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**FILA\* ANNOUNCES UNAUDITED FOURTH QUARTER AND FULL YEAR 2002 RESULTS**  
**BACK TO OPERATING PROFITABILITY IN 2002**

(Biella, Italy, March 3<sup>rd</sup>, 2003) - Fila Holding S.p.A. (NYSE:FLH) today reported its unaudited results for the fourth quarter ended December 31, 2002 and its unaudited preliminary results for 2002.

Key highlights for the quarter and full year were the following:

- Fila is back to operating profitability in 2002: operating profit for the quarter was €4.7 million, compared to an operating loss of €25.5 million in the fourth quarter of 2001. For the full year operating profit was €20.0 million compared to an operating loss of €49.9 million last year.
- Gross profit for the quarter improved to 42.1% of revenues compared to 31.6% in 2001. Gross profit margin for the full year was 38.5% of revenues (35.3% in 2001).
- Significant reduction of net losses: 68% decrease to €16.6 million for the quarter and 42% decrease to €80.9 million for the full year.
- Net financial position, after the share capital increase of €105.5 million in the fourth quarter of 2002 due to the subscription of shares by Fila's principal shareholder, decreased to €189.9 million at year end from €359.8 million at the end of 2001.


In **U.S. dollars**, fourth quarter **net loss** was U.S.\$ 16.6 million compared with a net loss of U.S.\$ 46.7 million in the fourth quarter of 2001; for the full year, net loss was U.S.\$ 76.4 million compared with U.S.\$ 125.2 million in 2001.

On a per ADS/per ordinary share basis, net loss was U.S.\$ 0.38 per ADS/share in the fourth quarter of 2002 compared with U.S.\$ 1.52 per ADS/share in the same period of 2001, and the full year net loss was U.S.\$ 2.26 per ADS/share in 2002 versus U.S.\$ 6.00 per ADS/share in 2001. In each case, the number of shares outstanding reflects the 2 for 1 reverse stock split, effective September 23, 2002, and the issuance of additional shares, following the share capital increase in the fourth quarter of 2002 .

2002 results were impacted by some factors such as the discontinuation of the Australian and Brazilian subsidiaries in favor of a licensing strategy in those countries, the strong appreciation of the Euro against the US Dollar during the second half of the year, the restructuring process in the UK with considerable write-down of assets and the impact of exchange rate changes for Argentina and Brazil. Without these factors, the result before taxes for the full year would have been close to break even.



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The Euro appreciated by 12% against the U.S. dollar on a quarterly average basis; the average exchange rate was € 1= U.S.\$ 1.000 in the fourth quarter of 2002 and € 1= U.S.\$ 0.896 in the corresponding quarter of 2001. For the full year, the Euro appreciated by 5% against the U.S. dollar; the average exchange rate was € 1= U.S.\$ 0.945 in 2002 compared to € 1= U.S.\$ 0.896 in 2001.

**Worldwide revenues** for the fourth quarter were €180.6 million, down 19% from €223.6 million in the corresponding period of 2001; for the year, revenues decreased by 7% to €909.5 million and were flat when expressed in terms of constant exchange rate and continuing operations (i.e, excluding those subsidiaries discontinued at the end of 2001).

Total **backlog of customer orders\*\*** as of December 31, 2002, scheduled for delivery from January through June 2003, was down by 23% (in Euro) compared to the corresponding period in 2001, with apparel down by 24% and footwear down by 22%. Backlog is also adversely affected by the depreciation of the US dollar against the Euro, and on a constant exchange rate basis, total backlog would have decreased by 15%.

U.S. backlog increased by 7% in U.S. dollars (with apparel down by 2% and footwear up by 17%), with the Enyce brand and the Fila brand up by 4% and 9% respectively.

Outside the U.S. and excluding the markets where Fila sells its products on a delivery basis (including Korea), backlog decreased by 32% (in Euro).

**Net direct sales** in the fourth quarter of 2002 totaled €171.7 million, down 20% compared to €215.6 million in the corresponding period of 2001.

Apparel sales were €113.8 million and footwear sales were €57.9 million, down by 12% and 33% respectively compared with the fourth quarter of 2001.

Sales in the U.S. were €61.4 million in the quarter, decreasing by 17% from €74.4 million in the fourth quarter of 2001, despite an increase in Enyce Brand sales (up 3%); in Europe sales decreased by 19% to €55.4 million.

Sales in the Rest of the World were strongly impacted by exchange rate effects, with sales decreasing by 25% mainly due to a 72% sales drop in Latin America (down 27% on a constant exchange basis) and the Far Eastern countries. Korea, one of our strongest markets, experienced a 5% sales decline in Euro but was flat in local currency.

For the full year, net direct sales were €874.7 million compared with €945.0 million in 2001, decreasing by 7% (or 6% in terms of continuing operations). The U.S. increased by 10% whereas Europe and the Rest of the World decreased by 19% and 10% respectively.

**Royalty Income** in the quarter was €6.7 million compared with €5.7 million in the fourth quarter of 2001.

**Gross profit** for the quarter was €76.1 million, representing 42.1% of total net revenues, compared to €70.7 million (31.6% of total net revenues) in the fourth quarter of 2001.

The significant increase in profitability reflects the combined effect of many actions taken by the Company during the year to improve efficiency in the logistic process and of strong inventory control (with inventory turnover on cost of goods sold increasing from 2.69 to 3.48 ); this is in line with stock reduction policies that led to improved results in all the Group subsidiaries.

**SG&A expenses** for the quarter totaled €71.3 million (representing 39.5% of total net revenues), down by 26% versus €96.2 million (or 43.0% of total net revenues) in the same quarter of the previous year.



SG&A expenses for the year were €330.1 million (36.3% of total net revenues), versus €394.9 million (40.4% of total net revenues). The improvement in this area is due to the optimization of our cost structure and to streamlining in all areas of the company.

As a consequence of the above mentioned factors, **income from operations** in the quarter was €4.7 million compared with an operating loss of €25.5 million in the fourth quarter of 2001.

Also for the full year Fila is back to operating profitability with an income of €20.0 million compared to an operating loss of €49.9 million in 2001.

**Other expenses** for the quarter were €17.9 million compared with €17.3 million for the corresponding quarter of last year. Interest expenses were lower in the fourth quarter of 2002 due to the improvement in the net financial position of the Group.

For the full year, other expenses were €82.0 million compared with €62.9 million in 2001. The 2002 charges arose mostly from the restructuring of the UK subsidiary and from adjustments to the market value of some fixed assets, mainly in the U.S.

**Loss before income taxes** in the fourth quarter of 2002 was €13.2 million compared with €42.8 million in the same quarter of 2001.

**Income taxes** were €3.4 million in the fourth quarter of 2002 compared with €9.3 million in the corresponding quarter of 2001.

**Net loss** for the quarter was €16.6 million compared with €52.1 million in the fourth quarter of 2001. For the full year, net loss was €80.9 million compared with €139.7 million in 2001.

Marco Isaia, Chief Executive Officer of Fila, said:

" Our full-year 2002 results reflect the effects of the efforts we are making since a long time within the Company and the commitment of the entire Fila group worldwide and were achieved in a competitive market at a time of complex and uncertain economic conditions.

Our operating result is back to profitability. This was achieved through both a significant reduction in fixed costs and an improvement in gross profit, testifying to our efforts to improve every item in our statement of operations. I'm very glad about both the positive results in Korea and our success in the U.S. market, where the success of the Fila brand's re-launch was confirmed by increases in revenues and margins. As a result, Fila USA had slightly positive operating income.

The road to complete recovery is not easy, and it will be very challenging to achieve good financial results in 2003. Nevertheless, I believe that our success in streamlining our business model, together with better management and control of all of our operating activities and our new product development and brand repositioning projects, will provide the fundamental basis to re-launch Fila, especially in Europe".

**Net working capital** as of December 31<sup>st</sup>, 2002 was €191.6 million compared with €301.7 million as of December 31<sup>st</sup>, 2001 (a 36% decrease). Inventory as of December 31<sup>st</sup>, 2002 was €160.7 million, compared with €176.3 million as of September 30<sup>th</sup>, 2002 and with €235.0 million as of December 31<sup>st</sup>, 2001. Trade receivables as of December 31<sup>st</sup>, 2002 were €145.7 million compared with €202.6 million in the prior year and a significant improvement from €204.0 million as of September 30<sup>th</sup>, 2002.

**Net financial indebtedness** as of December 31<sup>st</sup>, 2002, after the share capital increase of €105.5 million, was €189.9 million compared with €359.8 million as of December 31<sup>st</sup>, 2001 and €326.9 million as of September 30<sup>th</sup> 2002.



Marco Isaia added: " I'd also like to highlight the improvement in our net financial position and the excellent achievements in our management of working capital from direct intervention in every area; we had an inventory turnover of 3.48 times in the full year 2002 compared to 2.69 in 2001, and 77 days sales outstanding improving by 7% versus the prior year".

Fila also announced that the share capital increase approved on September 23, 2002 was concluded on February 28, 2003. Besides the previously announced subscription of ordinary shares by Fila's principal shareholder HdP for €105.5 million, ADS holders in the United States exercised 21,704 rights in the aggregate for a total subscription price of Euro 34,726.40. Further, Fila announced that its annual shareholders' meeting will be held on April 11, 2003, in Milan.

Fila Holding S.p.A., headquartered in Biella (Italy), is a leading designer and marketer of athletic and casual footwear and of activewear, casualwear and sportswear. Fila has created strong brand recognition by marketing products with a high design and style content and by securing professional athletic endorsements.

*\* Any reference to Fila is to Fila Holding S.p.A. and its subsidiaries.*

*\*\* Backlog of customer orders is not necessarily indicative of total revenues for the respective periods, as the mix of future and "at once" orders may vary significantly from quarter to quarter and certain customer orders are cancelable.*

*This press release includes forward-looking statements, including statements concerning Fila's current expectations about its financial results for future periods. Due to various risks and uncertainties, including those discussed in the reports filed from time to time by Fila with the Securities and Exchange Commission, actual events and results could differ materially from those described in this press release. Fila will not update any forward-looking statements in this press release to reflect future events or developments.*

**FILA GROUP'S NET DIRECT SALES (Euro)**  
**FOURTH QUARTER**  
**ended December 31**

**FULL YEAR**  
**ended December 31**

<u>Euro million</u>	<b>2002</b>	<b>2001</b>		<b>2002</b>	<b>2001</b>	
	(unaudited)	(unaudited)		(unaudited)	(audited)	
UNITED STATES						
Apparel	36.3	40.5	-10%	172.6	151.9	+14%
Footwear	25.1	33.9	-26%	140.3	133.5	+5%
Total	61.4	74.4	-17%	312.9	285.4	+10%
EUROPE						
Apparel	35.8	40.6	-3%	161.9	184.8	-12%
Footwear	19.6	27.5	-29%	128.5	173.5	-26%
Total	55.4	68.1	-19%	290.4	358.3	-19%
REST OF WORLD						
Apparel	41.7	47.5	-12%	184.4	179.1	+3%
Footwear	13.2	25.6	-48%	87.1	122.3	-29%
Total	54.9	73.1	-25%	271.5	301.3	-10%
TOTAL FILA GROUP						
Apparel	113.8	128.6	-12%	518.9	515.7	+1%
Footwear	57.9	86.9	-33%	355.9	429.3	-17%
Total	171.7	215.6	-20%	874.7	945.0	-7%

Figures may not add due to rounding.

**BALANCE SHEET SUMMARY (\*)**

<u>Euro million</u>	<b>December 31, 2002</b>	<b>December 31, 2001</b>
	(unaudited)	(audited)
Trade receivables	145.7	202.5
Inventories	160.7	235.0
Other current assets	68.0	93.9
Accounts payable	(182.8)	(229.7)
<b>Working Capital (**)</b>	<b>191.6</b>	<b>301.7</b>
Net fixed and non current assets	120.3	163.8
<b>TOTAL NET ASSETS</b>	<b>311.9</b>	<b>465.6</b>
<b>Net Financial Position (***)</b>	<b>189.9</b>	<b>359.8</b>
Provision and Other Liabilities	15.5	17.1
Shareholders' Equity	106.5	88.6
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>311.9</b>	<b>465.6</b>

\* Certain amount in 2001 have been reclassified to conform to the 2002 financial statements' presentation.

\*\* Excluding cash and short term loans.

\*\*\* Short term and long term financial indebtedness less cash.

Figures may not add due to rounding.





**KEY FIGURES IN U.S. DOLLARS**  
***for the fourth quarter ended December 31, 2002.***

We publish our financial statements in Euro. For convenience, however, certain key results are presented herein as translated into U.S. dollars at the average exchange rates in effect for the respective periods. Converting Fila's consolidated results from Euro into U.S. dollars at the average exchange rate for each period, rather than at the period-end rate, is consistent with Fila's practice of converting the income statements of its foreign subsidiaries into Euro at the respective average exchange rates during the applicable period.

	<b>FOURTH QUARTER ended December 31</b>		<b>FULL YEAR ended December 31</b>	
	<b><u>2002</u></b> <b>(unaudited)</b>	<b><u>2001</u></b> <b>(unaudited)</b>	<b><u>2002</u></b> <b>(unaudited)</b>	<b><u>2001</u></b> <b>(audited)</b>
Net Revenues (U.S.\$/million)	180.6	220.3	859.5	875.5
Net Income/(Loss) (U.S.\$/million)	(16.6)	(46.7)	(76.4)	(125.2)
Net Income/(Loss) per ADS (*) (U.S.\$/ADS)	(0.38)	(1.52)	(2.26)	(6.00)
Number of ADSs outstanding (**):	43,245,570	30,555,206	33,753,873	20,835,508
Average exchange rate (U.S. dollars per Euro)	1.000	0.896	0.945	0.896

*\* Income or Loss per ADS were calculated by dividing Net Income or Loss by the number of ADSs outstanding during the period (each ADS representing 1 ordinary share).*

*\*\*Reflecting the reverse stock split in accordance with the Shareholders' meeting resolution dated September 23, 2002*



**FILA HOLDING S.p.A.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (1)**

	FOR THE THREE MONTHS ENDED DECEMBER 31,		FOR THE YEAR ENDED DECEMBER 31,	
	<u>2002</u> (unaudited)	<u>2001</u> (unaudited)	<u>2002</u> (unaudited)	<u>2001</u> (audited)
	(in thousands of Euro, except for earnings per share)			
<b>Net revenues:</b>				
Net direct sales	171,711	215,570	874,736	944,991
Royalty income	6,702	5,673	24,534	22,664
Other revenues	<u>2,158</u>	<u>2,347</u>	<u>10,230</u>	<u>9,514</u>
	180,571	223,590	909,500	977,169
Cost of sales	<u>104,519</u>	<u>152,927</u>	<u>559,363</u>	<u>632,078</u>
<b>Gross profit</b>	76,052	70,663	350,137	345,091
Selling, general and administrative expenses	71,307	91,447	330,088	390,220
Restructuring and other nonrecurring costs	<u>-</u>	<u>4,722</u>	<u>-</u>	<u>4,722</u>
	71,307	96,169	330,088	394,942
<b>Income (loss) from operations</b>	4,745	(25,506)	20,049	(49,851)
<b>Other expense:</b>				
Interest expense, net	(2,753)	(5,681)	(19,667)	(27,035)
Foreign exchange losses	(2,329)	(3,765)	(27,246)	(7,255)
Bank charges	(494)	(1,251)	(2,843)	(4,688)
Other expense - net	<u>(12,355)</u>	<u>(6,582)</u>	<u>(32,254)</u>	<u>(23,878)</u>
	<u>(17,931)</u>	<u>(17,279)</u>	<u>(82,010)</u>	<u>(62,856)</u>
Loss before income taxes	(13,186)	(42,785)	(61,961)	(112,707)
Income taxes	3,425	9,312	18,929	27,010
<b>Net loss</b>	<u>(16,611)</u>	<u>(52,097)</u>	<u>(80,890)</u>	<u>(139,717)</u>
Loss per share (in Euro) (2)	-0.38	-1.70	-2.40	-6.70
average number of ordinary shares outstanding (2)	43,245,570	30,555,206	33,753,873	20,835,508

(1) Certain amounts in 2001 have been reclassified to conform to the 2002 financial statements' presentation.

(2) reflecting the reverse stock split in accordance with the Shareholders' meeting resolution dated September 23, 2002

