidity with our long-standing financial partners Intesa Sanpaolo, Unicredit, BNL, Banco BPM and Mediobanca” stated Massimo Candela, CEO of F.I.L.A.

* * *

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

Adjusted operating performance net of IFRS 16 effects - F.I.L.A. GROUP

Q1 2020 Revenue of Euro 145.8 million was up Euro 2 million on the same period of the previous year (+1.4%), of which Euro 0.8 million relating to ARCHES® (acquired in March 2020 and defined as an M&A effect), net of the effect of the sale of the “Superior” brand business (in October 2019) for Euro 2.1 million, and Euro 0.8 million regarding positive currency effects (principally US Dollars), +1.8% (net of exchange rate and M&A effects).

Net of these effects, the increased revenue in North America of Euro 6.7 million (+11.2%), mainly due to growth in the Fine Art segment, is partially offset by reduced revenue in late March caused by the outbreak of COVID-19 and the consequent lockdown. These decreases were Euro 1.7 million in Europe (-3.5%), Euro 1.3 million in Asia (-6.4%, and in particular DOMS in India), and Euro 1.2 million in Central and South America (-9.3%, mainly attributable to the Mexican subsidiaries following the Company’s decision to focus on selected customers with a high credit rating, and Chilean companies for geopolitical reasons).

Operating Costs of Euro 132.2 million show an increase of Euro 5.1 million compared to Q1 2019. This is mainly due to the growth in revenue and to the negative exchange rate effect (principally the US Dollar), to the partial production and sales inefficiencies resulting from COVID-19 effects, to higher personnel costs in India and the USA, and to increased negative currency market movements (Russia, Brazil and Chile).

EBITDA of Euro 16.8 million was down Euro 1.6 million (-8.7%) on Q1 2019, mainly as a result of the effects described above.

The adjustment on the Q1 2020 EBITDA relates to non-recurring operating costs of approx. Euro 5.4 million, mainly for the acquisition of the ARCHES® business unit, the outlay for the medium-long-term incentive plan, the costs incurred in tackling the COVID-19 pandemic, and Group reorganisation costs.

EBIT of Euro 8.3 million, contracting Euro 2.6 million (-24.1%) on Q1 2019, includes amortisation, depreciation and write-downs of Euro 8.5 million, increasing Euro 1 million compared to the same period of the previous year. This is mainly due to higher amortisation and depreciation in the period due to investments, and an increase in allocations to cover greater doubtful debt risks as a result of the effects of COVID-19.

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

1920 • 2020

The overall adjustment of the EBIT was Euro 5.4 million, resulting from the aforementioned effects on the EBITDA.

Net Financial Expense increases by Euro 2.5 million, mainly due to greater negative currency effects on financial transactions.

The adjustment of Net Financial Expense refers to costs incurred by the Parent Company F.I.L.A. S.p.A. for new financing arrangements undertaken for the acquisition of the aforementioned business unit.

Group adjusted income taxes totalled Euro 1.5 million.

The F.I.L.A. Group **Net Result for Q1 2020**, net of minorities, was a loss of Euro 0.24 million, compared to a profit of Euro 3.6 million in the same period of the previous year.

The adjustment of the Q1 2020 Group Result concerns the aforementioned adjustments, net of the tax effect.

Statement of Financial Position review - F.I.L.A. Group

The F.I.L.A. Group's **Net Invested Capital** of Euro 921.5 million at March 31, 2020 was composed of Net Fixed Assets of Euro 658.3 million (up by Euro 38 million on December 31, 2019), Net Working Capital of Euro 327.6 million (up by Euro 32.7 million on December 31, 2019) and Other Non-current Assets/Liabilities of Euro 17.8 million (decreasing by Euro 0.6 million on December 31, 2019), net of Provisions of Euro 82.3 million (Euro 78 million at December 31, 2019).

Intangible Assets increased Euro 42.6 million compared to December 31, 2019, due mainly to M&A effects, which contributed to an increase in Concessions, Licenses, Trademarks and Similar Rights for Euro 12 million, in Other Intangible Assets for Euro 10.2 million, in addition to Goodwill of Euro 21.3 million, partially offset by amortisation during the period, mainly recorded by F.I.L.A. S.p.A. following progress on the SAP project.

Property, plant and equipment decreased by Euro 4.4 million compared to December 31, 2019. This decrease is mainly due to depreciation for Euro 6.9 million, and is partially offset by investments and the M&A effect.

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

Net investments in the period amounted to Euro 3 million and were principally undertaken by DOMS Industries Pvt Ltd (India) and Dixon Ticonderoga Company (U.S.A.) to extend and develop local production and logistical sites. The movement also includes greater Assets related to M&A's for Euro 3.2 million.

Financial Assets decreased by Euro 171 thousand compared to December 31, 2019 and mainly concerned financial receivables.

The increase in **Net Working Capital** of Euro 32.8 million relates to the following:

- **Inventories** – increasing by Euro 18.3 million, mainly due to net growth in stock at the F.I.L.A. Group for approx. Euro 15 million, and chiefly deriving from business seasonality, which resulted in higher inventories ahead of the schools' campaign, as well as M&A effects for Euro 3.2 million. The increase especially involved North America, France and Mexico;
- **Trade Receivables and Other Receivables** - up Euro 11.8 million, mainly due to the seasonality of the F.I.L.A. Group's business and the consequences of the COVID-19 pandemic, which were particularly prevalent in America and Italy;
- **Trade and Other Payables** - decreasing Euro 2.7 million, mainly due to payment of tax payables amplified by positive currency exchange effects for approx. Euro 4.6 million.

The increase in Provisions of Euro 4.2 million compared to December 31, 2019 mainly relates to the increase in deferred tax Liabilities of Euro 7.3 million, principally due to the tax effect on Intangible Assets identified during the PPA concerning the M&A transaction. This is partially offset by the reduction in Provisions for Risks and Charges for Euro 1 million, mainly as a result of utilisation of restructuring and other provisions, and by the decrease in employee Benefits, for Euro 2 million, attributable mainly to actuarial gains recorded by Daler Rowney Ltd (UK).

F.I.L.A. Group **Equity** of Euro 336.8 million decreased Euro 20.5 million compared to December 31, 2019. Further to the net loss of Euro 5.9 million (of which Euro 115 thousand concerning non-controlling interests), the residual movement mainly concerned the decrease in the currency reserve of Euro 8.3 million and the negative movement in the IRS fair value hedge for Euro 9 million. This was partially mitigated by an increase in the Actuarial/Gains Losses reserve of Euro 1.9 million.

The **Net Financial Position** at March 31, 2020 reports a debt of Euro 584.6 million. Compared to December 31, 2019 (debt of Euro 498.2 million), the net debt increased by Euro 86.4 million (Euro -125.5 million at March 31, 2019), mainly due to the following factors:

F.I.L.A. Fabbrica Italiana Lapis ed Affini



- The net cash flow absorbed in the period from Operating Activities of Euro 31.6 million (absorption of operating cash at March 31, 2019 of Euro 25.9 million) is attributable to:
 - Cash flow generation of Euro 10.1 million (Euro 13.9 million at March 31, 2019) from EBIT;
 - Outflows of Euro 41.7 million (outflow of Euro 39.7 million at March 31, 2019) attributable to working capital movements, primarily related to increases in inventories and Trade Receivables and Other Receivables, partially offset by the decrease in Trade and Other Payables;
- Investing Activities absorbed liquidity of Euro 3.6 million (Euro 3.7 million at March 31, 2019), mainly due to the use of cash for Euro 3.7 million (Euro 3.7 million at March 31, 2019) for tangible and intangible asset investments, particularly regarding DOMS Industries Pvt Ltd (India) and Dixon Ticonderoga Company (U.S.A.);
- Financing Activities absorbed liquidity of Euro 5.7 million (absorption of Euro 6.1 million at March 31, 2019), mainly due to interest paid on loans and credit lines granted to Group companies;
- the decrease of Euro 43.6 million generated by corporate transactions for the acquisition of ARCHES®;
- the negative adjustment of the Mark to Market Hedging for Euro 9.2 million;
- the currency effect from the conversion of net financial positions in currencies other than the Euro, contributing Euro 3.4 million;
- the positive movement in net financial position resulting from the application of IFRS 16 for Euro 2.4 million.

Significant events in Q1 2020 and subsequent events

- On **March 2, 2020**, F.I.L.A.- Arches S.A.S., a French company wholly-owned by F.I.L.A., completed the purchase of the fine art business unit of the company specialised in fine art operating through the ARCHES® brand, until now managed by the Ahlstrom-Munksjö Group, finalizing the non-binding memorandum of understanding signed on October 30, 2019 between F.I.L.A. S.p.A. and Ahlstrom-Munksjö Oyj and its French subsidiary, Ahlstrom-Munksjö Arches.

For over 500 years, the ARCHES® brand has been one of the best-known global brands in the production and distribution of premium fine art paper. The company creates its products utilising a particular “cylinder mould” technique which ensures the delivery of a highly crafted product and an inimitable natural appearance. Each production cycle is subject to numerous technical controls, which have always guaranteed the undisputed quality of the paper and its excellent brand reputation.

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

The total price, on a debt-free cash-free basis, paid by F.I.L.A. - Arches S.A.S. for the business unit was Euro 43.6 million. The acquisition was funded through amending the current medium/long-term loan contract, through the granting of new lines for Euro 15 million and the partial use of the RCF line for Euro 25 million, through its conversion into a medium/long-term line.

Subsequent events

As regards the lockdown following the COVID-19 pandemic, at the date of this report, the Group's plants are operational, in accordance with the regulations for each country, though not at full capacity in order to protect worker safety.

Outlook

The 2020 outlook will be affected by the instability resulting from the outbreak of COVID-19, which was disclosed in the “Subsequent events” section. The F.I.L.A. Group continues to monitor the developing situation in order to minimise its social and workplace health and safety impacts, in addition to the operating, equity and financial situation, by drawing up and rolling out flexible and timely action plans.

* * *

The IFRS consolidated and separate financial statements from the approved document are annexed.

* * *

The Executive Officer for Financial Reporting Stefano De Rosa declares, in accordance with paragraph 2 of Article 154-bis of the Consolidated Finance Act, 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), 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 Euro 687.4 million in 2019, 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 Company and Pacon Group, the German LYRA, the Mexican Lapiceria Mexicana, 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, Canson, Princeton, Strathmore and ARCHES®. 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

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

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. currently operates through 22 production facilities (of which 2 in Italy) and 35 subsidiaries across the globe and employs over 10,000.

* * *

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:

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

e.galli@cantieredicomunicazione.com

Antonella Laudadio: (+39) 02 87383180 -189

a.laudadio@cantieredicomunicazione.com

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

1920 • 2020

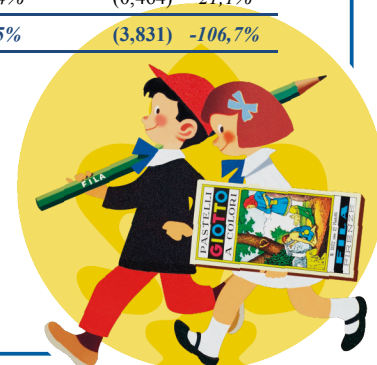
Attachment 1 – F.I.L.A. Group Consolidated Income Statement

<i>Euro millions</i>	March 2020	% core business revenue	March 2019	% core business revenue	Change 2020 - 2019	
Revenue	145,769	100%	143,811	100%	1,958	1,4%
Other Revenue	3,132		1,666		1,466	88,0%
Total Revenue	148,901		145,477		3,424	2,4%
Total operating costs	(145,227)	-99,6%	(137,182)	-95,4%	(8,045)	-5,9%
EBITDA	14,873	10,2%	18,490	12,9%	(3,617)	-19,6%
Amortisation, depreciation and write-downs	(11,200)	-7,7%	(10,195)	-7,1%	(1,005)	-9,9%
EBIT	3,673	2,5%	8,295	5,8%	(4,622)	-55,7%
Net financial charges	(8,561)	-5,9%	(5,892)	-4,1%	(2,669)	-45,3%
Pre-Tax Profit	(4,888)	-3,4%	2,403	1,7%	(7,291)	-303,4%
Total income taxes	(1,050)	-0,7%	(1,284)	-0,9%	0,234	18,2%
Net profit - Continuing Operations	(5,938)	-4,1%	1,119	0,8%	(7,057)	-630,7%
Net Profit for the period	(5,938)	-4,1%	1,119	0,8%	(7,057)	-630,7%
Non-controlling interest profit	0,115	0,1%	0,626	0,4%	(0,511)	-81,6%
F.I.L.A. Group Net Profit	(6,053)	-4,2%	0,493	0,3%	(6,546)	-1327,8%

Attachment 2 – F.I.L.A. Group Normalised and net of the IFRS 16 effects Consolidated Income Statement

<i>NORMALIZED - Euro millions</i>	March 2020	% core business revenue	March 2019	% core business revenue	Change 2020 - 2019	
Revenue	145,820	100%	143,811	100%	2,009	1,4%
Other Revenue	3,132		1,666		1,466	88,0%
Total Revenue	148,952		145,477		3,475	2,4%
Total operating costs	(132,153)	-90,6%	(127,059)	-88,4%	(5,093)	-4,0%
EBITDA	16,799	11,5%	18,418	12,8%	(1,618)	-8,7%
Amortisation, depreciation and write-downs	(8,496)	-5,8%	(7,474)	-5,2%	(1,022)	-13,7%
EBIT	8,303	5,7%	10,944	7,6%	(2,641)	-24,1%
Net financial charges	(6,888)	-4,7%	(4,394)	-3,1%	(2,494)	-56,8%
Pre-Tax Profit	1,415	1,0%	6,550	4,6%	(5,135)	-78,4%
Total income taxes	(1,492)	-1,0%	(2,333)	-1,6%	0,841	36,0%
Net profit - Continuing Operations	(0,077)	-0,1%	4,217	2,9%	(4,295)	-101,8%
Net Profit for the period	(0,077)	-0,1%	4,217	2,9%	(4,295)	-101,8%
Non-controlling interest profit	0,163	0,1%	0,626	0,4%	(0,464)	21,1%
F.I.L.A. Group Net Profit	(0,240)	-0,2%	3,591	2,5%	(3,831)	-106,7%

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

1920 • 2020

Attachment 3 – F.I.L.A. Group Consolidated Statement of Financial Position

<i>Euro millions</i>	March 2020	December 2019	Change 2020 - 2019
Intangible Assets	473,194	430,609	42,585
Property, plant & equipment	181,606	186,013	(4,407)
Financial assets	3,520	3,690	(0,170)
Net Fixed Assets	658,319	620,313	38,006
Other non Current Asset/Liabilities	17,793	18,347	(0,554)
Inventories	276,665	258,409	18,256
Trade and Other Receivables	153,139	141,339	11,800
Trade and Other Payables	(105,958)	(108,670)	2,712
Other Current Assets and Liabilities	3,783	3,800	(0,017)
Net Working Capital	327,628	294,880	32,748
Provisions	(82,285)	(78,039)	(4,246)
Net Capital Employed	921,456	855,501	65,955
Equity	(336,864)	(357,351)	20,487
Net Financial Position	(584,592)	(498,150)	(86,442)
Net Funding Sources	(921,456)	(855,501)	(65,955)

F.I.L.A. Fabbrica Italiana Lapis ed Affini





Il futuro ha i nostri colori. Da 100 anni.

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

<i>Euro millions</i>	March 2020	March 2019	Change 2020 - 2019
EBIT	2,859	8,097	(5,238)
Adjustments for non-cash items	8,587	7,115	1,472
Integrations for income taxes	(1,322)	(1,337)	0,015
Cash Flow from Operating Activities Before Changes in NWC	10,124	13,875	(3,751)
Change NWC	(41,686)	(39,708)	(1,978)
Change in Inventories	(18,752)	(24,672)	5,920
Change in Trade and Other Receivables	(22,608)	(18,712)	(3,896)
Change in Trade and Other Payables	0,943	4,301	(3,358)
Change in Other Current Assets/Liabilities	(1,269)	(0,625)	(0,644)
Cash Flow from Operating Activities	(31,562)	(25,834)	(5,728)
Investments in tangible and intangible assets	(3,661)	(3,704)	0,043
Interest Income	0	0,020	0,061
Equity Investments	0,000	0,000	0,000
Cash Flow from Investing Activities	(3,580)	(3,684)	0,104
Change in Equity	0,000	0,021	(0,021)
Financial expenses	(5,717)	(6,133)	0,416
Cash Flow from Financing Activities	(5,717)	(6,111)	0,394
Other changes	1,429	(0,921)	2,350
Net cash flow from IFRS 16	2,045	1,421	0,624
Total Net Cash Flow	(37,385)	(35,129)	(2,256)
Effect from exchange rate changes	3,374	(4,112)	7,486
Mark to Market Hedging	(9,211)	(4,452)	(4,759)
Variation for IFRS 16 adoption	0,380	(81,814)	82,194
Effect of M&A Operation	(43,600)	0,000	(43,600)
Change in Net Financial Position	(86,442)	(125,507)	39,065

F.I.L.A. Fabbrica Italiana Lapis ed Affini



Fine Comunicato n.1565-25

Numero di Pagine: 13