



EXACOMPTA CLAIREFONTAINE

Dear Shareholders,

At its 22 March 2018 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 2017.

↳ Consolidated results

(€000)	2017	2016
Income from continuing activities (Revenue)	597,709	597,865
Operating income	22,581	17,264
Net income before tax	19,441	13,728
Net income after tax	12,866	12,704
Minority interests	0	(1,105)
Group share	12,866	13,809

- Goodwill impairment is recorded under 2017 and 2016 net income, amounting to €1,342,000 and €3,347,000 respectively. A €1,498,000 impairment charge on other intangible assets was recorded in 2017.
- The 2017 consolidated financial statements also include a €7,893,000 earnout payment in relation to the purchase of a subsidiary and a €4,714,000 writeback of the provision recorded in 2016.

↳ Segment information

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	266,921	459,266	(128,478)	597,709
Operating income (before goodwill impairment)	12,689	10,572	(680)	22,581
Net goodwill impairment		1,342		1,342

(€000)	France	Europe	Outside Europe	Total
Revenue	386,633	181,835	29,241	597,709

Paper

European production of uncoated printing and writing papers continued to fall, at a rate of 2.6% in 2017 (source CEPI). Reeled paper production by our five machines remained constant at 229,000 tonnes.

The average price of virgin pulp that we use increased by over €140/tonne between December 2016 and December 2017, while the average price of our papers rose only slightly. This discrepancy exerted increasing pressure on profit margins.

Processing

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

Although this sector was also hit by rising raw material prices, value added crept upwards thanks to robust sales of brand items and our diversification strategy.

↪ **Outlook**

Demand for our papers and stationery remained satisfactory at the start of this year. Pulp prices continue to rise and weigh on our margins. 2018 earnings guidance is therefore down on 2017 figures.

↪ **Group financial results**

The Group posted 2017 revenue of €597,709,000. At 31 December 2017, gross borrowings stood at €121,586,000 and shareholders' equity totalled €39,900,000.

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.

Gross cash and cash equivalents amounted to €136,618,000 and the Group was able to fund capital expenditure from cash flow. Net cash at 31 December 2017 amounted to €15,032,000.

The 2017 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 2018, at which it will recommend a dividend of €2.70 per share.
- The Board is calling an Extraordinary General Meeting on 31 May 2018 to amend the Articles of Association with a view to incorporating employee representation on the Board of Directors.
- The next release will be made after the Board meeting called to approve the first half 2018 financial statements, scheduled for 13 September 2018.

THE BOARD OF DIRECTORS

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