Press release

Boulogne-Billancourt, 10 April 2018

# 2017 operating performances in line with forecasts
# Completion of Group refinancing end-March 2018

- **Sales down 3.3% to €2,377 million** (down 1.8% at constant exchange rates)
- **Increase in gross margin rate by 0.2 points to 24.5%**
- EBITDA at €84 million (down 4.3%); **EBITDA margin stable at 3.6%**
- **Gross margin up by 4.1% in Packaging and Visual Communication** which now accounts for 35% of Antalis' consolidated gross margin (up 2 points)
- Slight reduction in **net debt to €248 million** compared with 31 December 2016
- **Net profit of €9 million**
- At the Annual General Meeting, Antalis Board of Directors will recommend distributing **0.08 euro per share** for 2017

Commenting on the full-year results, Hervé Poncin, Chief Executive Officer of Antalis said: *"Antalis delivered solid operating performances in 2017 – underpinned by an EBITDA margin of 3.6% – in line with our forecasts. This reflects our ability to sustain our profitability thanks to our market leader position in the distribution of Papers and our strategy to transform our business model towards the growing, higher-margin Packaging and Visual Communication sectors. These businesses are continuing to grow and they now account for 35% of Antalis' consolidated gross margin. The refinancing of our syndicated credit facility and main factoring agreement secure our financing through 31 December 2021 and enable us to pursue our targeted acquisition policy, notably in the Packaging and Visual Communication sectors.*

## Consolidated income statement

The Board of Directors of Antalis have approved the 2017 financial statements and convened the Annual General Meeting for 23 May 2018.

| *(in € millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| **Sales** | **2,377.4** | **2,458.5** | **-3.3%** |
| Gross margin | 582.4 | 596.5 | -2.4% |
| *Gross margin rate (as a % of sales)* | *24.5%* | *24.3%* | *+0.2 points* |
| **EBITDA** | **84.4** | **88.2** | **- 4.3%** |
| *EBITDA margin (as a % of sales)* | *3.6%* | *3.6%* | - |
| **Current operating income** | **65.8**[1] | **64.4** | **+2.2%** |
| *Operating margin (as a % of sales)* | *2.8%* | *2.6%* | *+0.2 points* |
| **Net income (loss) attributable to owners** | **9.4** | **5.1** | - |
| Diluted earnings (loss) per share (€) | 0.13 | 0.07 | - |
| Average number of shares after dilution | 70,951,156 | 71,000,000 | - |

(1) Including a €2.3 million gain arising on a change to a Swiss pension plan.

Sales were down by 3.3% year-on-year to €2,377 million (down 1.8% at constant exchange rates). This reflects lower volumes in Papers and a negative forex impact amounting to €38 million (chiefly attributable to sterling). The acquisitions completed in late 2016 in each of the Group's three business sectors added €25 million to full-year 2017 sales.

The improved gross margin rate at 24.5% (up 0.2 points) reflects effective gross margin management in Papers in a context of sharp price increases, and continued growth in the Packaging and Visual Communication gross margin rates. These two sectors now contribute 35% of Antalis' consolidated gross margin, up 2 points on the previous year.

Antalis held its EBITDA margin at 3.6% thanks to an improved product mix and lower overheads driven by greater flexibility in the supply chain and the development of e-commerce. EBITDA declined by €4 million to €84 million and was penalised by a €2 million negative forex impact (mainly attributable to sterling).

Current operating income rose 2.2% to €66 million and included a €2 million gain arising on a change to a Swiss pension plan.

Antalis recognised €27 million in non-recurring expenses, mainly for restructuring and for costs related to the IPO and refinancing. Gains on disposals (sale & leaseback operations) amounted to €6 million.

After deducting net finance costs and taxes, net profit was €9 million for the year, compared with net profit of €5 million in 2016.

Antalis' debt fell by €6 million year on year to €248 million, thanks to efficient working capital management. Antalis' net debt/EBITDA ratio came out at 2.93x (2.88x at 31 December 2016).

The consolidated financial statements are currently being audited and the audit report will be issued once procedures have been completed (by the end of April).

## Key figures by geography

| *(in € millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| **Sales** | | | |
| Main European Geographies | 1,203.0 | 1,258.0 | -4.4% |
| - *UK & Ireland* | *619.3* | *663.3* | *-6.6%* |
| - *Germany & Austria* | *312.7* | *316.1* | *-1.1%* |
| - *France* | *271.0* | *278.6* | *-2.7%* |
| Rest of Europe | 944.6 | 973.5 | -3.0% |
| Rest of the World | 229.8 | 227.0 | +1.2% |
| **TOTAL** | **2,377.4** | **2,458.5** | **-3.3%** |
| **Gross margin** | | | |
| Main European Geographies | 273.1 | 287.2 | -4.9% |
| Rest of Europe | 245.0 | 248.7 | -1.5% |
| Rest of the World | 64.3 | 60.6 | +6.1% |
| **TOTAL** | **582.4** | **596.5** | **-2.4%** |
| **EBITDA** | | | |
| Main European Geographies | 41.9 | 45.1 | -7.2% |
| - *EBITDA margin* | *3.5%* | *3.6%* | *-0.1 points* |
| Rest of Europe | 32.8 | 33.4 | -1.7% |
| - *EBITDA margin* | *3.5%* | *3.4%* | *+ 0.1 points* |
| Rest of the World | 9.7 | 9.7 | - |
| - *EBITDA margin* | *4.2%* | *4.3%* | *-0.1 points* |
| **TOTAL** | **84.4** | **88.2** | **-4.3%** |

- *Main European Geographies*

The Main European Geographies generated sales of €1,203 million, down 4.4% year-on year (down 1.1% at constant exchange rates), reflecting the decline in Paper volumes and the depreciation in sterling. Gross margin came in at €273 million (down 4.9%) and the gross margin rate was stable at 22.7% (down 0.1 point).

The UK & Ireland reported sales of €619 million (down 6.6% on a reported basis and 0.4% at constant exchange rates), Germany & Austria €313 million (down 1.1%) and France €271 million (down 2.7%).

EBITDA for the Main European Geographies dropped 7.2% to 42 million, mainly attributable to the depreciation in sterling over the period. France and Germany & Austria improved their operating performances during the year, thanks notably to cost cutting measures. EBITDA margin remained stable year on year at 3.5% (down 0.1 point).

- *Rest of Europe*

Sales for the Rest of Europe declined by 3.0% year-on-year to €945 million (down 2.7% at constant exchange rates). Antalis benefited from the growth in the Packaging and Visual Communication sectors, which partially offset the impact of lower volumes in Papers. Gross margin was €245 million (down 1.5%) but the gross margin rate of 25.9% was 0.4 points higher than in 2016.

EBITDA was down slightly by 1.7% to €33 million when compared to the previous year with improved operating performances in Iberia and Poland. The EBITDA margin improved by 0.1 point to 3.5%.

- *Rest of the world*

Sales for the Rest of the World grew by 1.2% in 2017 to €230 million (down 1.2% at constant exchange rates) due to a favourable forex impact (South African rand). Gross margin came in at €64 million (up 6.1%) and the gross margin rate grew by 1.3 points to 28.0%.

EBITDA remained stable year on year at €0 million and EBITDA margin was 4.2% (down 0.1 point).

## Key figures by business sector

| | Sales | | | Gross margin | | | Gross margin/sales | | |
|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | 2017 | 2016 | Change | 2017 | 2016 | Change | 2017 | 2016 | Change |
| Papers | 1, 654.5 | 1,748.2 | -5.4% | 380.7 | 402.9 | -5.5% | 23.0% | 23.0% | - |
| Packaging | 501.6 | 484.9 | +3.4% | 139.5 | 133.2 | +4.7% | 27.8% | 27.5% | +0.3 points |
| Visual Communication | 221.3 | 225.4 | -1.8% | 62.2 | 60.4 | +3.0% | 28.1% | 26.8% | +1.3 points |
| TOTAL | 2,377.4 | 2,458.5 | -3.3% | 582.4 | 596.5 | -2.4% | 24.5% | 24.3% | +0.2 points |

- *Papers*

The Papers sector reported sales of €1,654 million, down 5.4% year on year, which was broadly in line with market trends given the weighting of the UK within Antalis' total sales. The Group benefited from the consolidation of the sector in France and Switzerland and the favourable impacts from elections in certain European countries and the successful consolidation of Swan Paper (Ireland) acquired in late 2016. In a context of sharp price increases, Antalis held the Papers gross margin rate at 23.0%.

- *Packaging*

Sales in the Packaging sector rose 3.4% to €502 million. The successful integration of the TFM Industrial acquisition in Peru had a positive impact on sales and helped to offset the negative forex impact. The Packaging gross margin grew by 4.7% to €140 million and gross margin rate rose 0.3 points to 27.8%. This sector now contributes 24% of Antalis' consolidated gross margin, up 1 point on the previous year.

- *Visual Communication*

Sales in the Visual Communication business sector were down 1.8% to €221 million due to the focus on margins and customer profitability in certain European countries. However, Antalis improved its gross margin by 3.0% to €62 million and its gross margin rate by 1.3 points to 28.1%. Visual Communication contributed 11% of Antalis' consolidated gross margin in 2017 (up 1 point). The positive sales impact of Gregersen in Norway, acquired in late 2016, helped to offset the negative forex impact.

## e-commerce

Antalis generated sales of €312 million via its e-platforms (e-commerce websites, EDI). The e-penetration rate in terms of stock lines ordered via the e-platforms was 34.8%, a rise of 1.3 points (including a 1.7 point rise for e-commerce websites).

Antalis stepped up its e-commerce development strategy in 2017 with the launch of the direct2you marketplace in France and a shared vendor-managed inventory service (easystock) in the second-half of the year. These new services provide value added to customers and additional revenue to the Group and they will be rolled out in the main European countries in 2018.

## Dividend

At the Annual General Meeting to be held on 23 May 2018, Antalis Board of Directors will recommend distributing 0.08 euro per share for 2017, payable from 18 June 2018.

## Recent events

In late March 2018, Antalis signed an agreement in principle with its lenders setting out the terms and conditions for extending the maturity of its syndicated credit facility for an amount of €285 million through 31 December 2021. The legal formalities should be completed during Q2 2018. Antalis also signed an agreement in principle for refinancing its main factoring contract for an amount of €215 million, whose maturity has been aligned with that of the credit facility.

These agreements will lead to an annual increase of around €10 million in finance costs in the income statement but the impact on the Group's cash position will be limited to approximately €3 million per annum as the increased portion of the interest expense on the syndicated credit facility has been deferred to maturity, i.e., to the end of 2021. This represents an increase of approximately 2% in the weighted average effective interest rate.

These agreements – which set aside an annual amount for acquisitions – enable Antalis to pursue its external growth strategy, particularly in the Packaging and Visual Communication sectors.

In order to bolster Antalis' development and transformation plan, which plans for further acquisitions, an undertaking has been given not to pay a dividend over the next three years, with the exception of the distribution to be submitted for approval at the upcoming General Meeting.

## Outlook for 2018

In the context of a more positive economic environment (with the exception of the UK) Antalis should benefit from growth in Packaging and Visual Communication driven by innovations deployed in both of these sectors, and their growing contribution to the Group's consolidated gross margin. Margins in the Papers sector should be affected by successive strong price increases linked primarily to the soaring cost of pulp for producers. At constant perimeter and exchange rates, Antalis should record a low single-digit decrease in its 2018 consolidated full-year sales when compared with FY 2017. The Group should also consolidate its market positions by resuming its targeted acquisition policy.

By continuing to optimise its supply chain and commercial costs but including the additional costs attributable to a listed, independent company, Antalis should maintain profitability at a level close to last year.

## Financial disclosures

Antalis complied with all bank covenants concerning its syndicated credit facilities at 31 December 2017:

| | |
|---|---|
| Net debt / EBITDA | = 2.93 ($\leq$ 3.20) |
| Current operating income/net interest expense | = 4.42 ($\geq$ 2.35) |

A detailed presentation of its full-year 2017 results is available on the Antalis website at: www.antalis.com

**About Antalis**

Antalis (Euronext Paris: ANTA) is the European leader in B2B distribution of Papers (number 1 worldwide outside the United States) and industrial Packaging, and number two in the distribution of Visual Communication media in Europe. In 2017, the Group reported sales of €2.4 billion and employed 5,500 people serving almost 140,000 customers, companies and printers in 43 countries. Through its 123 distribution centres, Antalis makes more than 13,500 deliveries per day worldwide and it distributed 1.5 million tons of paper in 2017.

www.antalis.com

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# Appendices

## Consolidated statement of financial position

### Assets

| *(€ millions)* | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Non-current assets | | |
| Goodwill | 141.1 | 149.8 |
| Other intangible assets | 41.7 | 42.7 |
| Property, plant and equipment | 42.3 | 48.8 |
| Non-current financial assets | 4.4 | 2.9 |
| Deferred tax assets | 7.6 | 8.0 |
| Other non-current assets | 13.1 | 19.0 |
| Total non-current assets | 250.2 | 271.2 |
| Current assets | | |
| Inventories | 212.1 | 207.8 |
| Trade receivables | 400.5 | 411.4 |
| Other receivables | 75.1 | 88.1 |
| Current financial assets | 3.6 | 1.3 |
| Cash and cash equivalents | 116.6 | 134.2 |
| Total current assets | 807.9 | 842.8 |
| TOTAL ASSETS | 1,058.1 | 1,114.0 |

### Equity and liabilities

| *(€ millions)* s | 31.12.2017 | 31.12.2016 |
|---|---|---|
| Equity | | |
| Share capital | 213.0 | 639.0 |
| Additional paid-in capital | 50.9 | 50.9 |
| Cumulative translation adjustment | (67.6) | (52.1) |
| Retained earnings and other consolidated reserves | (72.5) | (496.5) |
| Shareholders' equity | 123.8 | 141.3 |
| Non-controlling interests | 0.5 | 0.6 |
| TOTAL EQUITY | 124.3 | 141.9 |
| Non-current liabilities | | |
| Provisions | 55.2 | 70.5 |
| Long-term debt | 1.0 | 235.0 |
| Deferred tax liabilities | 0.8 | 0.6 |
| Total non-current liabilities | 57.0 | 306.1 |
| Current liabilities | | |
| Provisions | 5.9 | 11.3 |
| Short-term debt | 363.2 | 153.5 |
| Trade payables | 386.0 | 378.4 |
| Other payables | 121.7 | 122.8 |
| Total current liabilities | 876.8 | 666.0 |
| TOTAL EQUITY AND LIABILITIES | 1,058.1 | 1,114.0 |

## Consolidated income statement

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Sales | 2,377.4 | 2,458.5 |
| **Gross margin** | **582.4** | **596.5** |
| Personnel expenses | (275.4) | (287.0) |
| Other selling, general and administrative expenses | (241.2) | (245.1) |
| **Current operating income** | **65.8** | **64.4** |
| Other operating income | 6.5 | 1.9 |
| Other operating expenses | (33.0) | (28.7) |
| **Other operating income and expenses, net** | **(26.5)** | **(26.8)** |
| **Operating income (loss)** | **39.3** | **37.6** |
| Cost of net debt | (22.5) | (25.4) |
| Other financial income and expenses, net | (2.9) | (2.8) |
| **Net financial income (expense)** | **(25.4)** | **(28.2)** |
| Income tax benefit (expense) | (4.4) | (4.1) |
| **NET INCOME (LOSS)** | **9.5** | **5.2** |
| Attributable to: | | |
| - Antalis shareholders | 9.4 | 5.1 |
| - Non-controlling interests | 0.1 | 0.1 |

| **Earnings per share** | | |
|---|---|---|
| - Weighted average number of shares outstanding | 70,951,156 | 71,000,000 |
| - Diluted number of shares | 70,951,156 | 71,000,000 |
| **Basic earnings (loss) per share (in €)** | | |
| - Consolidated earnings (loss) per share | 0.13 | 0.07 |
| **Diluted earnings (loss) per share (in €)** | | |
| - Consolidated diluted earnings (loss) per share | 0.13 | 0.07 |

## Consolidated statement of cash flows

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Operating income (loss) | 39.3 | 37.6 |
| *Elimination of non-cash and non-operating income and expenses:* | | |
| Depreciation, amortisation and provisions (except on current assets), net | 13.0 | 20.2 |
| Disposal gains and losses | (6.5) | 1.9 |
| **Gross operating cash flow** | **45.8** | **59.7** |
| Income taxes paid | (4.8) | (5.5) |
| Change in operating working capital | 8.7 | (20.2) |
| Change in loans and guarantee deposits | (1.7) | - |
| **Net cash from (used in) operating activities (i)** | **48.0** | **34.0** |
| **Cash flows from investing activities** | | |
| Expenditure on acquisitions of property, plant and equipment and intangible assets | (18.7) | (16.4) |
| Acquisitions of financial assets | - | - |
| Proceeds from disposals of property, plant and equipment and intangible assets | 11.3 | 2.7 |
| Proceeds from disposals of financial assets | - | - |
| Impact of changes in scope of consolidation | (3.1) | (2.1) |
| **Net cash from (used in) investing activities (ii)** | **(10.5)** | **(15.8)** |
| **Cash flows from financing activities** | | |
| Net change in borrowings and debt | (20.4) | 12.4 |
| Net financial expenses | (22.7) | (23.5) |
| Distribution of dividends | (8.0) | (8.0) |
| **Net cash from (used in) financing activities (iii)** | **(51.1)** | **(19.1)** |
| Effects of fluctuations in foreign exchange rates (iv) | (4.4) | (4.0) |
| **CHANGE IN CASH AND CASH EQUIVALENTS (i+ii+iii+iv)** | **(18.0)** | **(4.9)** |
| Net cash and cash equivalents at start of year | 131.5 | 136.4 |
| Net cash and cash equivalents at end of year | 113.5 | 131.5 |
| **INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **(18.0)** | **(4.9)** |
| **Analysis of net cash and cash equivalents at end of year** | | |
| Cash and cash equivalents | 116.6 | 134.2 |
| Short-term bank borrowings and overdrafts | (3.1) | (2.7) |
| **Net cash and cash equivalents at end of year** | **113.5** | **131.5** |