



EXACOMPTA CLAIREFONTAINE

Dear Shareholders,

At its 12 September 2019 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 2019.

↳ Consolidated results

(€000)	H1 2019	H1 2018
Income from continuing activities (Revenue)	307,877	296,381
Operating income	3,955	4,828
Net income before tax	3,880	4,796
Net income after tax	3,219	4,337
Group share	3,219	4,337

The Group consolidated results are presented at constant consolidation scope. They do not include the results of Eurowrap, Biella and their subsidiaries acquired in spring 2019, given that these companies could not provide directly exploitable financial statements for first half 2019. However, the costs of these acquisitions (€1.2 million) are included in the Group consolidated results.

Regarding the transition to IFRS 16, the Group has applied the simplified retrospective approach which does not require restatement of the prior period financial statements for comparative purposes. IFRS 16, which came into force on 1 January 2019, has changed the Group's financial indicators via a €4.9 million increase in EBITDA, offset by an additional depreciation charge and interest expense. Application of the standard had no material impact on first half 2019 net income.

↳ Segment information

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	149,588	226,587	(68,298)	307,877
Operating income/(loss)	7,225	(3,147)	(123)	3,955

(€000)	France	Europe	Outside Europe	Total
Revenue	189,473	102,555	15,849	307,877

Paper

Sales of printing and writing papers in Western Europe fell 6% (Eurograph statistics).

For Exacompta Clairefontaine, the period was marked by low demand for paper made from new fibres and stronger demand for recycled fibre paper. Production at our four paper mills remained stable at 125,000 tonnes of paper reel. Pulp prices hovered around the same average as in first half 2018 and are trending downwards. Meanwhile, energy prices are rising sharply.

Processing

According to GfK market research consultants, first half sales of manufactured papers and filing articles in France fell 3.1% and 5.3% respectively year-on-year.

At Exacompta Clairefontaine, stationery sales by volume held up overall despite the uncertainty affecting some retailers. Margins reduced in some product ranges.

The Group has begun to develop synergies with Eurowrap, Biella and their subsidiaries, which are expected to kick in from 2020.

↳ **Group financial results**

As at 30 June 2019, with revenue of €307,877,000, Group gross borrowings amounted to €243,956,000 and shareholders' equity totalled €402,849,000.

The Group has negotiated several lines of credit with its banks.

Outstanding commercial paper issued by the Group amounted to €80 million at 30 June 2019, out of a global programme of €125 million.

With gross cash and cash equivalents of €93,765,000 at 30 June 2019, Group net borrowings amounted to €150,191,000.

The increase in debt is mainly due to two factors:

- The establishment of prefinancing arrangements for the Eurowrap and Biella group acquisitions in the form of commercial paper (€64 million).
- Application of IFRS 16, which led to all Group lease agreements being recognised on the consolidated balance sheet. This gave rise to a €36 million financial liability as at 30 June 2019.

↳ **Outlook**

Over the year as a whole, paper margins are expected to increase while processing margins continue to decline. At constant consolidation scope, operating income for the year is expected to be close to last year's figure (€14,922,000).

The consolidated financial statements for the year ended 31 December 2019 will include the results of the Group's latest acquisitions.

THE BOARD OF DIRECTORS

Head of Financial Reporting

Jean-Marie Nusse - Executive Vice President