



EXACOMPTA CLAIREFONTAINE

Madame, Monsieur,
Dear Shareholders,

At its 13 September 2018 meeting in Paris, the EXACOMPTA CLAIREFONTAINE Board of Directors, chaired by Mr François Nusse, reviewed and approved the Group financial statements for the six months ended 30 June 2018.

↳ Consolidated results

(€000)	H1 2018	H1 2017
Revenue	296,381	294,764
Operating income	4,828	9,652
Net income before tax	4,796	8,915
Net income after tax	4,337	6,354
Minority interests	0	0
Group share	4,337	6,354

↳ Segment information

(€000)	France	Europe	Outside Europe	Total
Revenue	183,848	96,997	15,536	296,381

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	145,943	223,728	(73,290)	296,381
Operating income	5,391	(142)	(421)	4,828

Paper

Despite statistics showing a 4% fall in sales of printing and writing papers in Western Europe, first half 2018 was marked by relatively sustained demand for our paper products. Production tonnage at our four paper mills increased by 2.6%. However, margins were pulled down by a 26% average year-on-year increase in pulp prices that was not matched by a corresponding increase in paper prices.

Processing

Over a 12-month period, French stationery and office supplies market growth is estimated at 0.7% (Institut I + C). Group consolidated revenue in this sector is flat, given that the decline in certain product categories was offset by sales of new products. Rising raw material prices are pulling margins down.

↪ **Group financial results**

As at 30 June 2018, with first half revenue of €296,381,000, Group gross borrowings amounted to €140,322,000 and shareholders' equity totalled €395,575,000. After deducting gross cash of €90,164,000, Group net borrowings amounted to €50,58,000.

The Exacompta Clairefontaine Group has negotiated several lines of credit with its banks. At the interim balance sheet date, no commercial paper had been issued out of a global programme of €125 million.

↪ **Outlook**

Given further increases in pulp prices, our paper production margin is expected to fall again in the second half. Processing margins will also decline.

The Group expects to generate full-year 2018 operating income below the previous year's figure (€22,581,000) but close to that of 2016 (€17,264,00).

THE BOARD OF DIRECTORS

Head of Financial Reporting
Jean-Marie Nusse - Executive Vice President