



# EXACOMPTA CLAIREFONTAINE

Dear Shareholders,

At its 26 March 2020 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 2019.

## ↳ Consolidated results

(€000)	2019	2018
Income from continuing activities (Revenue)	703,436	603,099
Operating income	19,828	14,922
Net income before tax	22,571	14,924
Net income after tax	17,067	12,480
Minority interests	0	0
Group share	17,067	12,480

The Group consolidated financial statements include Eurowrap and Biella, two companies acquired in 2019, for 9 and 6 months of operation respectively. 2019 net income includes a €5,024,000 badwill gain on first-time consolidation and a €708,000 goodwill impairment charge. The total impact of these items was a €4,316,000 increase.

The application of IFRS 16 leading to the capitalisation of leases had no material impact on net income but affected the Group's financial indicators. The most noteworthy effects are a €10,400,000 increase in EBITDA, offsetting additional depreciation charges and interest expense, and an increase in Group debt.

## ↳ Segment information

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	285,754	540,945	(123,263)	703,436
Operating income	11,068	8,712	48	19,828

(€000)	France	Europe	Outside Europe	Total
Revenue	398,479	276,723	28,234	703,436

## Paper

In 2019, deliveries of uncoated printing and writing papers from European plants to Western Europe fell 6% (source: CEPI). Exacompta paper sales increased 2.5% to 224,225 tonnes.

The decrease in pulp prices during the second half of 2019 was largely offset by the increase in energy costs. There was strong demand for recycled paper and high-end specialised products. Capital expenditure in the paper division amounted to €15 million and was mainly invested in production lines.

## Processing

The French stationery market posted an average decline of 1.4% for manufactured papers and 4.8% for filing articles (source: GFK). The prices of our products did not sufficiently reflect rising raw material costs. Our own sales were largely maintained thanks to our adaptation to changes in distribution, geographical expansion and the broadening of our product ranges. From this perspective, the prospects for development and synergy that led us to purchase Eurowrap and Biella are confirmed. Capital expenditure in the processing division totalled €21 million.

## ↳ **Outlook**

The persistent demand for our products and margins generated over the first few weeks of 2020 led us to forecast earnings growth for this year.

However, the new situation created by the current Covid-19 epidemic has disrupted our economic forecasts. At the time of writing, all units are continuing operations so as to meet customer requirements and safeguard our employees' jobs. We are taking all possible precautions to protect their health.

## ↳ **Group financial results**

The Group posted 2019 revenue of €703,436,000. At 31 December 2019, gross borrowings stood at €258,895,000 and shareholders' equity totalled €419,348,000.

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

At the balance sheet date, outstanding commercial paper issued by the Group amounted to €30 million out of a global programme of €125 million.

With gross cash and cash equivalents of €179,250,000 at 31 December 2019, Group net borrowings amounted to €79,645,000. Application of IFRS 16 led to the recognition of a €36,843,000 financial liability.

The 2019 financial statements have been audited and the certification reports are currently being prepared.

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- The Board is calling an Ordinary General Meeting to be held on 27 May 2020, at which it will recommend a dividend of €3 per share.
- The next release will be made after the Board meeting called to approve the first half 2020 financial statements, scheduled for 10 September 2020.

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THE BOARD OF DIRECTORS

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