



EXACOMPTA CLAIREFONTAINE

Dear Shareholders,

At its 30 March 2017 meeting in Paris, the EXACOMPTA CLAIREFONTAINE Board of Directors, chaired by Mr François Nusse, reviewed and approved the Company and Group financial statements for the financial year ended 31 December 2016.

Consolidated results

(€000)	2016	2015
Income from continuing activities (Revenue)	597,865	571,110
Operating income	17,264	16,425
Net income before tax	13,728	15,089
Net income after tax	12,704	10,965
Minority interests	(1,105)	592
Group share	13,809	10,373

- Goodwill impairment is recorded under 2016 and 2015 net income, amounting to €3,347,000 and €2,150,000 respectively. 2016 earnings include an €63,000 badwill gain arising from the acquisition of a subsidiary.
- In connection with the gradual transition towards a 28% corporate income tax rate in France, a deferred tax profit of €4,455,000 was recognised.
- The consolidated financial statements were also impacted by a €4,714,000 earnout provision recorded in relation to the purchase of a subsidiary.

Segment information

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	265,491	460,316	(127,942)	597,865
Operating income (before goodwill impairment)	11,746	4,967	551	17,264
Net goodwill impairment		2,484		

(€000)	France	Europe	Outside Europe	Total
Revenue	387,681	180,764	29,420	597,865

Paper

In 2016, European production of uncoated printing and writing papers fell 2.9% (source CEPI). This long-term trend is mainly due to the decline in consumption. Nevertheless, we managed to keep our machines running at high capacity thanks to the closure or transfer of some competitors' production capacity and the development of new papers.

Reeled paper production by our five machines remained constant at 228,000 tonnes. Our profit margins recovered during the second half due to a fall in the pulp prices we pay.

Processing

The stationery market remained flat over the year as a whole, after a spike in the fourth quarter (source I+C).

Organisation of Group operations in this sector is being progressively optimised on the basis of European-scale logistics platforms. This generates momentum that helps us to develop exports and specialised products.

In view of our expansion in the field of digital photography, we have decided to set up a special department for this business.

↳ **Outlook**

The distinct upward trend in raw material prices will exert increasing pressure on our margins. Demand for both papers and manufactured articles is reticent. Our financial structure and the reputed quality of our products will continue to underpin our business during the coming years.

↳ **Group financial results**

The Group posted 2016 revenue of €597,865,000. At 31 December 2016, gross borrowings stood at €89,593,000 and shareholders' equity totalled €387,15,000.

In order to provide for its growth, the Group has negotiated several lines of credit with its banks. At the balance sheet date, no commercial paper had been issued out of a global programme of €125 million.

Group cash and cash equivalents amounted to €103,351,000 and the Group was able to fund capital expenditure from cash flow. Net cash at 31 December 2016 amounted to €13,758,000.

The 2016 financial statements have been audited and the certification reports are currently being prepared.

- The Board is calling an Ordinary General Meeting to be held on 31 May 2017, at which it will recommend a dividend of €2.60 per share.
- The next release will be made after the Board meeting called to approve the first half 2017 financial statements, scheduled for 7 September 2017.

THE BOARD OF DIRECTORS

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