



EXACOMPTA CLAIREFONTAINE

Dear Shareholders,

At its 28 March 2019 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 2018.

↳ Consolidated results

(€000)	2018	2017
Income from continuing activities (Revenue)	603,099	597,709
Operating income	14,922	22,581
Net income before tax	14,924	19,441
Net income after tax	12,480	12,866
Minority interests	0	0
Group share	12,480	12,866

2018 earnings were impacted by a significant fall in operating income, as well as:

- a €1,800,000 reduction in net financial expense to virtually zero due to transactions related to currency gains and losses;
- a €4,131,000 reduction in tax expense due to (i) a reduced tax base and (ii) the inclusion of all French companies in the tax group, leading to a €1582,000 increase in the tax consolidation gain.

No impairment charges were recognised against goodwill or other items.

↳ Segment information

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	274,042	458,971	(129,914)	603,099
Operating income	5,026	10,299	(403)	14,922

(€000)	France	Europe	Outside Europe	Total
Revenue	382,819	192,117	28,163	603,099

Paper

In 2018, European production of uncoated printing and writing papers fell 1.8% (source CEPI). Production by our five paper machines increased 1.1% to 232,000 tonnes of paper reel. Once again, the main factor impacting the department's profitability was the increase in purchased pulp prices. The average price per tonne was €110 higher than in 2017 and €170 higher than in 2016. Capital expenditure totalled €12.3 million in 2018, mainly invested in logistics and specialised manufacturing processes.

Processing

The French stationery market was stable during the first half but was disrupted towards the end of the year by the repeated demonstrations on Saturdays, posting an average decline of 1.7% (source I+C). Notwithstanding these events, sales held up across all product categories and the productivity drive over the last few years allowed us to maintain our profit margins. Our export market is also developing due to greater international awareness of our brands. The processing division incurred capital expenditure of €14.1 million in 2018.

↪ **Outlook**

Rising raw material and energy costs have compelled us to revise our paper and stationery prices. Despite the somewhat reticent demand, 2019 operating income could amount to around the average for the previous two years.

We expect to complete two major acquisitions in order to achieve the diversification and geographical expansion required to drive the Group's growth.

↪ **Group financial results**

The Group posted 2018 revenue of €603,099,000. At 31 December 2018, gross borrowings stood at €118,423,000 and shareholders' equity totalled €402,269,000.

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 €115,345,000 and the Group was able to fund capital expenditure from cash flow. Group net borrowings stood at €3,078,000 at 31 December 2018.

The 2018 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 6 June 2018, at which it will recommend a dividend of €2.70 per share.
- The Board is also calling an Extraordinary General Meeting on the same day to vote on a capital increase reserved for members of a company employee savings plan and on an amendment to the Articles of Association regarding the thresholds defining the number of employee representatives on the Board (Art. 10.2.1.)
- The next release will be made after the Board meeting called to approve the first half 2019 financial statements, scheduled for 12 September 2019.

THE BOARD OF DIRECTORS

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