



# Disclaimer

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- **Introduction**
- **The Story**
- **Transaction Overview**



# Introduction

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- Space is a SPAC (Special Purpose Acquisition Company) set up under Italian Law
- Raised €130m on the market, on top of €4.6m from the Sponsors
- Listed on MIV, the regulated segment for investment vehicles of the Italian Stock Exchange, since 18 December 2013

## What we were looking for...



A leader in its sector



Brains in Italy, global ambitions, existing international platform



Entrepreneurial talent combined with strong management team



Strong, cash generative growth potential



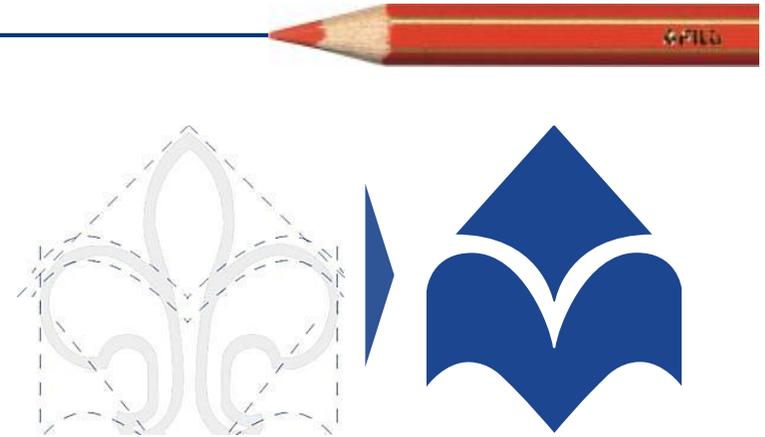
Funds to finance growth, with zero cash-out for entrepreneur



Equity value over € 200m

# Our target of choice: FILA

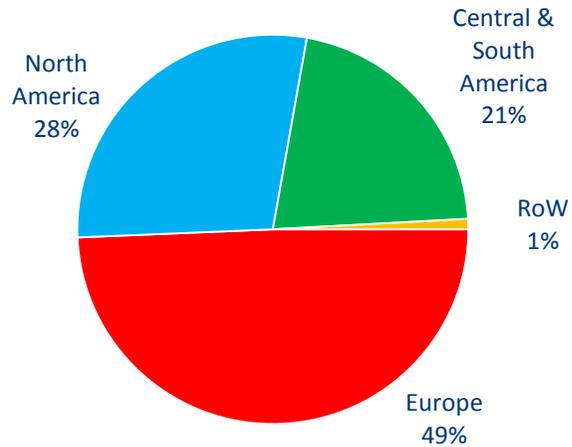
- Global leader in design, production and marketing of creativity tools and products for children, a sector not affected by digitalisation
- A masterpiece of Italian entrepreneurship showing resilience and profit growth through the cycle
- €220m sales, presence in 19 countries, 11 plants<sup>(1)</sup> and over 2,500 direct employees<sup>(2)</sup> as of FY 2013



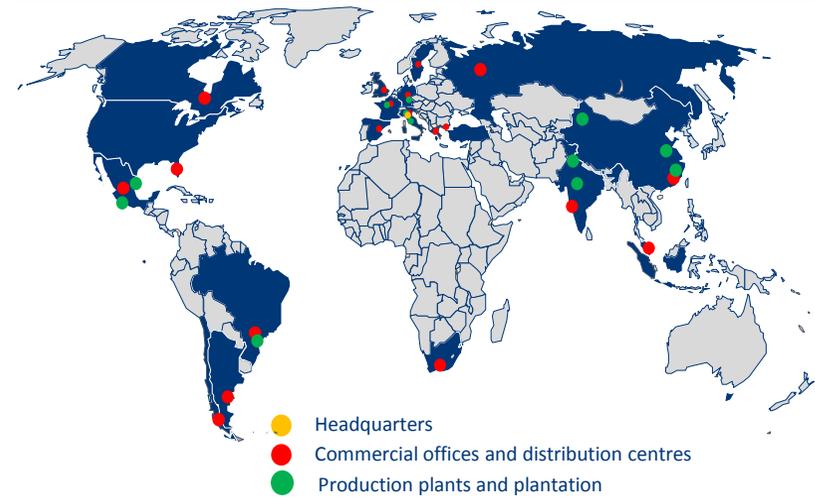
# FILA at a glance



## 2013A SALES BREAKDOWN BY GEOGRAPHY

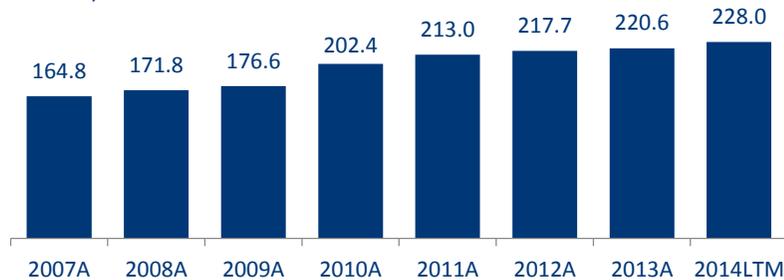


## INTERNATIONAL PRESENCE



## TOTAL REVENUES (2)

2007-2013 CAGR: 5.0%  
(€ million)



## ADJUSTED EBITDA (1-2)

2007-2013 CAGR: 8.0%  
(€ million)



■ Adj. EBITDA ▲ Adj. EBITDA margin %



(1) Main EBITDA adjustments are related to non recurring income and expenses such as plant relocation costs, restructuring expenses and extraordinary consultancy fees

(2) 2014 LTM as of September 30, 2014

Source: Company data



# A history of continuous expansion



<p><b>1920</b></p>  <p>FILA established</p>	<p><b>1923</b></p>  <p>Giotto first colour pencils</p>	<p><b>1950</b></p>  <p>Giotto first paint line</p>	<p><b>1956</b></p>  <p>Candela's family enters into Fila</p>	<p><b>1960</b></p>  <p>Giotto first fibre pens line</p>	<p><b>1970</b></p>  <p>FILA launches Tratto</p>	<p><b>1979</b></p>  <p>Premio Compasso d'Oro ADI</p> <p>Tratto pen awarded "Compasso d'Oro"</p>
<p><b>1994</b></p>  <p>FILA acquires Adica Pongo</p>	<p><b>1997</b></p>  <p>FILA opens Spanish branch</p>	<p><b>1998</b></p>  <p>Product extension on drawing instruments</p>	<p><b>2000</b></p>  <p>FILA acquires Omyacolor (France)</p>	<p><b>2001</b></p>  <p>FILA buys Suger brand (France)</p>	<p><b>2005</b></p>  <p>FILA acquires Dixon (USA)</p>	<p><b>2005</b></p>  <p>FILA launches Giotto Bebe (USA, Mexico)</p>
<p><b>2008</b></p>  <p>Acquisition of Lyra (Germany)</p>	<p><b>2010</b></p>  <p>Acquisition of Lapicera Mex. brands and assets (Mexico)</p>	<p><b>2011</b></p>  <p>FILA opens Turkey branch</p>	<p><b>2012</b></p>  <p>Investment in WFPL - JV with RR Group (India)</p>	<p><b>2012</b></p>  <p>FILA acquires Licyn Mercantil (Brazil)</p>	<p><b>2013</b></p>  <p>FILA opens Greece and Russia branches</p>	<p><b>2014</b></p>  <p>FILA acquires Ind. Maimeri and opens the South African branch</p>

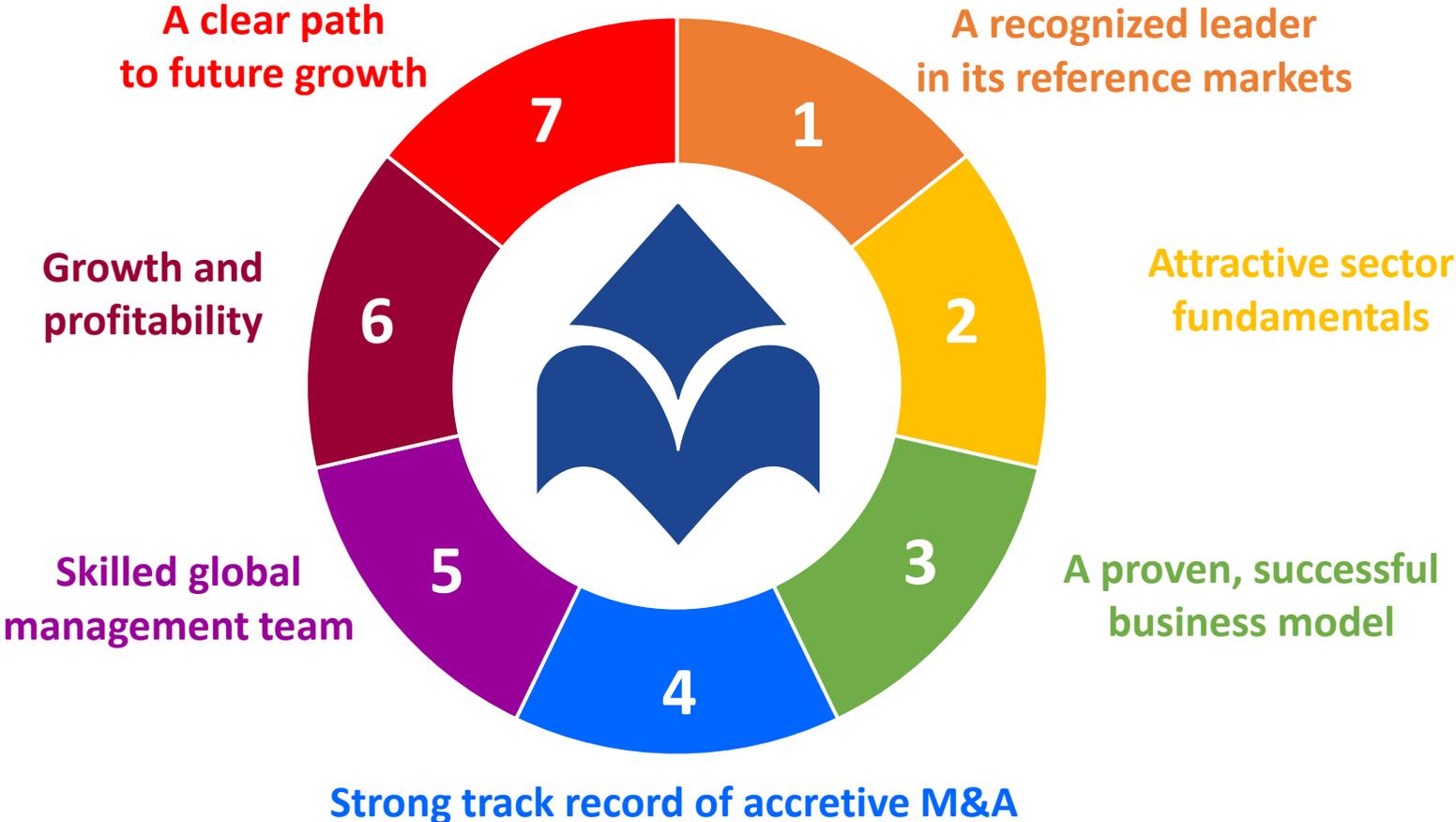


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# Key investment highlights

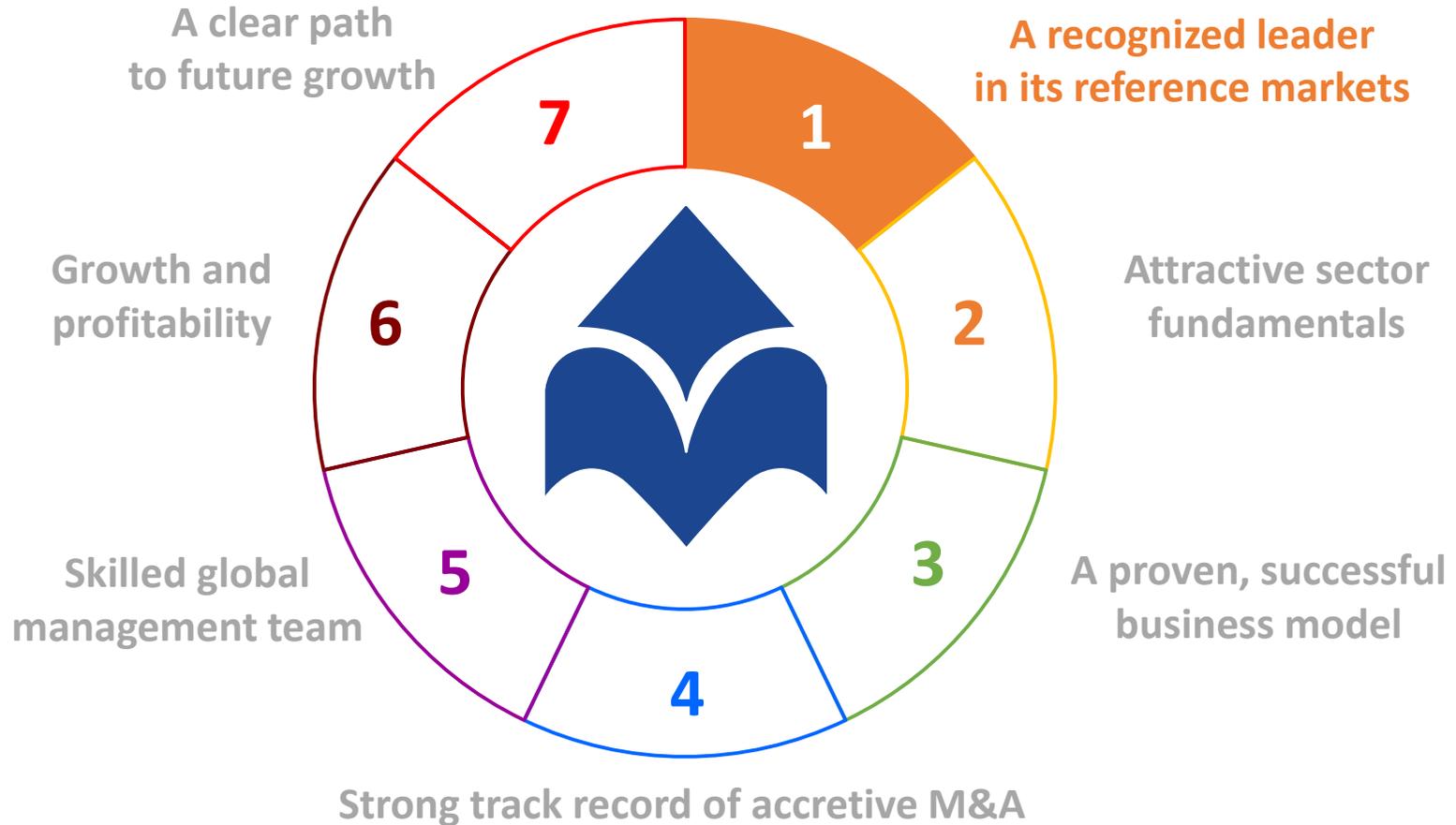


FILA has all the “colours” for a successful Business Combination with Space



1

# A recognized leader in its reference markets

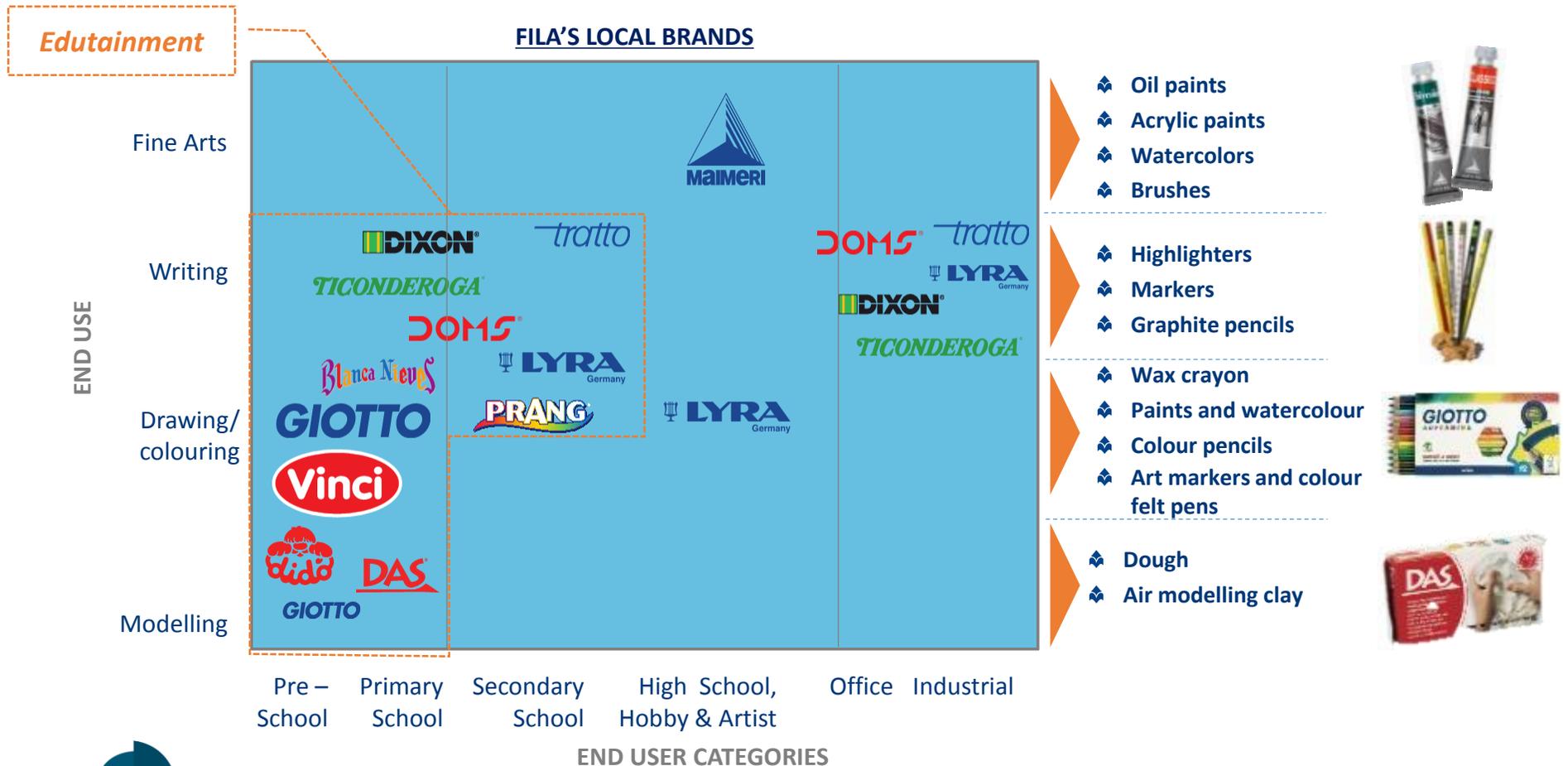


1

# A recognized leader in its reference markets



Within the **EDUTAINMENT** sector, FILA offers multiple drawing, colouring, modelling and writing solutions primarily to young children through established local brands



Source: Company data



1

# A recognized leader in its reference markets



COUNTRY	POSITION	MARKET SIZE 2013/ '09-'13 CAGR	MARKET BREAKDOWN
US	<b>#1 in graphite pencils (45% market share)</b>	€574m / Value CAGR: 3.2% Volume CAGR: 0.8%	<ul style="list-style-type: none"> <li>Graphite pencils</li> <li>Colouring pencils</li> <li>Markers, colour felt pens, crayons</li> </ul>
Mexico	<b>#1 in colouring pencils (50% market share)</b> <b>#2 in graphite pencils (30% market share)</b> <b>#2 in crayons (23% market share)</b>	€198m / Value CAGR: 2.8% Volume CAGR: 2.2%	<ul style="list-style-type: none"> <li>Graphite pencils</li> <li>Colouring pencils</li> <li>Markers, colour felt pens, crayons</li> </ul>
India	<b>#2 in colouring pencils (20% market)<sup>(1)</sup></b> <b>#2 in graphite pencils (15% market share)<sup>(1)</sup></b>	€140m / Value CAGR: 10.2% Volume CAGR: 4.5%	<ul style="list-style-type: none"> <li>Graphite pencils</li> <li>Colouring pencils</li> </ul>
Italy	<b>#1 in colouring pencils (59% market share)</b> <b>#1 in colour felt pens/markers/crayons (49% market share)</b> <b>#2 in graphite pencils (12% market share)</b>	€102m / Value CAGR: 0.5% Volume CAGR: (2.9)%	<ul style="list-style-type: none"> <li>Graphite pencils</li> <li>Colouring pencils</li> <li>Markers, colour felt pens, crayons</li> </ul>

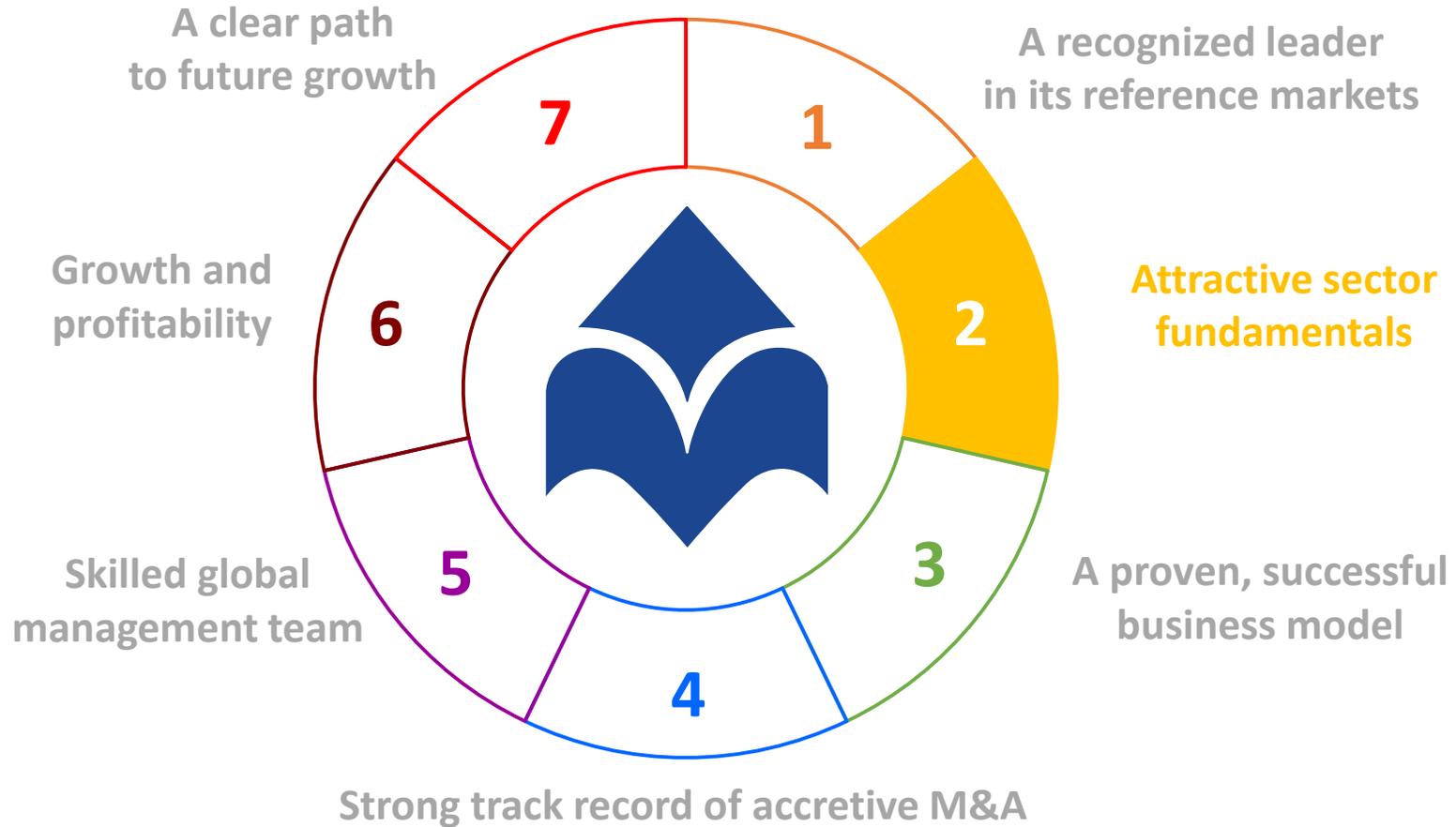


(1) Data referred to FILA's affiliate company Writefine Products Private Plc  
Source: Space and FILA Management estimates based on 2013 figures, EY analysis based primarily on (i) publicly available information, (ii) market reports and (iii) sample market interviews



# 2

## Attractive sector fundamentals





## Creative arts are essential development tools in early childhood education

### Resilient Growth in Developed Economies

- 2009-13 CAGRs 3.7% and 1.9% in North America and Europe, respectively
- Early education requirements and pre-primary enrollment trends contrasting digitalisation

### Fast Growth in Emerging Markets

- 449 million 0-14 y.o. children in India, Mexico and Brazil<sup>(2)</sup>
- Access to school and urbanisation

*A digital world without pencils?*

*“How do you nurture thinkers that can meet the challenges of this fast changing global world?” [...] Creative arts are powerful tools that inspire children to think in new ways, collaborate and make connections [...]”*

*Creativity and the Arts with Young Children - Authors: Rebecca Isbel and Shirley Raines<sup>(1)</sup>*

*“They [pencils, colour pencils,...] would not disappear, as they do stimulate knowledge creation and immediate creative expression: first time you have an idea it’s more instinctive and free to visualize it on paper than on a tablet. Afterwards it could be refined and improved with any digital tool. But the simplicity, the availability in any place of somewhere to write, would not be substituted by technology”*

*Executive Board Member of the Italian Association for Information Telecommunication and Consumer Electronic*

*“Global pen and pencil sales are growing and growth is expected to continue [...] Emerging markets are increasingly important to pen and pencil makers thanks to rising wealth and literacy rates. People are rediscovering the feel for a freshly sharpened pencil [...] Western consumers are shifting to higher-end products”*

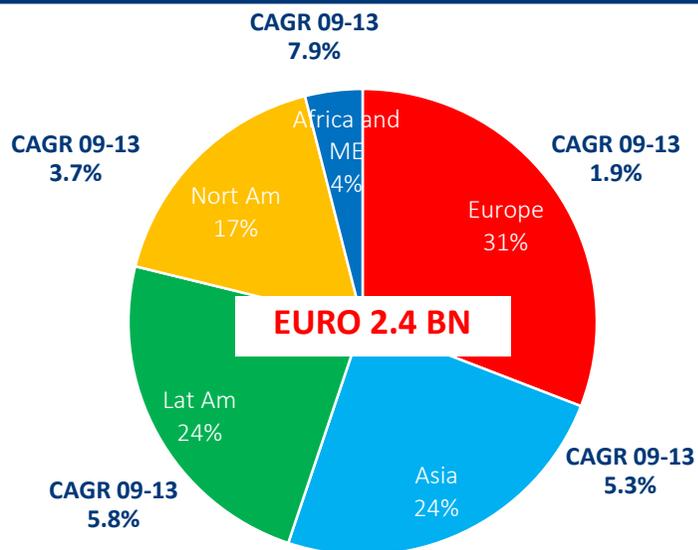
*Wall Street Journal 15-Oct-2014*

# Attractive sector fundamentals



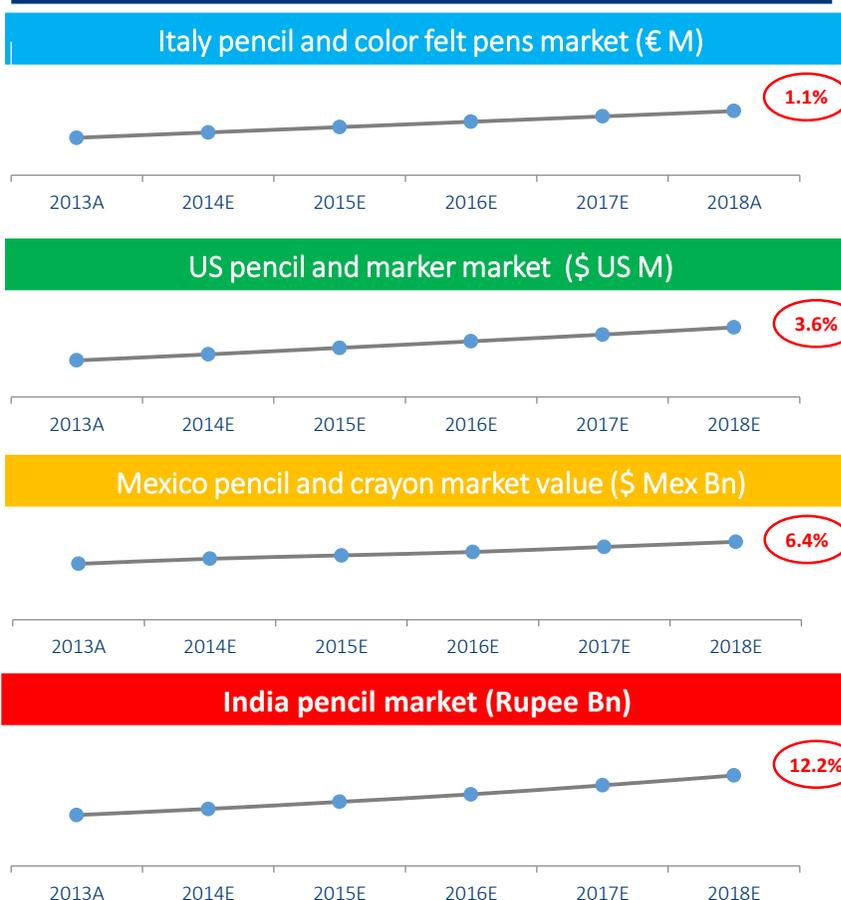
## Global growth with interesting opportunity in emerging markets

### GLOBAL COLOUR & GRAPHITE PENCIL MARKET<sup>(1)</sup>



- Colour and graphite pencils represent 43% of FILA 2013 revenues
- FILA reference markets (US, Mexico, India and Italy) account for 32% of global pencil market

### FILA REFERENCE MARKETS<sup>(1)</sup>



**% 2013-18 CAGR**

# 2

## Attractive sector fundamentals



### A Concentrated Sector with Few Emerging Global Players

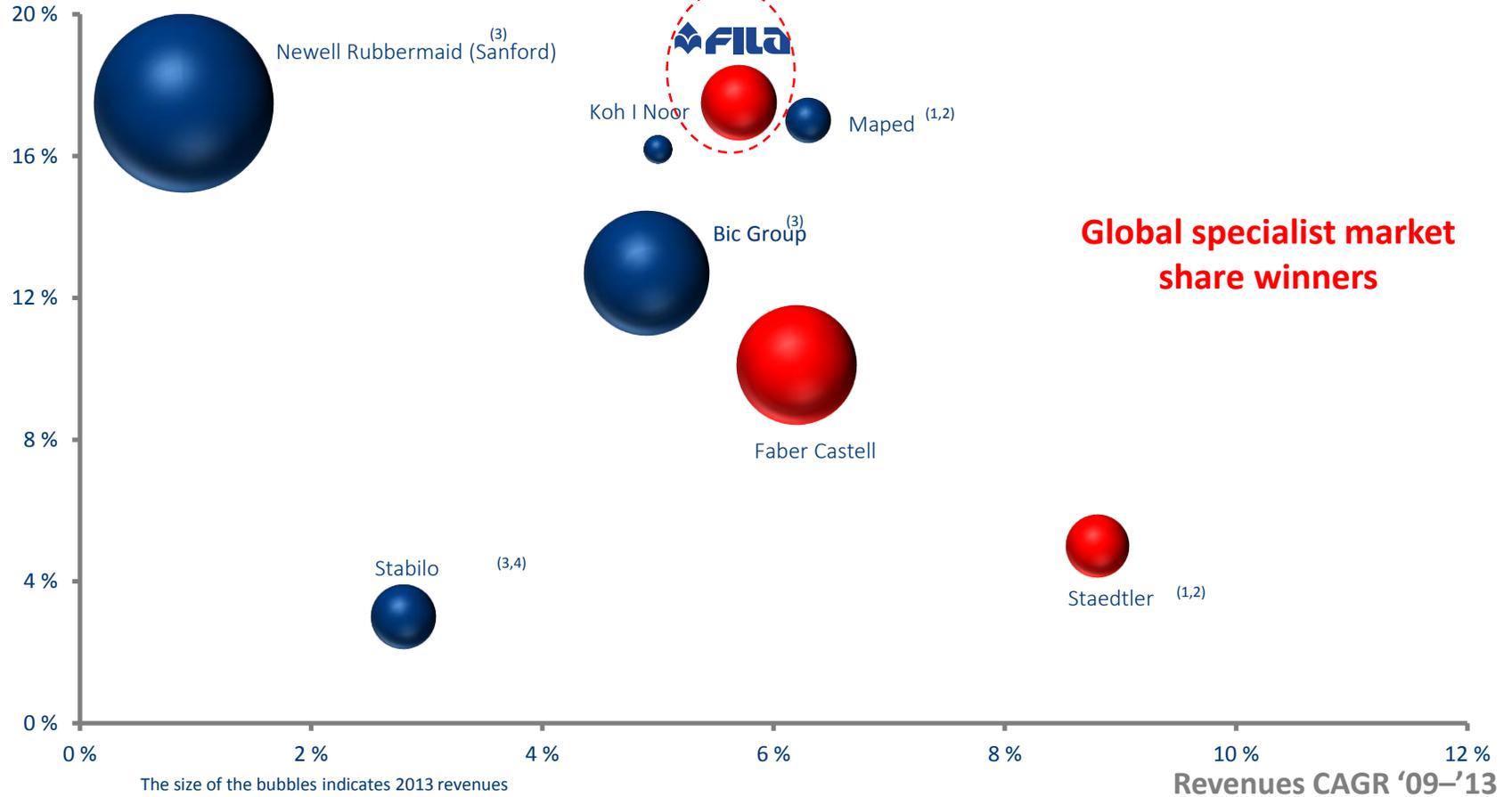


# Attractive sector fundamentals



## Leading Performance in Terms of Growth and Profitability

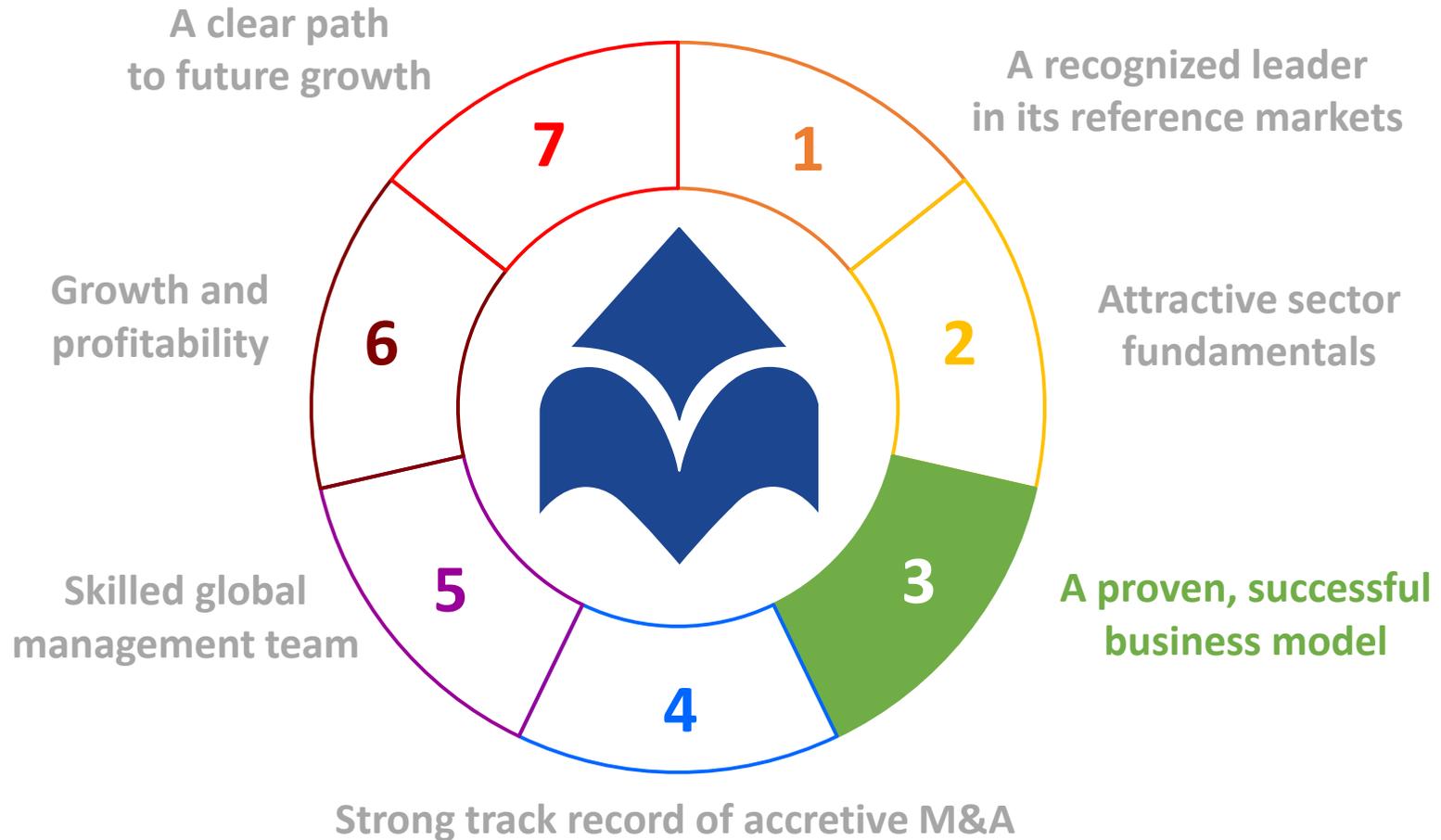
EBITDA margin 2013



The size of the bubbles indicates 2013 revenues  
 (1) Revenues 2012  
 (2) Revenues CAGR 09-12  
 (3) The figures refer to writing or stationery company division  
 (4) Management estimate of writing or stationery company division EBITDA margin 2013  
 Source: companies' annual reports, S&P Capital IQ, Bloomberg, AMADEUS

# 3

## A proven, successful business model

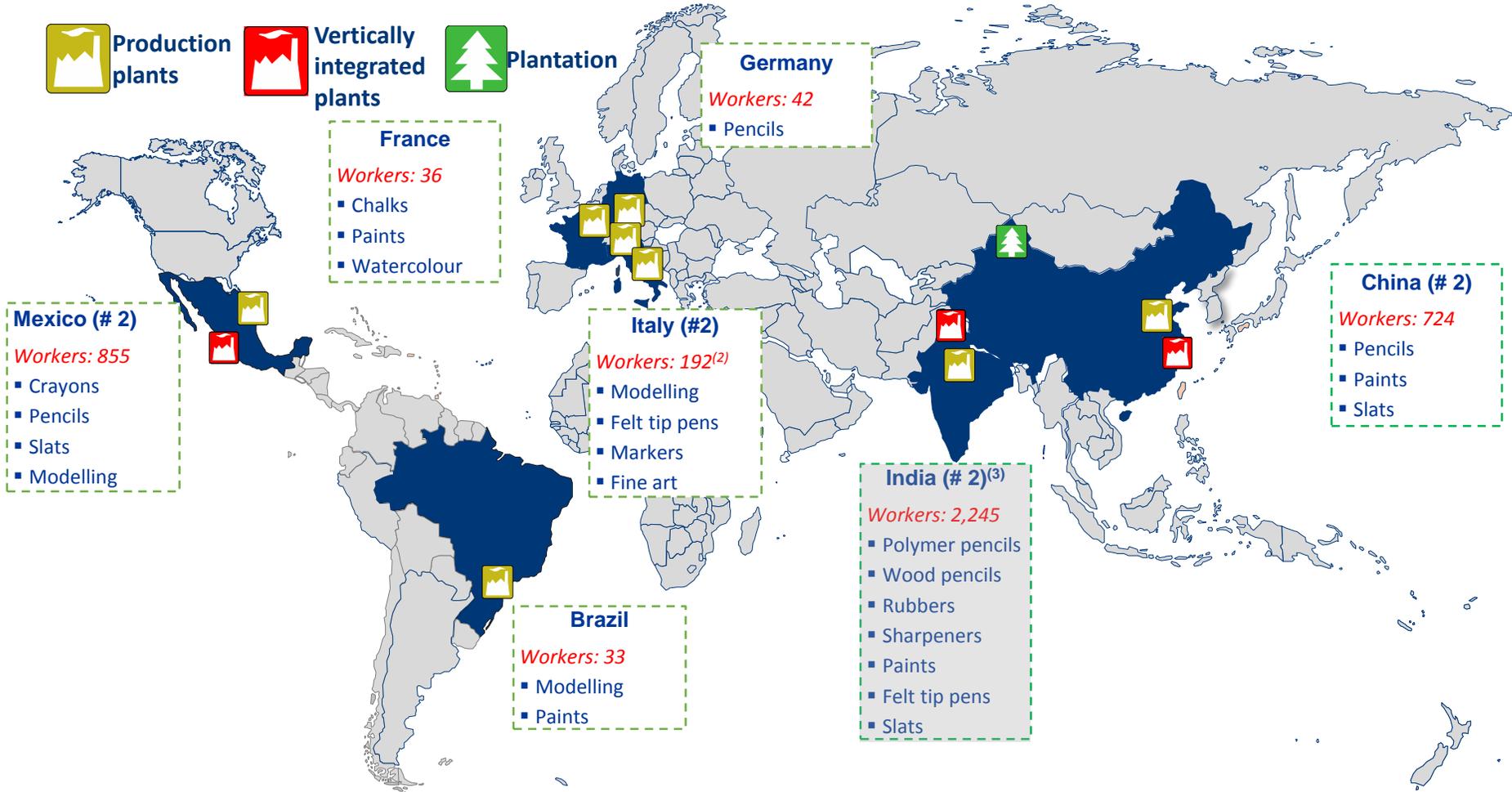


# 3

# Global manufacturing footprint



Presence in 3 continents with 11 plants, employing over 5,000 people<sup>(1)</sup>



(1) Including plants and employees of the Indian associate WFPL  
 (2) Thereof 46 workers refer to Industria Maimer's workers  
 (3) Not consolidated  
 Note: data only refer to workforce in the production plants as of Jun-14A





## VERTICALLY INTEGRATED

- One of 2 only players with vertically integrated production, able to start from the tree trunk to create a pencil
- Unique technological benefits from direct *slats* production



## UNIQUE ACCESS TO WOOD SOURCES

- **China plantation (~250k trees)**
  - Operating in ~6 years, savings ~€1m/year for the entire cycle
  - Covering 40% of FILA China wood needs
- **Indian and Mexican wood processing facilities close to local wood sources** (India: ca. 3.5m grosses, Mexico: ca. 2.0m grosses)
- **100% sustainable forest wood for pencils production** (Giotto, Lyra, Ticonderoga, Prang)



## HOLISTIC APPROACH TO SUPPLY CHAIN MANAGEMENT

- **Dedicated R&D teams in Italy, Mexico and China**
- **Global supply chain**
- **State-of-the-art manufacturing processes and technologies**
  - Polymer pencil
  - Wood-free plastic pencil with best-in-class quality off a one-single, continuous manufacturing process
- **Near-customer stock management**



# 3

# Complete range of products



## ANNUAL PRODUCTION

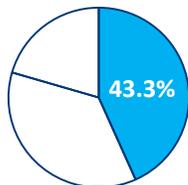
~1.6bn pencils

~600m chalks

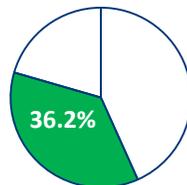
~500m felt pens

~3.5m litres of paints

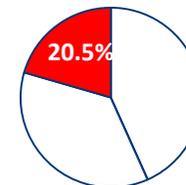
PENCILS



OTHER CREATIVITY TOOLS & PRODUCTS



OFFICE, INDUSTRIAL AND OTHER



DRAWING, COLOURING, PAINTING

GRAPHITE

DRAWING, COLOURING, PAINTING

MODELLING

OTHERS

MARKING

WRITING AND OTHERS

INDUSTRIAL PRODUCTS



- Coloured pencils
- Fine art coloured pencils

- Graphite pencils
- Fine art graphite pencils

- Art markers
- Paints
- Chalks
- Crayons
- Watercolours
- Paintbrushes
- Kit colour/drawing

- Modelling clay
- Playing clay
- Plasticine
- Kit modelling clay

- Glue and kit glue
- Gifts
- Other line colour/drawing
- Adhesives
- Rulers and squares
- Fine art makers
- Other fine art products

- Writing markers
- Highlighters
- Ball point pens

- Erasers and sharpeners
- Synthetic tip pen
- Correction products
- Other line writing
- Mechanical pencils
- Roller and gel pens
- Kit writing

- Industrial markers
- Industrial graphite pencils
- Industrial crayons
- Industrial chalks
- Other Industrial products
- Other line



Note: Pie charts show 2013 sales breakdown by product category



# High barriers for new entrants



## Key differentiating elements



## Highest quality standard of FILA's products through all segments

### 1. Brand awareness

Local brands with long tradition and extremely high brand awareness:

- Giotto > 90% recognition in Italy
- Vinci ~ 80% recognition in Mexico

### 2. Manufacturing technologies

State-of-the-art plants, able to deliver innovative products, maximising production efficiency

### 3. Full adherence to stringent safety standards



# 3

## A clear marketing & sales focus



FIRST CONTACT BETWEEN CHILDREN AND FILA GENERALLY OCCURS AT SCHOOL  
LONG STANDING PARTNERSHIP WITH TEACHERS AND EDUCATORS

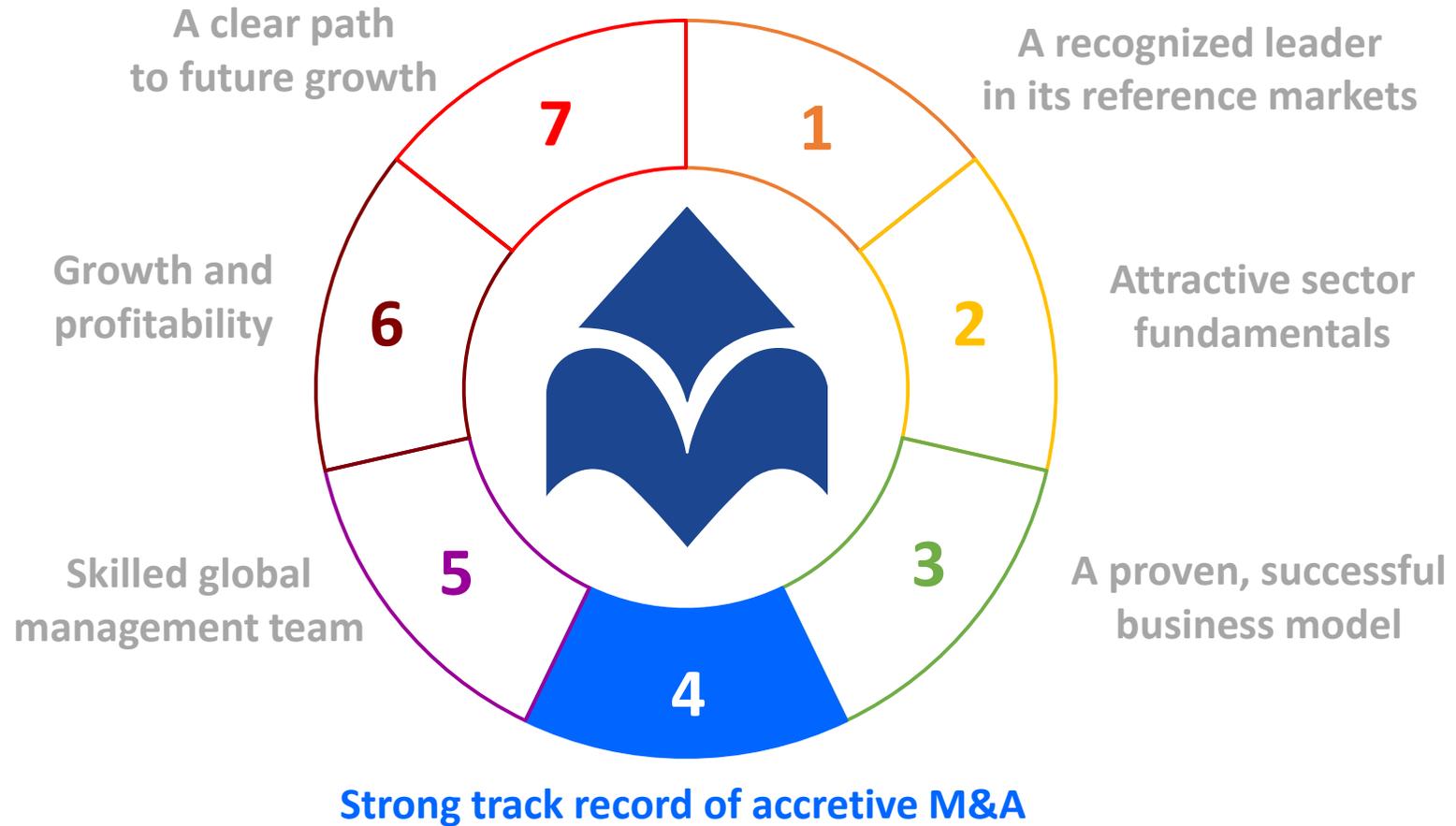
- Loyalty programs, training and education activities (Teacher's Day), awards for school classes
- Advertising, promotions, exhibitions and fairs
- Field promoters on the ground with central coordination
- Dedicated website where teachers share educational experience



- Products entry phase and strong market penetration
  - Brand positioning as "high quality at a fair price"
  - Transparent pricing policy
  - Complete product range offer
- 
- Active approach after brand and price positioning are established through the traditional trade (with the exception of US, mainly GD)
  - Attractive overall margins (as % of sales and volumes)
  - Reliable partnership with consistent pricing policies between chains and product line positioning

# 4

## Strong track record of accretive M&A



# 4

## Strong track record of accretive M&A



- From local company to a global player also thanks to external growth
- Successful integration of targeted acquisitions
- Confidence for future thriving M&A



# 4

## A tested approach for integrating acquisitions



### Acquisition of key local competitors and brands

- Maintain local well-known brands to save their own value
- Reinforce and develop local companies and brands with focus on performance and financial results

### Key integration steps

- Restructure and centralize corporate functions
- Introduce centrally tested production processes and state-of-the-art technologies
- Streamline manufacturing capacity as and where appropriate
- Leverage volume buying to improve margins
- Extend and evolve successful product lines
- Rationalize product and brand portfolio

### Case study: Acquisition of Dixon



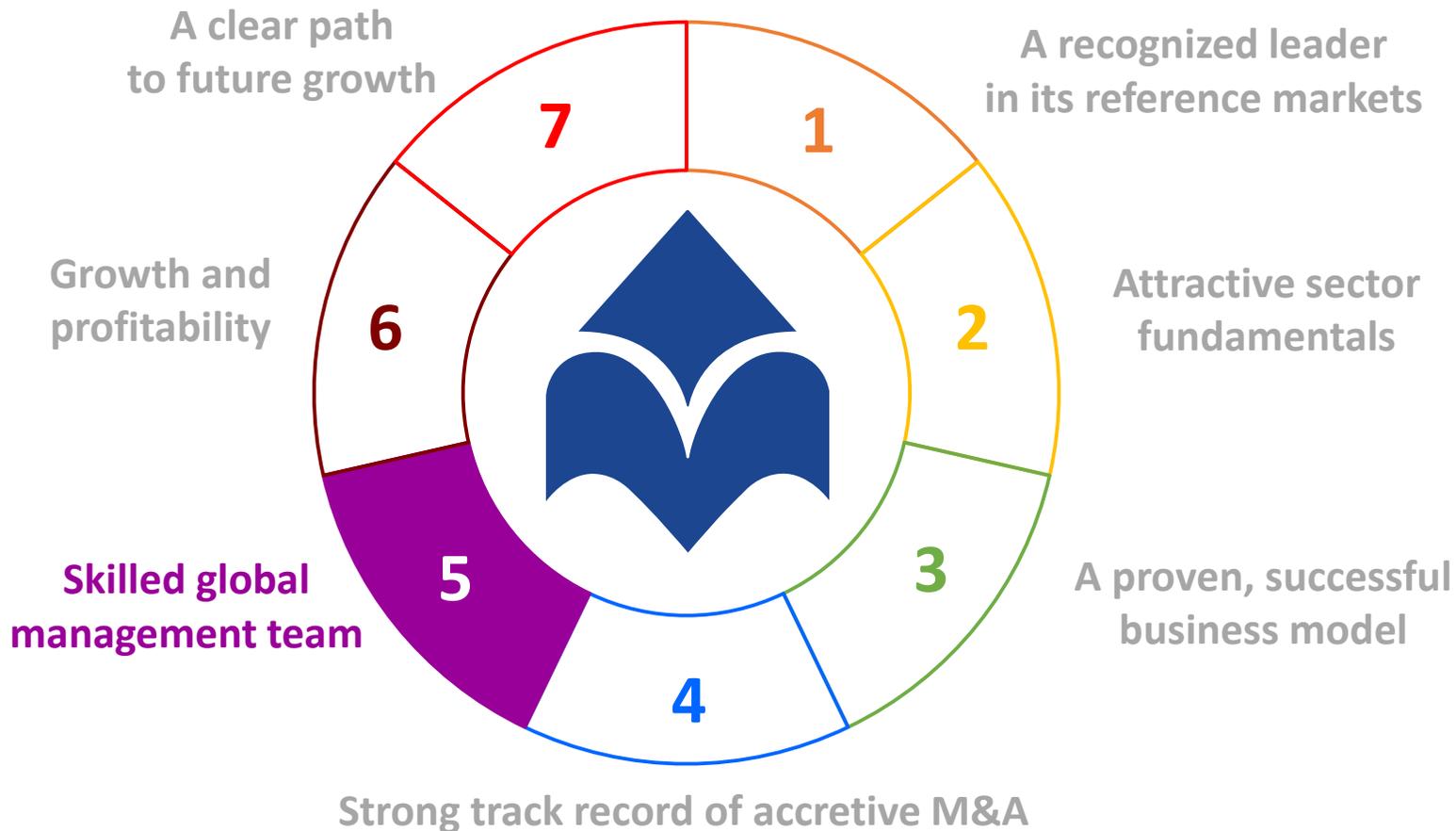
**DIXON**<sup>®</sup>  
DIXON TICONDEROGA COMPANY

- Complete turnaround
- Product quality improvement
- Revenues from €76.5m in Feb-Dec 2005 to €122.5m in 2013
- Adjusted EBITDA from €4.9m in Feb-Dec 2005 to €20.3m in 2013



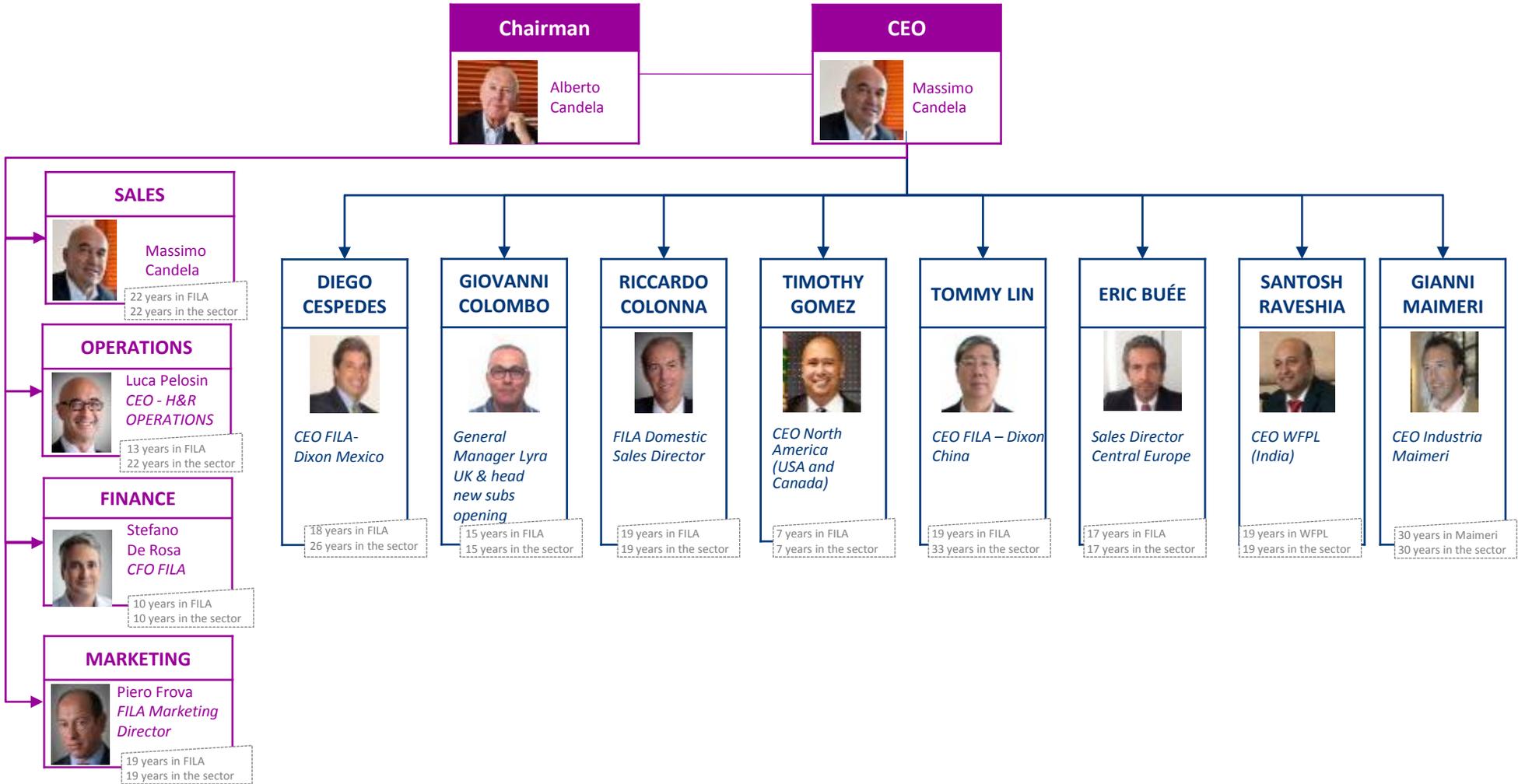
# 5

## Skilled global management team



# 5

## Skilled global management team



# 6

## Growth and profitability



# 6

## Growing in harsh economic climate



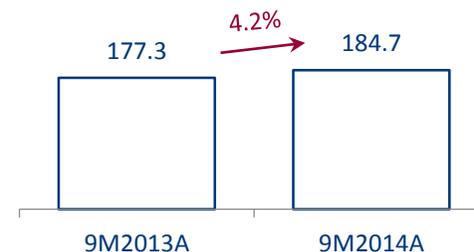
TOTAL REVENUES – FULL YEAR

(€ million)



TOTAL REVENUES – 9 MONTHS

(€ million)



Growth at constant FX

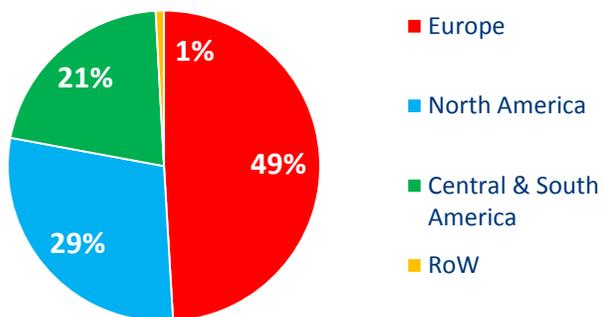
(1.1%)

3.4%

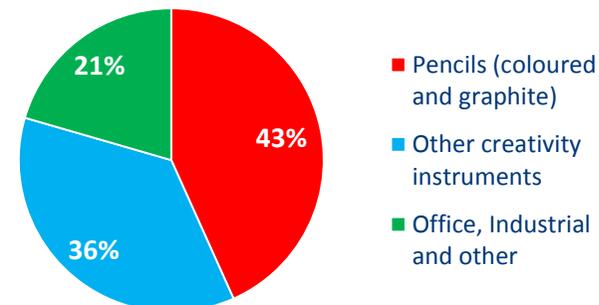
6.3%

8.0%

2013A SALES BREAKDOWN BY GEOGRAPHY



2013A SALES BREAKDOWN BY PRODUCT LINE



Note: For Fila Suisse (2011) and Fila South Africa (9M2014) the exchange rates of the respective time period were considered

Note: Maimeri revenues in the first 9 months 2014 equal to €4.6m

Note: financial data refer to fully audited accounts for FY2011, FY2012, FY2013, unaudited accounts for 9M2013 and limited reviewed accounts for 9M2014



# 6

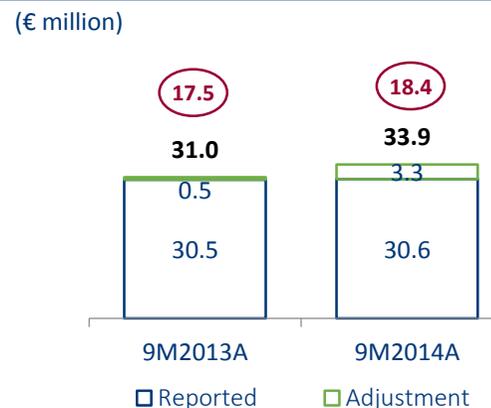
## Increasing profitability



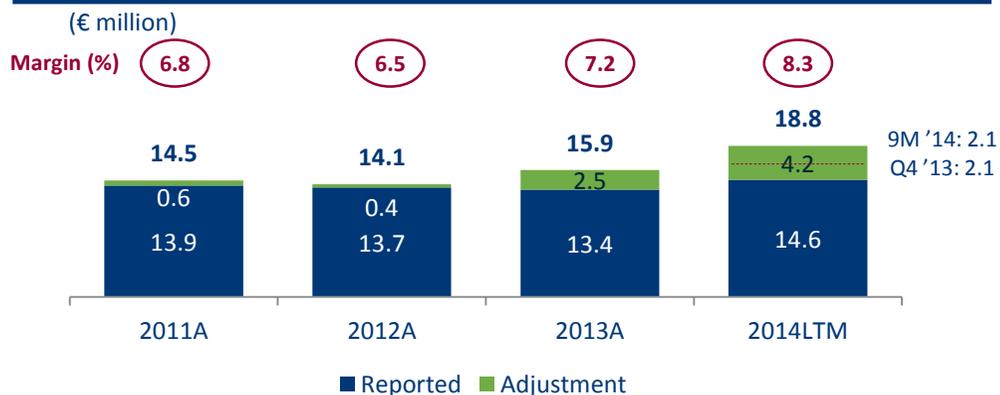
### ADJUSTED EBITDA<sup>(1)</sup> - FULL YEAR



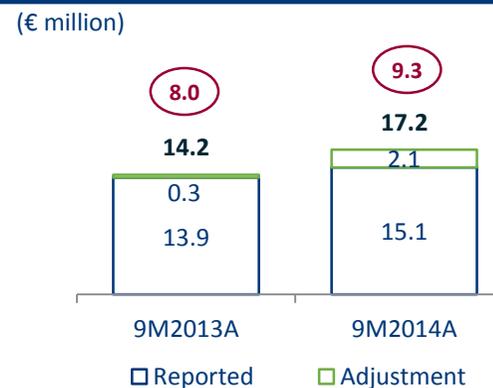
### ADJUSTED EBITDA<sup>(1)</sup> - 9 MONTHS



### ADJUSTED NET INCOME<sup>(2)</sup> - FULL YEAR



### ADJUSTED NET INCOME<sup>(2)</sup> - 9 MONTHS



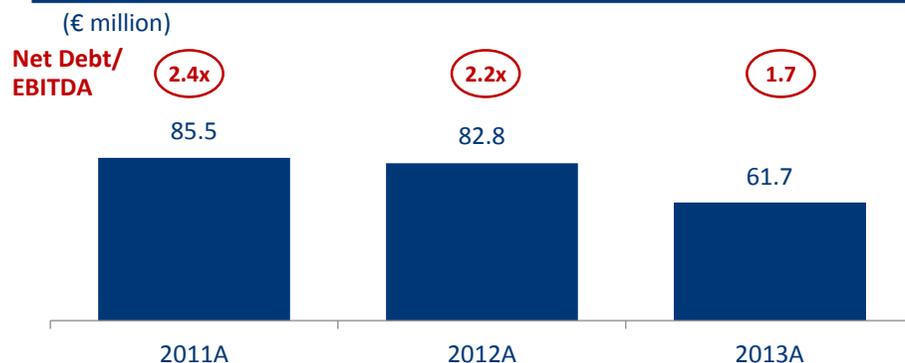
(1) Main adjustments to reported EBITDA are related to non recurring income and expenses such as plant relocation costs (€2.8 MM in 2014LTM), restructuring expenses (€0.2 MM in 2014LTM) and aborted acquisition costs (€2.7 MM in 2014LTM)  
 (2) Refers to Group net income. Adjustments related to non recurring items, net of tax effects

# 6

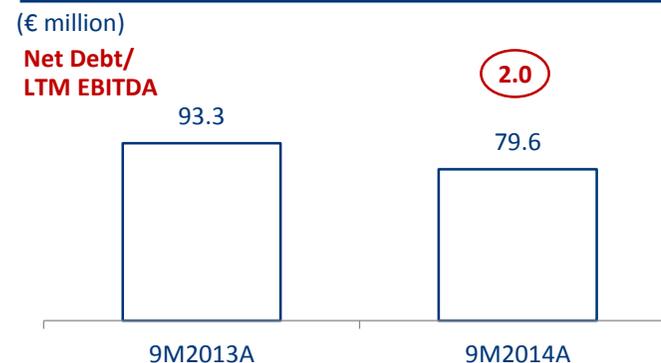
## Continuous cash generation



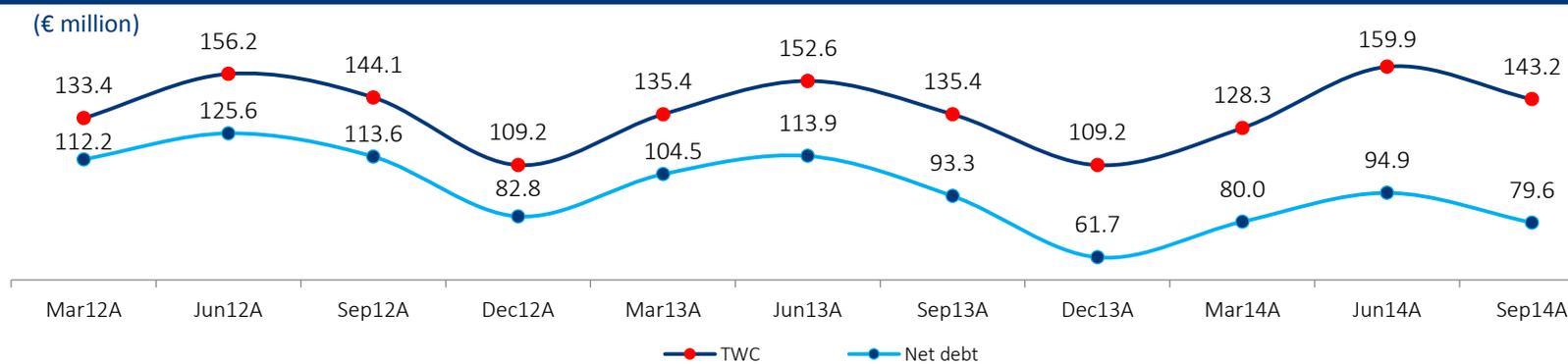
### NET DEBT – YEAR END



### NET DEBT – 9 MONTHS



### QUARTERLY TWC AND NET DEBT



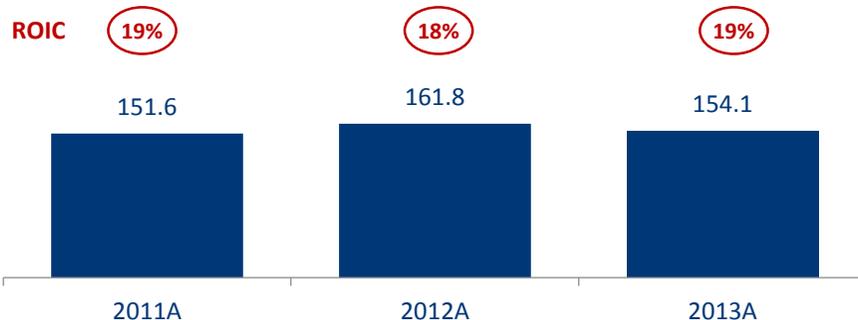
# 6

## Attractive Returns



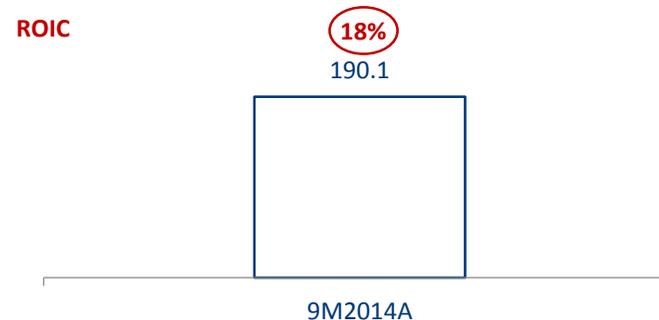
### NET INVESTED CAPITAL & ROIC<sup>(1)</sup>

(€ million)



### NET INVESTED CAPITAL & ROIC<sup>(1)</sup> – 9 MONTHS

(€ million)



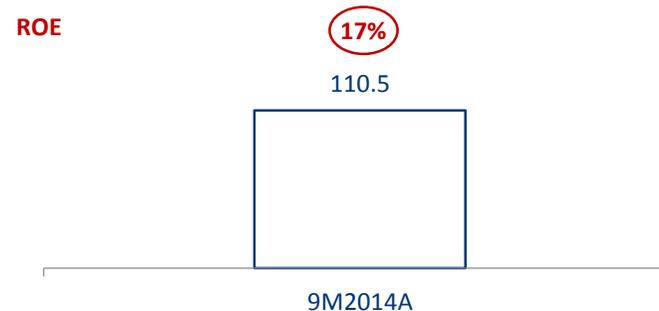
### EQUITY & RETURN ON EQUITY<sup>(1,2)</sup>

(€ million)



### EQUITY & RETURN ON EQUITY<sup>(1,2)</sup> – 9 MONTHS

(€ million)



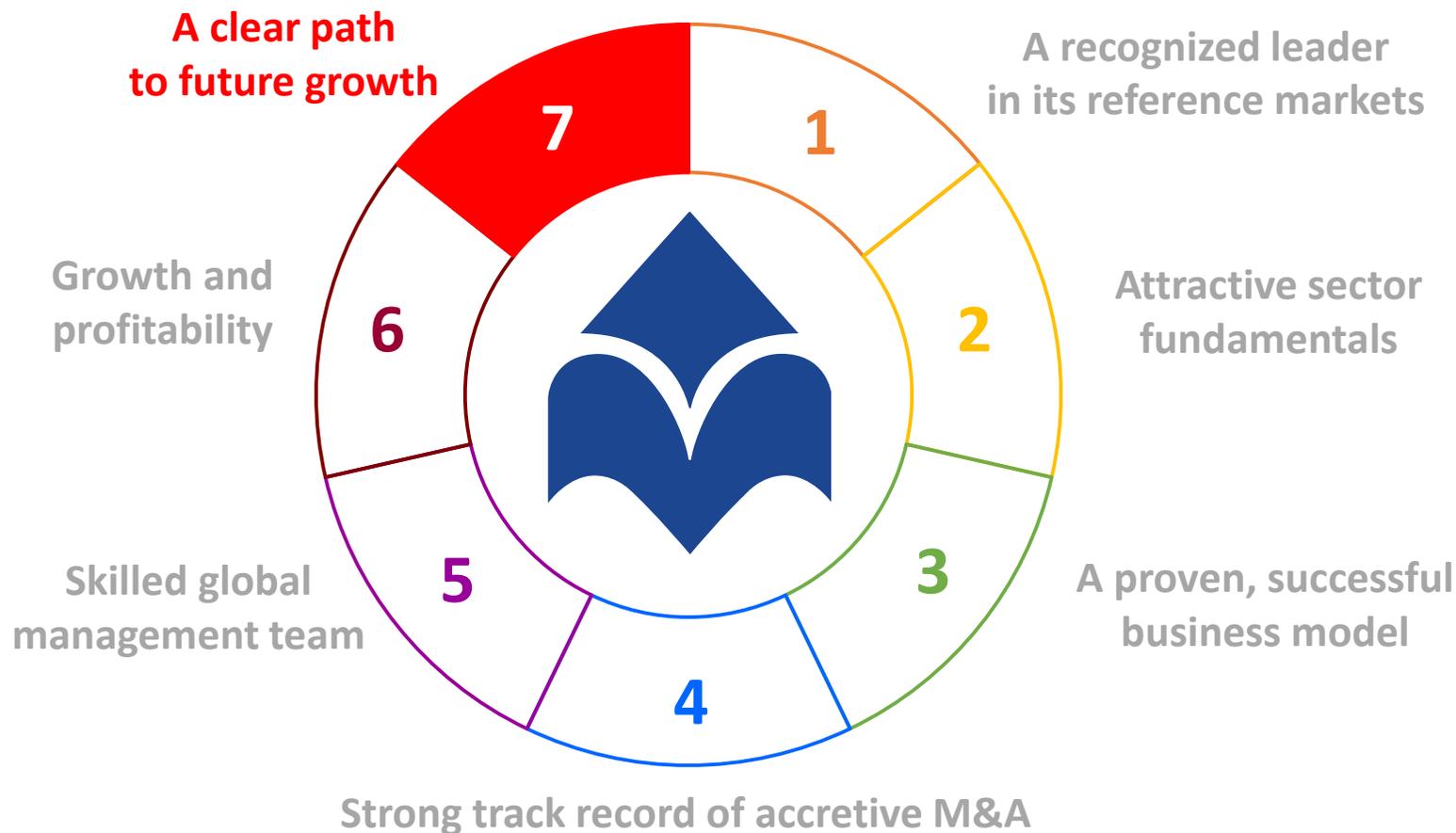
Note: EBIT calculated as EBIT plus non recurring income and expenses (equal to €3.9m in 2013; €0.6m in 2012 and €1.0m in 2011) such as plant relocation costs, restructuring expenses and extraordinary consultancy fees.

(1) Calculated on a LTM basis, based on invested capita and equity at year end

(2) Adjusted net income

# 7

## A clear path to future growth

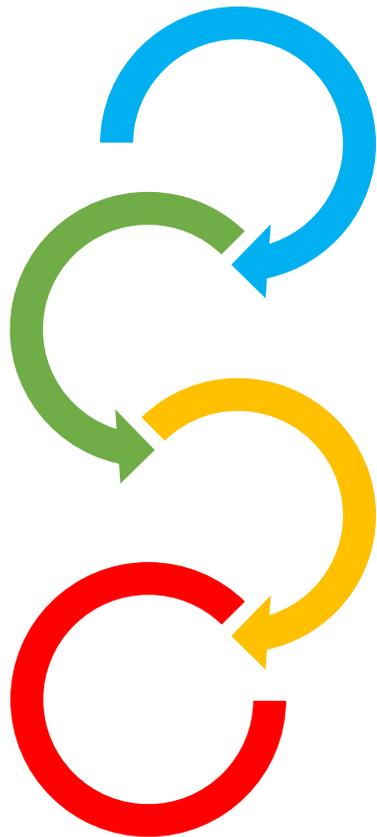


# 7

## A clear path to future growth



### Growth acceleration and focus on efficiency are FILA's core strategic goals



#### Further penetration in Emerging Markets through organic and M&A growth

- Call option on the Indian associate WFPL to raise to 50% of share capital in 2015
- Development of recent branches (South Africa, Indonesia, Poland, Greece)
- M&A opportunities in Far East and Central Latin America

#### Market share consolidation in Developed Markets

#### Growth in the hobby and fine art sector (focus on colour)

- Consolidate leveraging on commercial and production synergies
- Complement FILA product offering for all ages users

#### Focus on operational efficiency

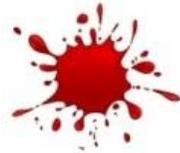
- Leverage on integrated value chain
- Improve asset rotation

# Summary investment highlights

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**LEADERSHIP IN AN ATTRACTIVE SECTOR**



**COMMITTED ENTREPRENEURSHIP TOGETHER WITH MANAGERIAL TALENT**



**PROVEN, SUCCESSFUL BUSINESS MODEL**



**ACCRETIVE M&A TRACK RECORD**



**CLEAR PATH TO FUTURE GROWTH**

*A unique platform to combine with Space*



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# Business Combination



**The Business Combination will be in the form of a merger of FILA into Space**

## KEY OBJECTIVES

1. Listing of FILA on the Italian Stock Exchange
  - Possibility to use also shares to pursue M&A targets
2. Provide financial resources to FILA to continue its growth strategy
  - Exercise option in 1H 2015 to raise FILA stake to 50% of WFPL
  - Pursue other already identified M&A opportunities
  - Develop new and recently opened branches
3. Provide a way out to existing FILA's financial shareholders

# Valuation



- **Approach:**  
DCF and multiples
  
- **Equity value: €228 m**
- **Enterprise Value<sup>(1)</sup>: €294 m**
  
- **Implied multiple on LTM financials<sup>(2)</sup>:**
  - LTM Adjusted EBITDA: 7.4x
  - LTM Adjusted Earnings: 12.1x



- **Approach:**  
Net Asset Value
  
- **Space NAV: €145 m**
  - Including valuation of Space tax assets arising from Space's IPO (ACE and NOLs)
  - + 8% than the capital raised at IPO
  
- **Space equity value of €10 per share**  
on a fully diluted basis <sup>(3)</sup>

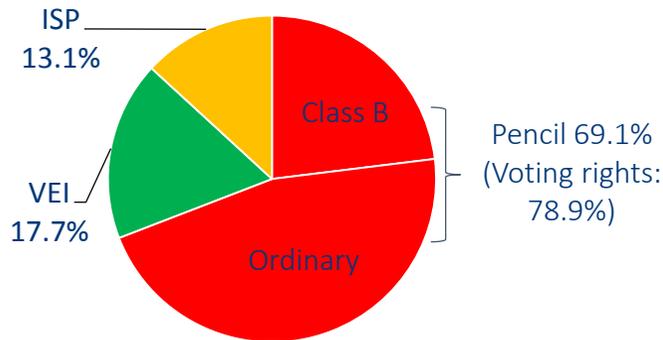
1) Based on net debt as of 30-Sep-14 of €79.7 million, WFPL associate book value of €6.4 million, minority interest of €1.5 million and working capital seasonality adjustment of €8.8 million

2) As of 30-Sep-14

3) Including the conversion of the first tranche of Space Sponsor Shares and shares underlying market warrants at NAV



# Pre-merger shareholder structures



- **Ordinary Shares<sup>1</sup>: 1,305,431 (77%)**
- **Class B shares: 390,824 (23%)**
  - Same economic rights
  - Triple voting rights (3:1) with respect to ordinary shares
  - Non transferable: 1-to-1 conversion in ordinary shares if sold
  - Class B shares entirely owned by Pencil
- **Share capital controlled by the Candela family through Pencil, a dedicated holding company (ordinary and class B shares)**
- **Increased voting rights to Pencil to allow flexibility using shares as a currency for growing**



- **Ordinary Shares: 12,999,999**
- **Sponsor Shares<sup>2</sup>: 460,000**
  - No entitlement to ordinary dividends, no voting rights
  - 5-to-1 conversion in ordinary shares at certain triggers
- **Market Warrants: 8,666,666**
  - Strike price: Euro 9.5 – Cashless, with maximum underlying shares of 2,333,333
  - 1 warrant every 3 shares delivered to shareholders at IPO– Currently listed
  - 1 warrant every 3 shares to be assigned at Business Combination<sup>3</sup>
- **Sponsor Warrants: 690,000**
  - Strike price: Euro 13 – Cash exercise



(1) Net of 180,075 treasury shares that will be cancelled at the merger completion  
 (2) Sponsor Shares held by Space Holding  
 (3) Only to shareholders that do not exercise any way out rights at Business Combination



# Key transaction elements



3 key steps, all occurring simultaneously at merger completion

**A**

## Space acquisition of interests in FILA

- Space acquires a 17.1%<sup>1</sup> interest in FILA from financial investors (ISP, VEI), subject to merger completion
- No share sale from Pencil

**B**

## Contingent distribution of Space reserves

- Space ordinary and special shareholders potentially receive a distribution of reserves, subject to merger completion and the ultimate outcome of the Buy-back

**C**

## Merger

- Merger by incorporation of FILA into Space
- FILA shareholders<sup>2</sup> receive new Space Shares in exchange for FILA shares<sup>3</sup>

**Total net cash contribution into FILA between €~50 and ~65 m**

# A Space acquisition of interest in FILA

---



- **Space acquires a 17.1% interest in FILA**
  - 13.1% from Intesa San Paolo, equal to its entire interest in FILA
  - 4.0% from VEI
    - VEI's residual interest in FILA prior to merger completion equal to 13.7%
- **Acquisition cost for Space equal to €39.1 m**
  - Corresponding to the equity value for 100% of €228 m
- **Transfer of shares subject to merger completion**
  - Executed at the closing of the Business Combination, concurrent with the other steps

## B Contingent distribution of reserves



- Space and FILA shareholders have agreed a maximum cash contribution from Space in the context of the Business Combination
- As a result, Space is providing for a **cash outflow of no less than €26.9 million from its available cash funds prior to the Business Combination**
- This will be determined as a function of
  - a) the amount required for Space to **buy Space shares back** as a result of the exercise of the put option or of the withdrawal rights ("Buy-back"), and
  - b) a contingent **distribution of reserves** to Space ordinary and special shareholders ("Distribution")
- In the event of Distribution, **holders of Market Warrants will also receive a payment** to preserve the economic value of the Warrants following required adjustments to both strike and acceleration prices. Such adjustments will apply *pari passu* to both Special Shares and Sponsor Warrants strike prices

**Maximum Distribution  
(in the event of no Buy-back)**



**€26.9 m**  
or €2.0 per share (both ordinary and special)

**Maximum payment to holders  
of Market Warrants  
(corresponding to Maximum Distribution)**



**€ 1.6 m**  
or €0.19 per warrant, including warrants detached  
further to the Business Combination

# C Merger

---



- Merger by incorporation of FILA into Space
- The resulting company assumes the name of FILA
- Price per FILA share equal to €134.4138, corresponding to an equity value for 100% of €228 m
  - Same value for both FILA Ordinary and Class B shares
- Price per Space share equal to €10.0 minus Distribution per share
  - At maximum Distribution per Space share of €2.0, the price per Space share will be equal to €8.0
- The exchange ratio for newly issued Space Ordinary or Class B shares for FILA Ordinary or Class B Shares, respectively is set as follows:
  - **€134.4138 / (€10.0 minus Distribution per Space share)**
  - At maximum Distribution per Space share of €2.0, the **exchange ratio** will be equal to **16.80x**

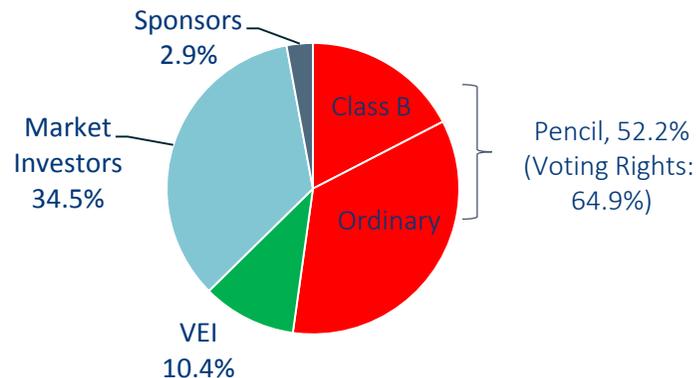
# Alternative scenarios at Business Combination



## Scenario 1: NO BUY-BACK

- Cash contributed by Space ~€63 m after:
  - Acquisition of interest: €39.1 m
  - Total Buy-back: nihil
  - Total Distribution: €26.9 m
  - Payment to Market Warrant holders: €1.6 m
- Exchange ratio: **16.80x**

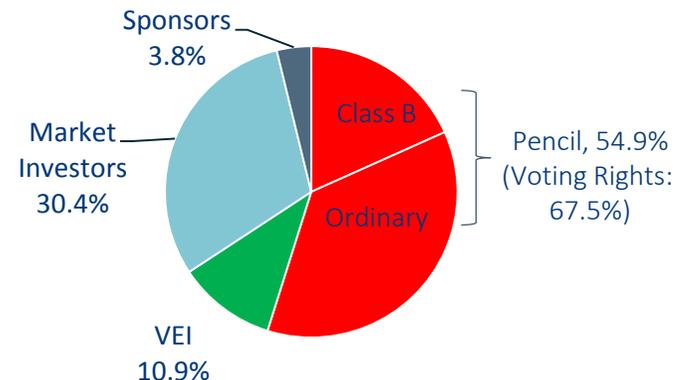
### Resulting Shareholders at Business Combination<sup>(1)</sup>



## Scenario 2: MAXIMUM BUY-BACK

- Cash contributed by Space ~€49 m after:
  - Acquisition of interest: €39.1 m
  - Total Buy-back: €42.5 m
  - Total Distribution: nihil
  - Payment to Market Warrant holders: nihil
- Exchange ratio: **13.44x**

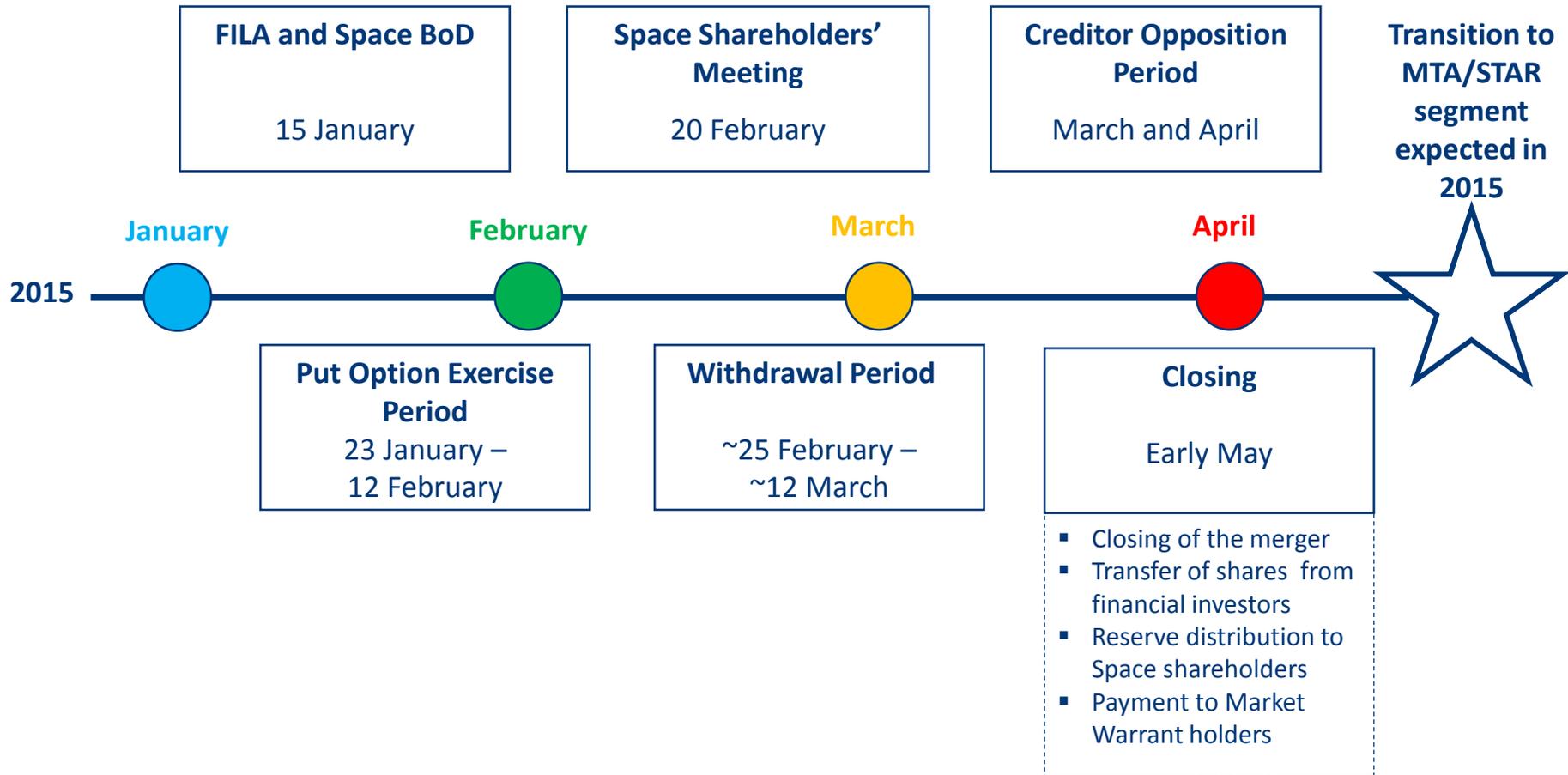
### Resulting Shareholders at Business Combination<sup>(1)</sup>



(1) In terms of economic rights. Shareholding includes the conversion of the first tranche of Sponsor Shares that will be completed 5 days after the Business Combination



# Transaction Timeline



# New FILA Corporate Governance



**Board of Directors will consist of 9 members**

**Gianni Mion will be Chairman and Massimo Candela CEO**

- In line with the **best practices provided by the Italian Stock Exchange**, the Board of Directors will include
  - 2 independent directors
  - 1 director elected by minority shareholders through voting lists mechanism
- **Shareholder agreement between Pencil, VEI and Space Holding** in place to define Board appointments:
  - Pencil will name 5 directors
  - Space Holding will name 2 directors, including 1 independent director
  - VEI will name 1 independent director



- **Lock-up obligations** for key shareholders
  - Pencil: 18-month lock up
  - Sponsors: 12-month lock up
  - VEI: 6-month lock up



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# Appendix



# FILA Income Statement



(€ million)	2011A	2012A	2013A	9M2013A	9M2014A
<b>PROFIT &amp; LOSS</b>					
Net sales	211.0	215.1	218.9	176.0	183.9
Other revenues	2.1	2.6	1.7	1.3	0.9
<b>Total revenues</b>	<b>213.0</b>	<b>217.7</b>	<b>220.6</b>	<b>177.3</b>	<b>184.7</b>
Raw materials	(106.3)	(80.4)	(85.9)	(69.1)	(78.1)
Service and third party costs	(47.7)	(48.7)	(50.9)	(38.2)	(43.6)
Other operating costs	(1.4)	(1.8)	(4.1)	(1.6)	(2.0)
Changes in inventory	19.8	(9.1)	(4.4)	(6.2)	4.9
Personnel costs	(42.5)	(41.3)	(42.2)	(31.8)	(35.2)
Amortization	(5.7)	(6.1)	(6.0)	(4.1)	(4.1)
Depreciation	(0.8)	(1.8)	(1.0)	(1.2)	(0.2)
<b>Total operating costs</b>	<b>(184.7)</b>	<b>(189.3)</b>	<b>(194.5)</b>	<b>(152.1)</b>	<b>(158.4)</b>
<b>EBIT</b>	<b>28.3</b>	<b>28.4</b>	<b>26.1</b>	<b>25.2</b>	<b>26.4</b>
Financial income	0.5	0.3	0.6	0.4	0.6
Financial expenses	(6.4)	(6.3)	(6.1)	(4.5)	(3.7)
Income/expenses from associates at equity/cost method	(0.2)	(0.1)	0.3	0.2	0.4
<b>PBT</b>	<b>22.2</b>	<b>22.4</b>	<b>21.0</b>	<b>21.2</b>	<b>23.6</b>
Taxes	(8.3)	(7.8)	(7.4)	(7.1)	(8.4)
<b>Net profit (loss) of continuing operating activities</b>	<b>13.9</b>	<b>14.6</b>	<b>13.6</b>	<b>14.1</b>	<b>15.2</b>
Net profit (loss) of discontinued operating activities	-	(0.9)	(0.2)	(0.2)	(0.1)
<b>Total net profit (loss) of the period</b>	<b>13.9</b>	<b>13.7</b>	<b>13.4</b>	<b>13.9</b>	<b>15.1</b>
Total net profit (loss) attributable to non controlling interests	0.1	(0.2)	(0.0)	0.1	0.3
<b>Total net profit (loss) pertaining to the group</b>	<b>13.8</b>	<b>13.8</b>	<b>13.4</b>	<b>13.8</b>	<b>14.9</b>

# FILA Balance Sheet



(€ million)	2011A	2012A	2013A	9M2014A
<b>BALANCE SHEET</b>				
Intangible assets	20.2	22.2	19.8	21.6
Fixed assets	25.0	23.7	22.5	24.4
Non current financial assets	1.2	1.1	0.3	0.8
Associates at equity method	-	6.0	6.1	6.4
Associates at cost method	0.0	0.0	0.0	0.0
Prepaid taxes assets	9.1	9.7	8.8	8.9
Other receivables	0.0	0.0	0.0	0.0
<b>Non current assets</b>	<b>55.4</b>	<b>62.6</b>	<b>57.6</b>	<b>62.1</b>
Current financial assets	-	0.1	0.1	0.1
Assets from current taxes	1.5	1.5	0.8	4.2
Inventories	90.8	81.5	74.2	86.0
Trade receivables & others	58.0	59.9	67.5	101.7
Cash & cash equivalents	32.6	26.1	35.8	19.3
<b>Current assets</b>	<b>182.8</b>	<b>169.1</b>	<b>178.4</b>	<b>211.3</b>
<b>Non current assets for sale</b>	<b>0.0</b>	<b>1.4</b>	<b>0.7</b>	<b>0.8</b>
<b>Assets</b>	<b>238.3</b>	<b>233.1</b>	<b>236.7</b>	<b>274.1</b>
Share capital	2.6	2.6	2.7	2.7
Reserves	3.2	3.4	5.0	8.8
Retained earnings	45.6	58.4	70.7	82.6
Net profit (loss) of the period	13.8	13.8	13.4	14.9
Minority Interests	0.9	0.7	0.5	1.5
<b>Shareholders equity</b>	<b>66.1</b>	<b>79.0</b>	<b>92.3</b>	<b>110.5</b>
Non current financial liabilities	54.8	46.4	28.3	24.7
Retirement benefit obligations	3.5	3.5	3.8	5.1
Provisions	1.0	0.8	0.6	0.8
Deferred taxes liabilities	6.3	7.6	6.0	5.9
<b>Trade payables &amp; others</b>	<b>65.6</b>	<b>58.3</b>	<b>38.7</b>	<b>36.5</b>
Current financial liabilities	63.3	62.6	69.3	74.4
Provisions	0.4	0.3	2.4	0.3
Current taxes liabilities	1.1	0.8	1.4	8.0
Trade payables & others	41.8	32.2	32.6	44.5
<b>Current liabilities</b>	<b>106.6</b>	<b>95.9</b>	<b>105.7</b>	<b>127.2</b>
<b>Liabilities &amp; Shareholders equity</b>	<b>238.3</b>	<b>233.1</b>	<b>236.7</b>	<b>274.1</b>

# FILA Cash Flow



(€ million)	2011A	2012A	2013A	9M2013A	9M2014A
<b>CASH FLOW</b>					
<b>EBIT</b>	<b>28.3</b>	<b>28.4</b>	<b>26.1</b>	<b>25.2</b>	<b>26.4</b>
Adjustments for non monetary costs	6.4	7.9	9.0	5.3	4.2
Adjustments for taxes	(8.7)	(8.1)	(6.8)	(4.5)	(5.2)
<b>Cash-flow from operating activities before changes in NWC</b>	<b>26.0</b>	<b>28.3</b>	<b>28.3</b>	<b>26.0</b>	<b>25.4</b>
<i>Changes in inventories</i>	<i>(20.0)</i>	<i>9.8</i>	<i>4.9</i>	<i>6.3</i>	<i>(5.1)</i>
<i>Changes in trade receivables &amp; others</i>	<i>(3.2)</i>	<i>(4.5)</i>	<i>(11.1)</i>	<i>(33.9)</i>	<i>(29.0)</i>
<i>Changes in trade payables &amp; others</i>	<i>0.9</i>	<i>(9.6)</i>	<i>0.8</i>	<i>(1.8)</i>	<i>6.3</i>
<i>Changes in other current assets/liabilities</i>	<i>0.2</i>	<i>(0.6)</i>	<i>0.2</i>	<i>(0.3)</i>	<i>(2.1)</i>
<b>Changes in net working capital</b>	<b>(22.2)</b>	<b>(4.9)</b>	<b>(5.2)</b>	<b>(29.8)</b>	<b>(29.9)</b>
<b>Operating cash-flow</b>	<b>3.8</b>	<b>23.4</b>	<b>23.1</b>	<b>(3.8)</b>	<b>(4.4)</b>
Investments in tangible and intangible assets	(5.4)	(3.1)	(3.7)	(2.6)	(3.9)
Other investments	0.1	(8.6)	0.1	0.0	0.0
<b>Cash-flow from investments</b>	<b>(5.2)</b>	<b>(11.7)</b>	<b>(3.6)</b>	<b>(2.6)</b>	<b>(3.9)</b>
Capital increase/reimbursement	-	-	6.1	0.0	0.3
Dividends	(1.7)	(1.5)	(1.6)	(1.5)	(1.5)
Net interests	(5.3)	(5.6)	(4.4)	(3.7)	(3.1)
<b>Cash-flow from financing</b>	<b>(7.0)</b>	<b>(7.1)</b>	<b>0.0</b>	<b>(5.2)</b>	<b>(4.2)</b>
Other changes	(1.4)	(1.4)	(0.6)	(0.6)	0.8
<b>Total cash-flow</b>	<b>(9.8)</b>	<b>3.2</b>	<b>18.9</b>	<b>(12.2)</b>	<b>(11.8)</b>
Effect of FX rate movements	0.8	(0.4)	2.2	1.7	(3.3)
Net financial position of acquired companies at acquisition date	-	-	-	-	(2.8)
<b>Changes in net financial position</b>	<b>(9.1)</b>	<b>2.7</b>	<b>21.1</b>	<b>(10.5)</b>	<b>(17.9)</b>

# FILA EBITDA Adjustments



(€ million)

	2011A	2012A	2013A	9M2013A	9M2014A
<b>EBITDA AND EBITDA ADJUSTMENTS</b>					
<b>REPORTED EBITDA</b>	<b>34.8</b>	<b>36.3</b>	<b>33.2</b>	<b>30.5</b>	<b>30.6</b>
<i>Plant Transfer</i>			2.5		0.3
<i>Extraordinary Advisory Fees</i>	1.0	0.4	1.2	0.1	2.7
<i>Personnel Restructuring</i>		0.2	0.3	0.4	0.3
<i>Other income / (Expenses)</i>			(0.2)		
<b>Total Adjustments</b>	<b>1.0</b>	<b>0.6</b>	<b>3.8</b>	<b>0.5</b>	<b>3.3</b>
<b>ADJUSTED EBITDA</b>	<b>35.8</b>	<b>36.9</b>	<b>37.0</b>	<b>31.0</b>	<b>33.9</b>

# FILA quarterly revenues and EBITDA



## QUARTERLY SALES AND REPORTED EBITDA



(1) Affected by extraordinary items



# Summary Financials – Writefine Products Private Plc



- In 2012, FILA invested in Writefine Products Private Plc (India) for a 18.5% stake (€6.1m)
- A put and call option agreement is in place between FILA and the majority shareholders of Writefine Products Private Plc
  - According to the agreement, if FILA will exercise the option, a stake of 50% will be held in Writefine India

## KEY FINANCIALS

<i>(INR/m)</i>	2013A	9M 2014A
Core business sales	1,719	1,677
EBITDA	247	230
EBITDA margin %	14.4%	13.7%
Net financial position	162	260

<i>(€/m)</i>	2013A	9M 2014A
Core business sales	22	20
EBITDA	3	3
EBITDA margin %	14.4%	13.7%
Net financial position	2	3



Note: key financials calendarized to December 31<sup>st</sup> of each year to take into account the fiscal year end of FILA. Based on EUR/INR exchange rate (P&L & BS) of 77.8753 and 85.3660 respectively for 2013A and EUR/INR exchange rate (P&L & BS) of 82.3003 and 77.8564 respectively for 9M 2014A  
Source: company data



# Executive VPs CV



## EXECUTIVE VPs

### MASSIMO CANDELA

- Role: CEO FILA
- Experience: 22 years in FILA

### LUCA PELOSIN

- Role: CEO Operations & HR FILA
- Experience: 13 years in FILA
  - 1992/2001 - Alpa Collanti S.r.l.: General manager
  - 1985/1992 - Studio Basilico & Associati: Consultant

### STEFANO DE ROSA

- Role: CFO FILA
- Experience: 10 years in FILA
  - 2001/2005 - BT/Albacom SPA: Internal Audit
  - 1999/2001 - Il Sole 24 Ore: Business Controller
  - 1994/1999 - Eni Spa/Divisione Agip: Controller and joint venture auditor
  - 1994 - Arthur Andersen Sas: Auditor

### PIETRO FROVA

- Role: Marketing Director FILA
- Experience: 19 years in FILA
  - 1993/1994 - Centrale del latte Brianza: Brand Manager
  - 1992/1993 - Parmalat S.p.A.: Product Manager

# Senior VPs CV



## SENIOR VPs

### DIEGO CÉSPEDES CREIXELL

- Role: CEO FILA-Dixon Mexico
- Experience: 18 years in FILA
  - 1988/1996 - Chairman and CEO Lapicera Mexicana

### GIOVANNI COLOMBO

- Role: General Manager Lyra UK & new sub resp
- Experience: 15 years in FILA
  - 1996/1999 - Consultant

### RICCARDO COLONNA

- Role: FILA Domestic Sales Director
- Experience: 19 years in FILA
  - 1991/1995 - Publiblocco Panda S.r.l.: Italy Sales Manager
  - 1986/1991 - Millenote System S.r.l.: Sales

### ERIC BUÉE

- Role: Sales Director Central Europe
- Experience: 17 years in FILA
  - 1992/1997 - Guinot: Sales and Export representative

### GIANNI MAIMERI

- Role: CEO Industria Maimeri S.p.A.
- Experience: 30 years in Maimeri

### TIMOTHY GOMEZ

- Role: CEO North America (USA and Canada)
- Experience: 7 years in FILA
  - 2008 - Intrepid Power Boats Largo: Director of plant operations
  - 2007 - Correct Craft Company: VP Operations
  - 2004/2007 - Brunswick Corporation: Director of Customer Service, Quality & Product Development Operations
  - 1992/2004 - ABB Inc. Heathrow: Director of Quality, Customer Service & Lean Six Sigma North America

### TOMMY LIN

- Role: CEO FILA – Dixon China
- Experience: 19 years in FILA
  - 1999/2000 - VP Dixon Tic. US
  - 1997/1998 - Purchasing Manager Dixon Tic. US
  - 1995/1996 - Marketing Manager Dixon Tic. US
  - 1981/1995 - Director of Import/Export Stationery products

### SANTOSH RASIKLAL RAVESHIA

- Role: CEO WFPL (India)
- Experience: 19 years in WFPL
  - 1995 - Shivani Trading Co: Sales representative

# Space Initial Capital Structure



Shares			
	#	Issue Price (Euro)	
Ordinary Shares	12,999,999	10	
Sponsor Shares	460,000	10	5-to-1 conversion in ordinary shares as follows: <ul style="list-style-type: none"> <li>• At Business Combination: 35%</li> <li>• Price at €11: 25%</li> <li>• Price at €12: 20%</li> <li>• Price at €13: 20%</li> </ul>

Warrant			
	#	Strike Price (Euro)	
Market Warrant	8,666,666	9.5	Cashless
	Half delivered to shareholders at IPO – Currently listed	Acceleration price (Mandatory conversion): Euro 13	Maximum underlying shares: 2.33 million
	Half to be assigned at Business Combination to non dissenting shareholders		Exercisable until the fifth anniversary of the Business Combination
Sponsor Warrant	690,000	13	Cash exercise Capital Increase: € 8.97 million

# Revised Terms of Space Financial Instruments



- The potential distribution of reserve will affect the key terms of Space financial instruments
- The adjustments will be based on an Adjustment factor K, as defined by the Italian Stock Exchange Corporate Action Handbook, equal to (Share price ex-distribution / Share price cum)

		Original Value	Value at Max Distribution (€2/share)
<b>ADJ. FACTOR K</b>	<ul style="list-style-type: none"> <li>▪ <b>K = Share price ex-distribution / Share price cum</b> <ul style="list-style-type: none"> <li>▪ Based on the last 6 month volume weighted average official share prices</li> </ul> </li> </ul>		0.80
<b>MARKET WARRANT</b>	<ul style="list-style-type: none"> <li>▪ <b>New Strike price = Old Strike Price * K</b></li> <li>▪ <b>New Acceleration Price = Old Acceleration Price * K</b></li> <li>▪ <b>The maximum number of shares underlying the warrants will remain 2,333,333 million</b></li> <li>▪ <b>Warrant holders will receive a payment equal to the last 6 month volume weighted average official warrant price multiplied by (1-K)</b></li> </ul>	€9.50 €13	€7.59 €10.39 €0.19
<b>SPONSOR SHARES</b>	<ul style="list-style-type: none"> <li>▪ <b>New Conversion Thresholds = Old Conversion Thresholds * K</b> <ul style="list-style-type: none"> <li>▪ New First Threshold = Old First Threshold * K</li> <li>▪ New Second Threshold = Old Second Threshold * K</li> <li>▪ New Third Threshold = Old Third Threshold * K</li> </ul> </li> </ul>	€11 €12 €13	€8.79 €9.59 €10.39
<b>SPONSOR WARRANT</b>	<ul style="list-style-type: none"> <li>▪ <b>Strike price will be multiplied by the adjustment factor K</b></li> </ul>	€13	€10.39

# Summary of Shares Issued at Business Combination



## SCENARIO 1: NO BUY-BACK FOR PUT OPTION AND WITHDRAWAL RIGHTS

- **Total shares issued to FILA shareholders: 23,615,831**
  - Ordinary Shares: 17,049,323
  - Class B Shares: 6,566,508

### ▪ **New FILA Shareholders Structure:**

	Ordinary	Class B	Sponsor Shares
Pencil	13,133,032	6,566,508	-
VEI	3,916,291	-	-
Market Investors	12,999,999	-	-
Sponsors	805,000	-	299,000
<b>Total</b>	<b>30,854,322</b>	<b>6,566,508</b>	

## SCENARIO 2: MAX WITHDRAWAL RIGHTS (33%)

- **Total shares issued to FILA shareholders: 18,892,721**
  - Ordinary Shares: 13,639,499
  - Class B Shares: 5,253,222

### ▪ **New FILA Shareholders Structure:**

	Ordinary	Class B	Sponsor Shares
Pencil	10,506,457	5,253,222	-
VEI	3,133,042	-	-
Market investors	8,718,562	-	-
Sponsors	805,000	-	299,000
<b>Total</b>	<b>23,163,061</b>	<b>5,253,222</b>	<b>299,000</b>