

Press Release

Edmond de Rothschild Investment Partners sells its shareholding in F.I.L.A. – Fabbrica Italiana Lapis e Affini S.p.A. to Palladio Finanziaria

Milan, 2 October 2013 - Edmond de Rothschild Investment Partners signed today an agreement with VEI Capital S.p.A., a private equity investment company of Palladio Finanziaria active in the mid-cap segment, for the sale of its minority shareholding in F.I.L.A., a leading stationery company active in colouring and writing instruments with a main focus on school products.

Since Edmond de Rothschild Investment Partners investment in 2010, F.I.L.A.'s revenues have grown by some 30% from 175 million euros in 2009 to around 220 million euros expected in 2013. During this period Edmond de Rothschild Investment Partners supported the Company in pursuing its external growth strategy with some 14 million euros invested in acquisitions in India (a minority stake of Writefine Products), Brazil (Lycin) and Mexico (Lapicera Mexicana).

The aim of this replacement transaction, which will also be followed by a capital increase funded by VEI Capital, is to give continuity to the growth plan devised by the Candela family, the majority shareholder of F.I.L.A., through the expansion in both new geographies and market segments with the objective of supporting the Company in fostering further growth in view of an expected IPO in the medium term.

Founded in 1920, F.I.L.A. is the oldest Italian company producing branded writing and graphic arts instruments as well as modelling products. The Candela family has been involved with F.I.L.A. since 1956 and in 1992 Massimo Candela, the current CEO, after gaining in-depth strategic and operational experience of the Group as a board member, took over the management of the Company starting an important process of internationalisation.

Over twenty years F.I.L.A. has completed several acquisitions including Adica Pongo in Italy (1994), Omyacolor in France (2000), Papeleria Mediterranea in Spain (2002), Dixon Ticonderoga (2005) in the US, Lyra in Germany (2008), Lapicera in Mexico (2010), Brazilian Lycin and a minority stake of the Writefine Products in India (2011). Following the acquisition of Dixon in 2005 and, subsequently, of Lyra in 2008, F.I.L.A. has become a truly international player with a strong presence in the key North American and Mexican markets. The two recent acquisitions in Brazil and India, two of the major markets in terms of growth prospects, allowed F.I.L.A. to further consolidate its international presence. The Indian market, in particular, is one of the largest school markets in the world with over 1,3 million schools (2009) and approximately 486 million students estimated to access the education market within 2025.

In the light of the several acquisitions made in the last few years, the Group currently owns a portfolio of leading brands (i.e. Giotto, Ticonderoga, Tratto, Lyra, Das, Pongo, Vinci, etc.) and has become a worldwide leader in wood cased pencils. The activity is highly integrated both vertically (i.e. including wood processing) and horizontally (i.e. 20 product categories). The production is carried out through 7 production facilities located worldwide which account for a total workforce of around 4,500 employees.

Edmond de Rothschild Investment Partners is a leading French private equity firm focused on development capital investments through Winch Capital 2. Major subscribers of Winch 2, a fund that raised 250 M€, are primary French institutions, among which the Caisse des Dépôts. The Italian investments of Edmond de Rothschild Investment Partners are carried out through Winch Capital 2 and Winch Italia, controlled by Mast Capital Partners, an independent advisor managed by Massimo Massari and Luca Ravano with a consolidated experience in the Italian private equity sector and already exclusive reference of Edmond de Rothschild in Italy.

The acquisition of F.I.L.A. marks the fourth investment of VEI Capital, an investment vehicle set up in 2010 by leading institutional investors such as Palladio Finanziaria, Assicurazioni Generali, Intesa Sanpaolo, Veneto Banca, Banco Popolare and Banca Popolare di Vicenza, with more than 500 M€ under management. VEI Capital has invested in SNAI S.p.A., the third operator in the Italian gaming and betting market listed on the Milan Stock Exchange, Global Ports Holding, handler of 3 major ports in Turkey (divested in 2013), and VEI Green, a holding company representing more than 100 MW of production capacity from renewable sources.