# DOCUMENT DE RÉFÉRENCE 2017

(English version)

antalis

Just ask Antalis

# GENERAL COMMENTS

Key figures are based on the following definitions:

**Gross margin:** sales minus the cost of goods and services sold, supplier rebates and cash discounts and movements in provisions for goods for resale inventories.

**EBITDA**: current operating income plus net additions to depreciation, amortisation and provisions.

**Current operating income**: operating income before "Other operating income and expenses" (see Chapter 4, Note 22).

**Consolidated net debt**: debt less cash and cash equivalents (see Chapter 4, Note 17b).

**Capital employed**: sum of net fixed assets and working capital requirements.

**ROCE** (Return on capital employed): current operating income/capital employed. ROCE after tax is calculated by taking a net-of-tax amount as the numerator. The tax expense deducted is calculated by applying a "notional" tax rate to current operating income. The notional tax rate equals the average corporate income tax rate applicable in every country in which the Group operates, weighted by the relative proportion of each in consolidated current operating income.

**Current operating cash flow**: algebraic sum of EBITDA, changes in working capital requirements and investment expenditure.

**EBITDA margin:** EBITDA divided by sales (expressed as a percentage).

**Current operating margin**: current operating income divided by sales (expressed as a percentage).

"Antalis" or the "Group" refers to Antalis whose shares are admitted to trading on the Euronext Paris market, or to the Group comprising all of its subsidiaries.

Information regarding Antalis' positions in its business sectors and its market share in volume and value terms are based on internal studies and competitors' publications available as of the date of this registration document.

The brands referred to in this document, whether registered or not, are those of Antalis Group companies or third parties which hold them.

This Document de reference (registration document) includes the (i) management report for 2017 prepared in accordance with Articles L. 225-100 *et seq.* of the French Commercial Code and (ii) the Board of Directors' report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code.

Tables of concordance between the key information in these reports and this registration document are provided at the end of this document.

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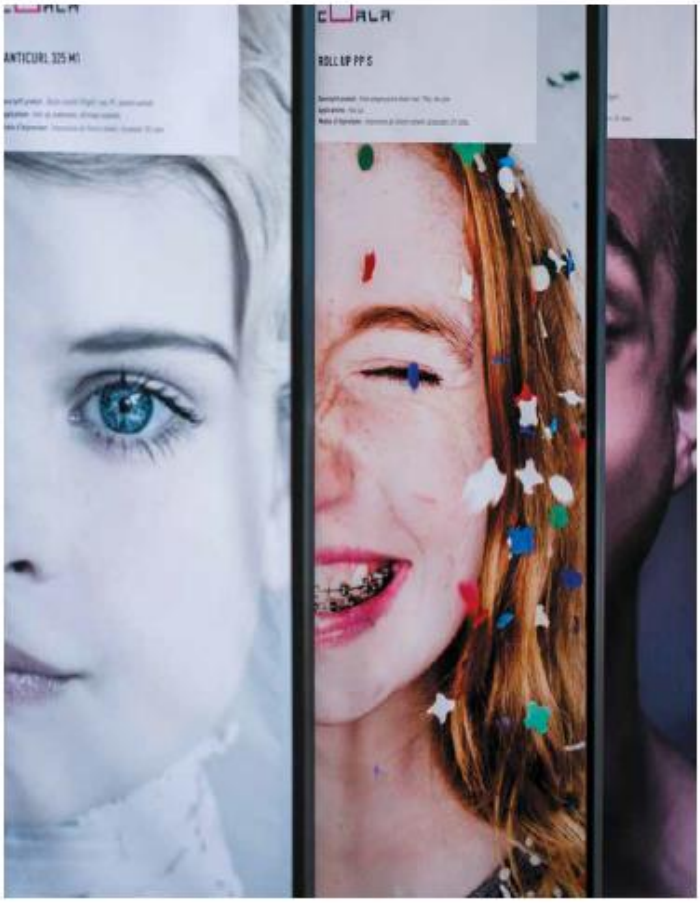
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ROLL UP PP S

# Message from the Chief Executive Officer

**HERVE PONCIN,**
Chief Executive Officer

2017 was marked by Antalis' listing on 12 June. This milestone in the Group's history gives Antalis its own governance as well as greater visibility to pursue its strategic development in the growing Packaging and Visual Communication businesses with the support of its Board of Directors.

Antalis delivered solid results in 2017, in line with forecasts provided to the market. Sales were down by 1.8% year-on-year at constant exchange rates to €2,377 million. Consistent with our strategy of diversifying into growing, more profitable sectors, our gross margin rate improved, reflecting the increasing weight of Packaging and Visual Communication within the product mix. These businesses today account for 35% of consolidated gross margin, two percentage points more than in 2016. EBITDA margin was 3.6% of sales, stable amid declining paper volumes and a weaker pound sterling.

Our omni-channel strategy is starting to pay off. E-commerce sales through e-commerce websites and EDI already represent €312 million and a 35% e-penetration rate in terms of stock order lines. New digital services launched at the end of 2017 are set to generate additional revenue and will drive further growth.

In 2017 the Group also launched a host of innovative projects harbouring potential for future growth. In Packaging, we revisited our sales and marketing processes in order to increase efficiency and offer our customers a unique value proposition. In Visual Communication, the creation of the first international interior design award for industry professionals raised the profile of our range of large format printing media and positioned the Group as the player of choice on this growing, high potential market.

## 2017 was marked by Antalis' listing on 12 June.

This capacity for innovation is vital in enabling us to offer increasing value to our customers and cement our positions. It also helps increase our operating efficiency and profitability.

Elsewhere, corporate social responsibility (CSR) is a priority for our Group and a long term performance driver. CSR is part of our DNA. Antalis has set itself ambitious goals through to 2020, in terms of business ethics, occupational health and safety, responsible products and services and product traceability. This process of continuous improvement is key to creating an environment of sustainable growth for all of our stakeholders.

Antalis and all its employees are actively engaged in a drive to consolidate the Group's leadership. Our strategy of targeted acquisitions in the most dynamic businesses coupled with our significant competitive advantages, particularly in information systems and customer relationship management, are strong drivers sustainably supporting our goals over the long term.

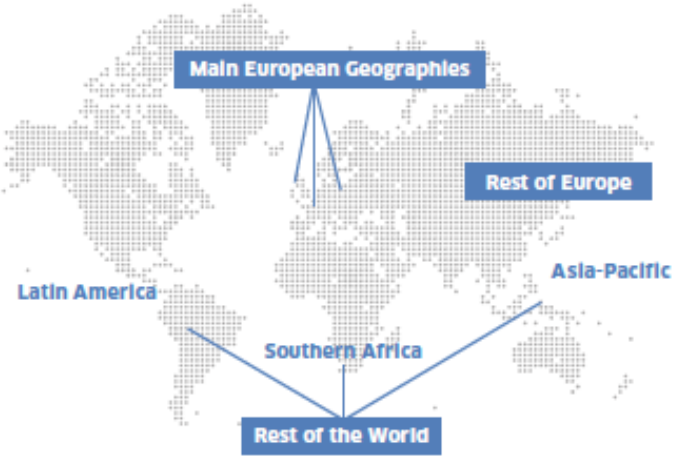
# OVERVIEW

Antalis leads the European and world market (excluding the US) for the B2B distribution of Papers.

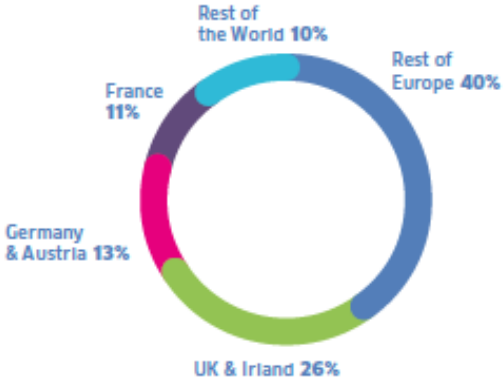
It is also Europe's No. 1 distributor of industrial Packaging and No. 2 distributor of Visual Communication media.

## GLOBAL PRESENCE

### The Group operates in 43 countries on 5 continents




### Breakdown of sales by geographical area (€2.4 billion)



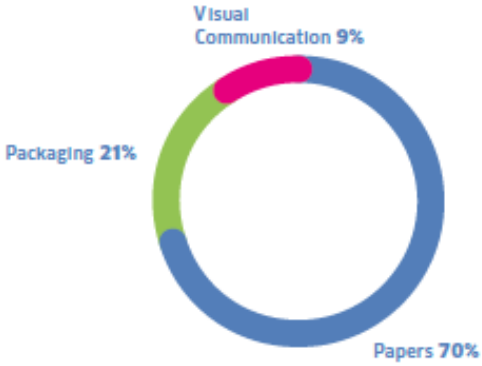

## THREE BUSINESS SECTORS

### PAPERS
Print
Office
Related services

### PACKAGING
Consumables
Equipment
Bespoke solutions
Related services

### VISUAL COMMUNICATION
Flexible or rigid display and interior decoration materials
Equipment
Related services

### Breakdown of sales by business segment (€2.4 billion)



## A VAST DISTRIBUTION NETWORK

**123**
DISTRIBUTION CENTRES:
**87 in Europe, 36 outside Europe**

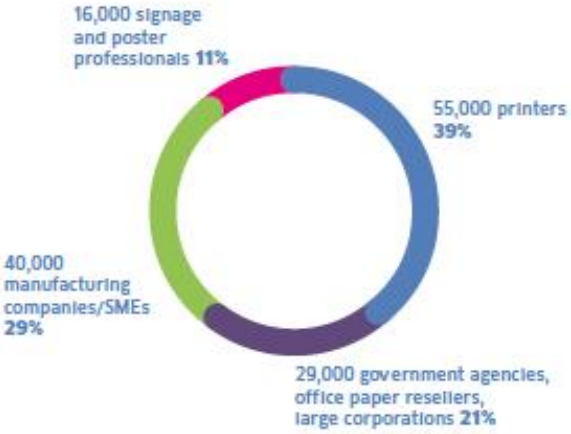
**533,000 sq.m.**
OF STORAGE SPACE

**13,500**
DELIVERIES PER DAY

**1.5 million**
TONNES OF PAPER DISTRIBUTED

### 5,500 employees worldwide


### Serving a diverse clientele of 140,000 business customers




# HIGHLIGHTS

## PACKAGING IN THE ERA OF E-COMMERCE

The growth of e-commerce has accelerated over the past few years, with the increasing use of mobile devices (tablets, smartphones, etc.). E-commerce comprises a large number of players, from large corporations to SMEs, and represents significant growth potential for Antalis in the Packaging sector. To offer its customers solutions that best address their challenges, Antalis' expert product teams have developed specific product ranges that help to enhance the customer experience (customisable void fill products, etc.) or to reduce the carbon footprint (eco responsible and recyclable products). Bespoke solutions are also designed by Antalis' in-house engineering teams in its design centres.

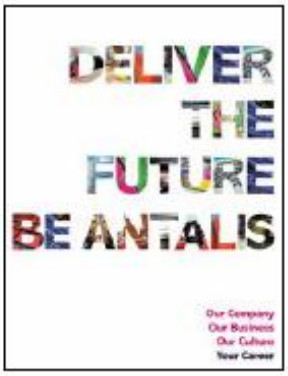
Antalis' expertise has already attracted a host of e-commerce businesses. In addition to its broad range of products, Antalis offers these key account customers an organisational set-up and geographic coverage unique to the distribution industry. Leveraging its dedicated teams in each country, Antalis can offer the same product range and the same quality of service in 25 countries in Europe as well as in Latin America (Chile, Peru, Bolivia and Brazil).

## INNOVATION IN DIGITAL PRINTING

The fast-growing digital printing market allows customers to print small runs, customise documents, reduce print lead times and cut costs. Antalis has carved out a niche on this market with the most comprehensive range of papers and visual communication media in the industry. The Group sponsors the industry's flagship annual events organised by HP and Xerox. It is also an active participant in events held by major digital web press manufacturers such as Konica Minolta and Ricoh and at FESPA, the trade show for the visual communication industry. These initiatives have made Antalis the innovation benchmark in the distribution sector. In 2017, Antalis unveiled to its customers the new digital range of Arjowiggins Creative Papers for dry and liquid toner, along with specialty papers such as PowerCoat Alive, a smart paper that can be used by customers to create intelligent applications such as smart business cards.


## HUMAN RESOURCES 2.0

To develop its employees' skills, Antalis uses WeConnect, the Group's intranet which has featured an online training platform since 2014. WeConnect is available in all countries in which Antalis operates and offers employees custom training modules focusing on the Group's products and services as well as a more standard training programme. The training platform has been a resounding success, with over 2,600 employees completing an online training course in 2017. A "WeRecruit" space was added to the intranet in 2017, allowing employees to directly consult job vacancies within the entire Group. Thanks to partnerships, job offers are also posted on job search websites such as Monster. To support the launch of WeRecruit, Antalis devised "Deliver the Future. Be Antalis", a new employer brand encapsulating the Group's vision and values.




## GROWING SUCCESS OF E-COMMERCE

Online sales totalled €312 million in 2017, confirming the success of Antalis' e-platforms (e-commerce websites and EDI). The Group's aim is to generate online sales of approximately €400 million from this channel by 2020. The e-penetration rate in terms of stock order lines via the e-platforms was 35%. Almost 40% of European countries, including Denmark, France and the UK, are already booking over 30% of their orders online.

## PRINT YOUR IMAGINATION WITH COALA

Antalis launched the Antalis Interior Design Award to fully exploit the potential of the interior design market driven by increasing demand for customisation. The aim of the competition is to encourage architects, designers, printers and advertisers to express their creativity through Coala. This range of large format printing (LFP) materials encompassing a wide variety of products (self-adhesive vinyl, wallpapers, textiles and canvases, magnetic media, etc.) is ideal for decorating professional buildings (hotels, restaurants, stores, offices, public-access buildings) or private spaces (homes). The competition has wide exposure among key players in the industry thanks to Antalis' partnerships with two major interior design magazines and the publication in 2018 of the winners' projects in a book, of which 10,000 copies will be printed and sent to industry professionals.


## MANAGE INVENTORIES EFFICIENTLY WITH EASYSTOCK

Created by Antalis for its customers, easystock helps optimise inventory management by automating the restocking process using an innovative application. The principle is simple: Antalis places certain product inventories on consignment with a printer. In return, the printer reports its use of the products via an exclusive online application, which will be available for mobile phones as from 2018. Antalis can restock as often as necessary and the printer is billed based on the consumption reported. This service offers real added value to printers, who can therefore achieve the flexibility needed by their business without the risk of stockouts. Launched in France in the second half of 2017, easystock will be available in 2018 in the main European countries in which the Group operates.

## DIRECT2YOU, ANTALIS' MARKETPLACE

To offer its customers a broader range of products, Antalis has created the first B2B online platform for professionals in the graphic arts, Packaging and Visual Communication industries. Inspired by the marketplace model, direct2you customers can use the e commerce website to access the full range of Antalis products while benefiting from new products and special offers thanks to select listings of new suppliers. Available in France since the second half of 2017, direct2you will be operational in most European countries in 2018.


## WHEN LOGISTICS RHYMES WITH OPERATING EFFICIENCY

Adapting the supply chain is one of the major drivers of improved operating efficiency. In relocating the Warsaw warehouse in Poland when the lease came up for renewal in 2017, Antalis reduced the surface area from 52,000 sq.m. to 25,000 sq.m., while maintaining the breadth of the offer and the quality of service. In the UK, Antalis introduced cost flexibility by outsourcing the management of several regional warehouses. In Switzerland, cutting services and the storage of the entire range of Coala films for Visual Communication, previously managed by an external service provider, were reincorporated as part of the central distribution centre's activities, thereby optimising customer deliveries and reducing the Group's carbon footprint. Lastly in Germany, Antalis entrusted shipments of products representing two-thirds of its business to a new company in a bid to improve customer service.

## GROUP REFINANCING

Ahead of the expiry of its main financing agreements at the end of 2018 and further to its IPO, at the end of first-half 2017 Antalis launched measures to refinance its €310 million syndicated credit facility and provide it with long-term liquidity to secure the resources it needs for its future growth. These measures eventually led to the signature on 31 May 2018 of an amendment with the lenders of this facility to extend its maturity through to 31 December 2021, as well as revising certain terms and conditions. At the same time, an agreement was signed on 27 June 2018 in respect of the primary factoring programme, which also provides the Group with an important source of financing. Its maturity is now aligned with the syndicated credit facility. Antalis has therefore secured financing for its liquidity needs and its growth strategy for the next four years. In particular, the terms of the amendment signed with the lenders of the syndicated credit facility include:

• the strengthening of pre-existing collateral, including an expansion of the scope of the assets pledged to the lenders (which now represent more than 75% of 2017 consolidated EBITDA);
• revised conditions for interest payable, which now provide for the bullet payment of a portion of interest;
• an immediate €25 million reduction in the authorised amount under the credit facility;
• a contractual repayment of €10 million;
• the maintenance of two main covenants based on ratios revised as from the 30 June 2018 test date (see Chapter 5, page 151 of this registration document).

# 1 PRESENTATION OF THE GROUP



# Presentation of the Group

## History

Antalis originated from Arjo Wiggins Appleton's distribution division.

In 2000, the merger of around 40 companies in Europe gave birth to Antalis, which was used as the banner for the distribution business in all of the countries in which the Group was present. Wiggins Teape in the UK, Tomas Redondo in Spain, Arjomari Diffusion in France, Mühlebach in Switzerland, Haseldonckx in Belgium and Haseldonckx Alpha Papier in the Netherlands all began operating under the Antalis banner.

The Group initially developed its Papers distribution business, subsequently diversifying into the high potential, growing businesses of Packaging and Visual Communication while consolidating its positions on its historical market.

In 2004, Antalis began to diversify into Packaging, acquiring Brangs + Heinrich in Germany, followed by Dekker Packaging operating in Belgium, the Netherlands and Luxembourg in 2006, and by Paxor in France in 2007.

At the end of 2007, Antalis carried out a major acquisition in paper distribution, taking over Map Merchant Group, making it the No. 1 Papers distributor in Europe. This acquisition also allowed Antalis to expand its footprint into new countries, particularly Scandinavia, the Baltic States and Eastern Europe.

The Group refocused on the Papers and Packaging sectors, divesting its Promotional Products business (2009) and its Office Supplies activities (Ofimarket in Chile in 2010 and Antalis Office Supplies in Spain and Portugal in 2011).

It continued to pursue its diversification strategy on the visual communication market in large format printing (LFP), with the acquisition of German distributor Macron in 2010.

Targeted acquisitions in Packaging continued in 2012: Ambassador in the UK, Pack 2000 in Germany, Abitek in Chile and Branopac in the Czech Republic.

In 2013, the Group further consolidated its positions in Papers distribution by acquiring Xerox Document Supplies Europe (distribution of office papers) operating in 16 Western European countries, as well as the exclusive licence to market and distribute Xerox®-branded office and digital papers in these countries.

In 2015, Antalis stepped up its development in Packaging and Visual Communication with the acquisition of six companies, in the UK (1st Class Packaging, Donington Packaging Supplies and Parkside Packaging), Denmark (PaperlinX A/S), Sweden (Cadorit i Boras AB) and Estonia (Hansapakend). In the same year, the Group acquired Data Copy, an iconic name in the office papers segment, thereby reinforcing its presence on the office papers market.

In 2016, Antalis' strategic development continued apace in the Packaging (acquisition of TFM Industrial in Peru) and Visual Communication (acquisition of Gregersen in Norway) sectors. The Group also continued to consolidate its positions on its historical market, taking over Swan Paper's distribution business in Ireland during that year.

In 2017, Sequana, Antalis' sole shareholder, decided to carry out an initial public offering for Antalis, distributing 18.3% of its share capital to its shareholders. Antalis shares have been listed on Euronext Paris since 12 June 2017.

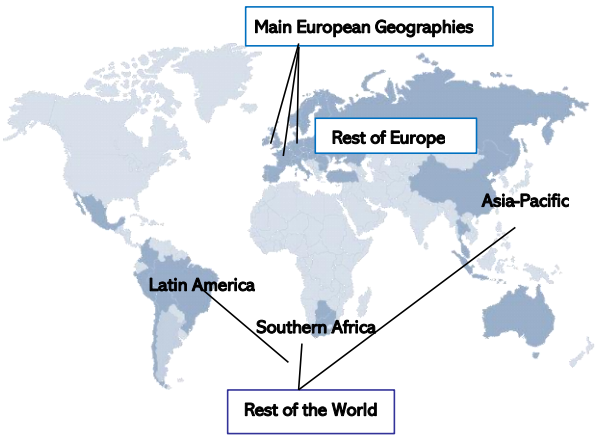
In early 2018, Antalis acquired the Packaging distribution business of Sweden-based Alos and Igepa's business in the Papers sector in Sweden and Norway.

## Markets

### *Geographical reach*

Present in 28 countries across Europe, Antalis considers it is the only global industry player to also have a base in Latin America, Southern Africa and Asia-Pacific.

This geographical coverage enables it to develop strong partnerships with its strategic suppliers, to achieve economies




of scale in terms of information systems and logistics, and to deploy its sales and marketing expertise across the whole Group.

### Main European Geographies

In 2017, the Group generated €1,203 million of sales from its Main European Geographies (Germany and Austria, France, the UK and Ireland), equal to 50% of its total sales. EBITDA for the region was €42 million, or 50% of the Group total.

In the UK and Ireland, Antalis believes it is No. 1 in Papers distribution and No. 2 in the Packaging and Visual Communication sectors. In 2017, the Group's UK and Ireland sales totalled €619 million, or 26% of its total sales.

Antalis believes it is the No. 1 distributor of Papers in France. In 2017, sales generated by the Group in France totalled €271 million, or 11% of its total sales.

The Group made €313 million of its sales in Germany and Austria, or 13% of its total sales in 2017. Antalis believes it is the leading distributor of industrial Packaging in Germany and the fourth-largest distributor of Papers in the country.

### Rest of Europe

Antalis operates in 23 countries in the Rest of Europe, where it holds strong positions in the Papers sector. It believes it is No. 1 in Denmark, the Baltic States, Finland, Norway, the Netherlands, Poland, Sweden and Switzerland, and that it holds the No. 2 spot in Belgium, Spain, Hungary, the Czech Republic, Romania and Slovakia.

**The Group's positions in the Papers sector in Europe**

In 2017, Antalis generated €945 million in sales in the Rest of Europe (40% of its total sales), and €33 million in EBITDA (39% of its total EBITDA).

### Rest of the World

Antalis operates in the six major Latin American countries (Bolivia, Brazil, Chile, Colombia, Mexico, Peru) and is also present in South Africa and Botswana.

In these two regions, given the structure of the market and the absence of any distributor with international scale, Antalis distributes graphic supplies (plates, ink, etc.) as well as Papers, Packaging products and Visual Communication media.

In Asia-Pacific, the Group operates as a fully-fledged distributor in seven countries (Australia, China, Hong Kong, Japan, Malaysia, Singapore and Thailand) and also has a network of resellers in many countries. In the Asia-Pacific region, Antalis is mainly positioned on the creative papers market.

In 2017, the Group's sales in the Rest of the World region totalled €230 million (10% of its total sales), while EBITDA for the region totalled €10 million (11% of its total EBITDA).

## *Market sectors*

Antalis operates in three main markets: Papers (70% of sales in 2017), Packaging (21% of sales) and Visual Communication (9% of sales).

### Papers

The paper distribution market covers two business segments: printing papers for publishing and corporate communication, and office papers for photocopiers and printers.

Based on in-house studies, the Group believes that the European market represents around 7.3 million tonnes of printing and office papers per year.

Demand on the print market is driven by expenditure on printed advertising and corporate communications. Demand for office paper depends on the consumption of paper for photocopiers, inkjet and laser printers for printing documents and e-mails.

The paper distribution market is suffering from a structural decline in volumes owing to the widespread use of new communication technologies (such as the Internet and electronic media). Paper production volumes have fallen by around 4% each year since 2008. Antalis believes that this decline is set to continue over the next few years, at a rate of around 4% to 5% per annum for printing papers and around 2% to 3% per annum for office papers (source: internal Group studies), a segment in which the decline has traditionally been less significant.

However, digitalisation has given new impetus to paper, with the development of digital printing technologies enabling small runs to be printed and documents to be customised, and with new marketing practices such as web-to-print and transpromotional applications. The digital printing market accounted for 3% of global print production volumes in 2014 and is expected to more than double by 2024. According to estimates, the digital printing market should grow by around 10% per annum in volume terms (source: Smithers Pira).

## *Competitive environment*

The paper distribution market became far more concentrated in Europe as of the turn of the 21st century. Market consolidation gathered pace as PaperlinX sold off its businesses in Italy and Antalis acquired Xerox's office paper distribution business in 2013. After the demise of PaperlinX Europe in 2015 (second-largest player on the market), the wave of consolidation in Europe continued in 2016.
In 2016, German distributor Berberich acquired Igepa's Austrian subsidiary and Sweden's OptiGroup (formerly Papyrus) acquired Inapa's Swiss operations, while Portuguese group Inapa acquired OptiGroup's French subsidiary in early 2017. Antalis acquired Igepa's Papers distribution business in Sweden and Norway in 2018.

Today, five distribution groups – Antalis, Europapier, Igepa, Inapa and OptiGroup – lead the European paper distribution market.

The Group's competitors generally have a strong presence in a few target regions. OptiGroup and Igepa have a strong base in Central Europe (particularly Germany), Northern and Eastern Europe. Inapa has an extensive presence in France and Portugal, while Europapier operates mainly in Eastern Europe. Antalis itself has a balanced European footprint.

As well as distributors whose businesses are exclusively similar to its own, the Group competes directly with paper producers who are also distributors (Torraspapel, Burgo Distribuzione), office supply resellers (Lyreco, Staples, etc.) and major equipment manufacturers (Canon/OCE etc.).

Excess capacity in the paper sector linked to the ongoing decline in paper volumes, along with the tough economic climate in recent years, have also prompted certain paper manufacturers to increase their direct sales in certain product categories to end customers at the expense of distributors (see Chapter 5, page 145).

Antalis believes it has a leading position in the European Paper distribution sector, with a volume-based market share of around 19%, and that it ranks No. 1 or No. 2 in most countries.

This consolidation trend is also apparent in the US, where the country's largest players xpedx and Unisource merged in 2014 to form Veritiv Corporation, the world's leading distributor on this market in terms of sales, operating only in North America.

Antalis ranks No. 1 in Europe in terms of sales and No. 1 worldwide, excluding the US, where the Group is not present.

### Packaging

Antalis believes that the European market for secondary and tertiary packaging (consumables and equipment) accessible to distributors was worth around €7 billion in 2017. Sales on this market are made through distributors, direct producers and converters.

Demand on the packaging market depends in particular on GDP trends and national and international trade. The development of international trade has resulted in the increasing complexity of assembly lines due to the relocation of production units. This trend is driving demand for packaging that can withstand being transported for long distances and in difficult conditions, along with demand for comprehensive logistics solutions that allow companies to cut costs and improve the productivity of their packaging assembly lines. The surge in online sales has also generated substantial demand for packaging products. And the growing awareness among consumers, companies and governments of the need to preserve scarce resources is also influencing demand for fibre-based packaging products and environmentally friendly solutions.

In the next few years, the market is expected to grow by around 2% to 3% per annum (source: internal Group studies).

Sales generated by the Group's Packaging business rose at a CAGR (compound annual growth rate) of 10.2% between 2013 and 2017.

#### *Competitive environment*

The packaging distribution market in Europe is made up of many companies that are generally independent, are focused on national or regional markets, and are often turning over less than €10 million in sales.

Competition is largely local or regional. Only two other groups have international coverage: Raja and Nefab, which are Antalis' main competitors. No other company operates in more than three or four countries. The main regional groups that compete with Antalis are Prodinger in Germany and Switzerland, and Macfarlane, a listed company operating in the UK and Ireland.

Since it is still highly fragmented, this market offers significant growth potential with numerous consolidation opportunities. Between 2012 and 2016, Antalis acquired ten companies, in Germany, Estonia, Denmark, the Czech Republic, the UK, Chile and Peru. In 2017, market consolidation continued apace, as Raja and Macfarlane each acquired a distributor of packaging products, respectively in Germany and the UK. In early 2018, OptiGroup (formerly Papyrus) acquired two packaging companies in Romania and Finland and Antalis acquired the distribution business of a company based in Sweden.

Antalis believes that it is the leading distributor of industrial Packaging in Europe in terms of sales, with a market share of 7% to 8%. The Group also believes that it is the market leader in Germany and that it ranks No. 2 in the UK.

### Visual Communication

The Group believes that the European market for visual communication accessible to distributors was worth around €3 billion in 2017.

The distribution of visual communication media to B2B customers is similar to the distribution of paper, with sales made through distributors and directly by producers. Demand for visual communication media moves in line with the needs of the advertising, signage, adhesives, and point of sale (PoS) materials sectors. Demand is mainly driven by the need to engage with customers at the PoS to encourage them to make purchases, and by the increasing turnover of promotional campaigns. However, the arrival of new technologies such as flat screens also influences demand (see Chapter 5, page 145).

The development of "cross media", which makes marketing campaigns more effective, is positive for billboard advertising campaigns. In the area of interior and exterior decoration, demand is spurred by the need for personalisation.

The European visual communication market (media, equipment and inks) is expected to grow by around 1% per year over the next few years, except for the large format printing (LFP) segment, which is expected to grow by 2% to 3%. The global LFP market is expected to grow by around 5% per year, with strong momentum in emerging market countries and particularly in Latin America, where the market is expected to grow by around 10% per year over the next few years (source: Smithers Pira). The pace of growth in the LFP segment is due to the rapid increase in the ownership of digital web presses among traditional printers, and to increasing demand for customisation, particularly in home decoration.

Sales for the Group's Visual Communication business grew at a CAGR of 3.3% between 2013 and 2017.

#### *Competitive environment*

The market for the distribution of visual communication media in Europe is highly fragmented with more than 500 independent distributors, each of which generally turns over less than €5 million in sales. Competition is mainly local, with only a few large groups (Spandex, Vink and Igepa) having international coverage.

The market offers numerous consolidation opportunities. Between 2011 and 2016, Antalis acquired three companies, in Germany, Sweden and Norway. Spandex acquired a distributor in Norway in 2017.

Antalis believes it is the No. 2 distributor of Visual Communication media in Europe in terms of sales, with a market share of between 7% and 8%.

## BUSINESSES

Antalis operates in three sectors (Papers, Packaging, Visual Communication), primarily through two distribution models:

- the "stock" model, in which the distributor buys products from manufacturers, stores them in a warehouse and delivers them to customers, whom it bills;
- the "indent" model, in which the distributor places an order with the manufacturer and bills its customer, but the products are shipped directly from the manufacturer's or subcontractor's mills to the end customer. In general, indent orders involve either large volumes and/or longer lead times with regards to standard products, or specific or bespoke products in terms of features such as format, specific assembly and colours.

The value added by the Group lies in its commercial and purchasing capabilities, i.e., its ability to find the best suppliers and products and to offer the shortest lead times in order to meet the needs of all customers, whatever their size.

Antalis generates 72% of its sales from the stock model and 28% from the indent model.

## *Paper distribution*

### Product range

In paper distribution, Antalis operates in two segments, Print and Office, each of which have specific products and customers.

Printing papers are used in publishing and corporate communication and have various applications, including letterheads and business cards, brochures and leaflets, catalogues, annual reports, greeting cards and invitations, direct mail, covers and folders, calendars, photo albums, labels and stickers, corporate magazines and newsletters, books, notebooks, etc. The Group also has a mill producing envelopes in Belgium, which gives it great flexibility in offering customers a range of envelopes including standard or bespoke, either blank or printed. This mill generated sales of €12 million in 2017 and employs 54 people.

Antalis believes that it is the distributor with the highest quality and most extensive range of products on the European market. Printers, graphic designers, publishers and advertising agencies can choose from a huge variety of premium coated and uncoated papers, papers made from recycled or virgin fibres, creative papers and envelopes as well as specialty products such as carbonless and self-adhesive papers.

Product ranges are suited to all printing techniques, both traditional and digital.

In digital printing, which is defined by document customisation and small print runs, Antalis is carving out a niche on the market with the broadest and most comprehensive product range, including coated and uncoated, creative, and specialty papers.


In the office segment, Antalis distributes a comprehensive array of reams (for photocopiers and printers) either to large corporations and government organisations or to resellers (central purchasing bodies, office supply dealers and retailers) along with envelopes suitable for the very latest inkjet, laser jet and digital printing techniques. The Group's product range meets all customer requirements, including papers for four-colour printing and day-to-day use, along with extra-white, low grammage, recycled and coloured papers.

### Brands sold

The Group's product portfolio in the office papers segment is based on its own brands (Image, Data Copy), brands under exclusive licence (Xerox) and mill and OEM brands (HP, etc.).

The printing papers product range consists of own brands (Novatech, Print Speed, Olin, Tom & Otto, etc.) and high-profile mill brands (Conqueror, Curious Collection, Cocoon, Invercote, Reacto, etc.).

The Group sells these brands in all countries in which it operates, and they have specific market positions that allow the Group to cover the full range of its customers' requirements.

### Related services

Antalis offers various services, both pre-sales and after-sales. For example, the Group provides customers with services such as samples, mock-ups, advice, training, returns management and online ordering.

In office papers, Antalis has set up a Premium club for its reseller customers in most European countries, giving them exclusive marketing benefits (product training, direct e-mail platform, etc.) related to its own brands, accompanied by a loyalty programme.

With its efficient logistics operations, Antalis has also developed a comprehensive range of services in this area for commercial, service and printing companies. The Group enables these companies to optimise their supply chains, reduce costs, manage inventories, prepare orders, and ensure that products are delivered on their behalf to their own customers, wherever they may be. Antalis is particularly active in this field in the UK, France and Switzerland. In 2017, it launched a new vendor-managed inventory service in France, which will be rolled out to its main European countries in 2018.

The Papers business generated €1,654 million in sales in 2017 (70% of the Group's total sales), and €381 million in gross margin (65% of the Group's total gross margin).

## *Packaging product distribution*

### Product range

Antalis distributes consumables and equipment, and provides additional services and solutions for protecting goods in transit and in storage. Its main product offering is in secondary or tertiary packaging which, unlike primary packaging, does not come into direct contact with the product.

The Group's customer base is made up of large manufacturing groups in various sectors (automotive, mechanical engineering, electronics, logistics, e-commerce etc.) and medium-sized companies. The Group has also developed its Packaging business through cross-selling, i.e., selling packaging products to printers and companies that already purchase printing and office papers from the Group. This one-stop-shop concept allows them to purchase all of their requirements from a single source.

Secondary packaging products are used with goods protected by primary packaging, for example corrugated cardboard, film, padding, foam and boxes. Tertiary packaging products are used with goods protected by primary and secondary packaging, and consist of pallets, stretch film, corner protectors, strapping solutions, etc. Depending on customers' specific features and requirements, the Group provides them with a comprehensive range of standard packaging products (corrugated cardboard boxes, adhesive tape, shrink or stretch film, cushioning and void fill products such as air pillows, polystyrene chips and bubble wrap), along with strapping, stapling, stretch wrapping and packaging machines.

Antalis has a dedicated salesforce in each of the 30 countries (in Europe, Latin America and Southern Africa) in which the Packaging division operates, which allows it to offer reliable expertise in all materials the Group sells.

### Brands sold

The Group's product range mainly consists of white brands or manufacturer brands for special products and machines, but also products sold under its own Masterline brand. This range includes equipment (packaging, stretch wrapping and strapping machines, etc.) and consumables (adhesive tape, stretch films, etc.).

### Packaging solutions and related services

The Group offers services for testing the quality and resilience of packaging, and for cutting paper packaging into the sizes required by the customer. It also offers bespoke, value-added services including designing comprehensive logistics solutions. By combining standard products with complex technical systems, these services allow a company to reduce its costs and increase the productivity of its packaging lines. Antalis also designs bespoke high-end solutions, notably for the export market and to protect industrial goods against corrosion. In providing these services, the Group relies on its design centres, where engineers design solutions that are suited to customer requirements using computer-assisted design and manufacturing software.

The Packaging business generated €502 million in sales in 2017 (21% of the Group's total sales), and a gross margin of €140 million (24% of the Group's total gross margin).

## *Distribution of visual communication media*

### Product range

Antalis distributes visual communication media for advertising campaigns (PoS or outdoor) and for the interior decoration of commercial and private spaces to specialists in the Visual Communication sector (digital printers and manufacturers of signage systems). Its product range consists of flexible or rigid materials made of paper or cardboard (such as wallpaper) or plastic materials (such as polyester banners). The Group also distributes ink and large format printing machines in certain countries.

In addition, Antalis sells visual communication media, consumables and equipment to printers that are already Group customers and are buying digital web presses (cross-selling).

The Group's product range includes a broad array of products used in a wide variety of applications including self-adhesive vinyl for customising vehicle fleets, large-format printing media for outdoor communication (signage, urban furniture, window displays, etc.) and interior decoration (walls, floors, ceilings), plastic and aluminium sheets and foam panels for signs, floor adhesives and accessories for PoS advertising such as roll-ups and counter displays. The products distributed by Antalis are adapted to different printing techniques, and particularly digital large format printing. The Group opts for solutions using PCV-free raw materials wherever possible.

Antalis has a dedicated salesforce in each of the 29 countries in which it operates (in Europe, South America, Southern Africa and Australia), which allows it to offer reliable expertise in all media the Group sells.

### Brands sold

The product range is made up of well-known manufacturer brands such as Oracal, Avery Dennison, Forex, Priplak and Dibond. It also includes Coala, the Group's own range of flexible large format printing media that are particularly suited to advertising, interior and exterior decoration applications. The increasingly popular Coala range was launched in 2012 and is now distributed in the 29 countries (in Europe, Latin America and Southern Africa) in which this sector operates. Sales of the Coala range rose 10% year-on-year in 2017.

### Related services

Antalis provides customers with services appropriate to their activities, such as bespoke sheet cutting for non-standard formats and a facility whereby customers can download from its websites the ICC (International Color Consortium) profile of each product in order to facilitate printing and colour management throughout the graphic design chain.

In 2017, the Visual Communication business generated €221 million in sales (9% of the Group's total sales) and a gross margin of €62 million (11% of the Group's total gross margin).

## *Research and development, patents and licences*

The nature of the Group's businesses means that it does not have any material research and development activities. Accordingly, the Group does not own any patents or patent licences.

Antalis has a portfolio of around 200 registered trademarks around the world, including "Antalis", "Coala", "Image", "Masterline", "Novatech", "Olin", "Edixion", "Print Speed" and "Data Copy".

The Group has an exclusive licence to use the Xerox trademark covering the whole of Western Europe.

Antalis also has a portfolio of around 250 domain names.

The Group's intellectual property policy is focused on protecting its brands and domain names. This policy gives rise to either local applications and reservations, or applications and reservations covering all countries in which the Group operates or wishes to preserve its rights. In particular, domain names featuring the name "Antalis" have been reserved with the main generic extensions and the world's main territorial extensions.

# STRENGTHS AND COMPETITIVE ADVANTAGES

Antalis has a leading position and more than 50 years of experience in its markets, and so has a solid base from which to develop its position and implement its growth strategy.

## *Strong positions in its three businesses and a diversified customer base*

Antalis believes that it ranks No. 1 in the paper distribution market in Europe, where it operates in 28 countries with a market share of around 19% in volume terms, and that it has critical mass in most countries, ranking No. 1 or No. 2 in 21 of the 28 countries in which it is present. In Packaging, Antalis operates in 25 countries across Europe, where it believes that it is the No. 1 distributor of industrial packaging in terms of sales with a market share of around 7% to 8%. In the Visual Communication sector, Antalis believes that it is Europe's No. 2

distributor in sales terms with a market share of around 7% to 8% and a presence in 23 countries.

Outside Europe, Antalis has strong positions in Latin America and Southern Africa, where its three businesses are present, and in Asia-Pacific, where it is mainly positioned in the market for creative papers.

Antalis' presence in the Papers, Packaging and Visual Communication sectors together with its broad geographic reach enable it to meet the needs of a diversified customer base. This means that its sensitivity to changes in its customer portfolio is very limited.

In 2017, the Group had around 140,000 customers worldwide, of which around 55,000 were printers (39%), 29,000 were companies, government agencies and resellers in the Papers sector (21%), around 16,000 were signage and billboard companies in the Visual Communication sector (11%), and around 40,000 were industrial groups and SMEs in the packaging products sector (29%). The Papers business represents around 60% of the Group's customers, the Packaging business around 29% and the Visual Communication business around 11%.

On its markets, Antalis has a strong, high-profile international brand and a reputation for high-quality products and services, as illustrated in the customer satisfaction surveys conducted by the Group every two or three years. The last surveys conducted in early 2018 gave an average overall satisfaction rate of 8 out of 10. The satisfaction rates for on-time delivery and the e-ordering process were 8.2 out of 10 and 7.8 out of 10 respectively.

To foster customer loyalty, Antalis also puts in place loyalty programmes, marketing initiatives to help customers grow their own businesses, special offers and various sales events.

## *A robust sales, logistics and purchasing organisation*

The Group's distribution model is based on a combination of sales and marketing skills on the one hand, and logistics expertise (supply chain, storage and transportation) on the other.

This model allows Antalis to make an average of 13,500 deliveries per day worldwide, which enables it not only to serve a huge number of customers but also to offer a high level of service at competitive prices.

### An omni-channel sales organisation offering added value

The Group's sales model is based on a sales and marketing organisation that involves finely segmenting the customer base, and the use of high-performance customer relationship management (CRM) systems.

The sales organisation is based on specialised salesforces for each business sector and takes into account customer profiles. Supported by managers and technicians who maintain machines and handle complaints, sales teams comprise:

- a field salesforce looking after key accounts in their respective regions;
- sales advisors assisting the field salesforce, who advise customers, directly monitor order intake and handle the related administrative tasks;
- telesales staff handling smaller customers or customers who need bespoke solutions, and also carrying out telephone commercial prospection in this customer segment; and
- backselling consultants or backsellers providing advice and expertise to communication agencies and brand owners.

This sales organisation is underpinned by constant specialisation of the sales teams' expertise through innovative training tools and close coordination between the different sales channels thanks to the use of integrated and mobile CRM tools. Antalis is therefore able to grow its market share and increase profitability, through improved analysis of customer potential and by developing sales online and through call centres.

By analysing key performance indicators such as the number of outgoing calls per day and the Group's rising proportion of its customers' purchases, the Group can closely track its progress. By setting up a homogeneous sales organisation within the Group, it can also carry out benchmarking between countries and improve existing processes by sharing and taking advantage of best practices.

The Group actively monitors its pricing policy with dedicated pricing managers and thanks to monitoring and profitability tools embedded in its information and CRM systems. The Group takes a highly professional approach to its pricing policy and has pricing managers in each of its regions.

Sales and payment terms and conditions are closely monitored by teams specialising in receivables management in order to optimise cash recovery and minimise bad debt risk. Credit insurance is also used in most countries.

### A highly effective logistics organisation

The organisation of Antalis' logistics operations, coupled with major storage capacity, allow it to deliver to customers within 24 hours and even offer same-day service in most major cities where it has a warehouse. The Group uses warehouse management software (WMS) and transport management software (TMS), which enables it to manage its supply chain effectively.

The Group's logistics operations are based on 44 central distribution centres and 79 regional distribution centres. Central distribution centres carry most of the products distributed by the Group and are located in each of the countries in which the Group operates. Regional distribution centres, located in the Group's largest countries, are smaller and carry only part of the Group's product range (i.e., fast movers). The Group's distribution centres are mostly operated under leases and represent a total surface area of 533, 000 sq.m. The Group operates most of its central distribution centres itself, and in general subcontracts the management of its regional centres.

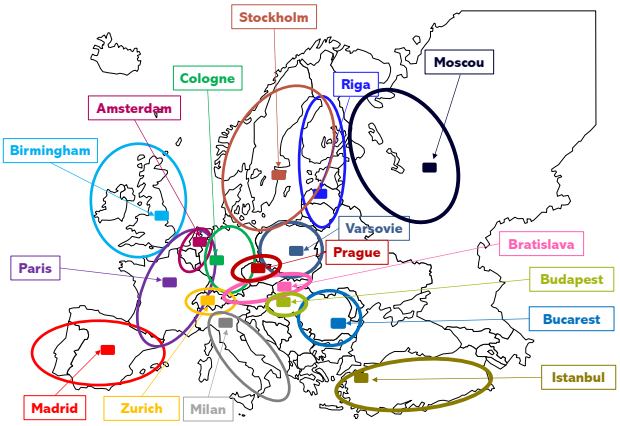
With the partial exception of the UK, transportation is outsourced in all of the countries in which Antalis operates, enabling the Group to maintain cost flexibility in line with trends in the stock business. However, the Group thoroughly vets the choice of freight carrier, choosing only those able to provide its customers with the best possible service.

In general, Antalis uses several providers in large countries such as France, and a single carrier in smaller countries like Switzerland.

The Group relies on its intercountry organisation to develop supply chain synergies (particularly in Europe by developing cross-border deliveries, for example from Austria to Slovakia) and thereby serve its customers more efficiently.

The Group further leverages its network to offer its customers a comprehensive range of services (from end-to-end services using just-in-time management to optimise the supply chain and deliver goods in accordance with consumption patterns, to the storage of customers' goods and their delivery to the customers' own clients).

Location and catchment areas
of national distribution centres in Europe




## An effective purchasing policy

Antalis' suppliers in its three business sectors are often global manufacturers. In order to secure the best possible purchasing conditions, for several years now Antalis has purchased Papers from a limited number of strategic suppliers. In the Packaging and Visual Communication sectors, the supplier portfolio is still relatively fragmented, although the Group is making purchases with fewer and fewer suppliers.

Antalis negotiates strategic agreements with a certain number of suppliers to purchase stock and indent products, together with service-level agreements specifying minimum quantities, lead times and marketing support. These agreements give strategic suppliers easier access to all Group subsidiaries and to their sales teams, and give Antalis greater bargaining power based on its purchasing volumes. This enables the Group to offer a high quality of service through a broad product offering and thereby increase its operating efficiency and profitability. In general, Antalis negotiates annual discounts with its key suppliers based on volume or sales targets.

In the last few years, the Group has developed close commercial relations with two divisions of Arjowiggins (a subsidiary of Sequana, Antalis' parent company) in creative papers and graphic papers, which are formalised in specific agreements.

The Group's 11 biggest suppliers accounted for approximately 53% of its purchases in value terms in 2017, of which Arjowiggins accounted for around 8% (mainly in the Papers sector). No supplier represented more than 20% of its purchases in value terms.

Antalis set up its Antrak online platform to strengthen supply chain control, guarantee customers that its products and production facilities comply with applicable regulations, and consolidate relations with suppliers (see Chapter 2, page 32).

In 2017, Antrak included 256 suppliers, including 105 Papers suppliers, 111 Packaging suppliers, and 40 Visual Communication suppliers. Overall, suppliers featured on Antrak represented 81% of the total value of the Group's purchases and 86% of its Papers purchasing volumes (see Chapter 2, page 32).

## *A digitally-modern, service-oriented distributor with growing e-commerce sales*

Rolling out high-performance information systems across the Group provides Antalis with the flexibility and responsiveness it needs to offer its customers value-added services, among which e-commerce has a prominent place.

## High-performance IT systems

The Group has set up high-performance information systems providing an effective interface between all Group functions (sales, purchasing, procurement, marketing, logistics and finance). As regards customers, the information provided by its information system allows the Group to handle quote requests automatically, identify customer requirements and carry out targeted initiatives as part of its customer relationship management approach. As regards suppliers, the Group has set up an automated electronic data interchange system, allowing it to work closely with suppliers on restocking, preparing orders and delivering products.

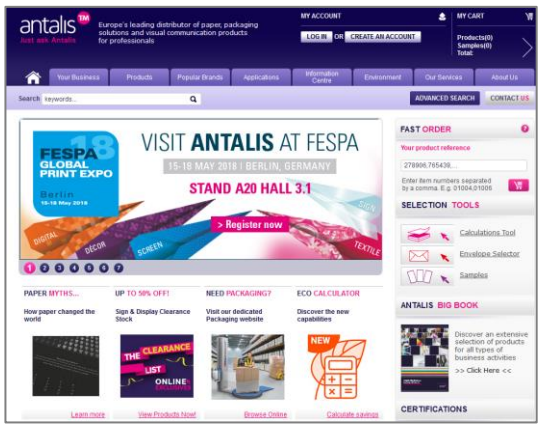
The Group's information systems include various applications intended to be deployed in each Group entity, particularly in back-office processes (purchasing, procurement, finance, marketing, call centres), customer relationship management (CRM), Group website management and business intelligence tools.

Efficient information systems represent a vital resource for the Group, allowing it to support all functions inherent in its B2B distribution business, and are an important means of harmonising and standardising processes, encouraging synergies between the various regions in which the Group operates and helping with the integration of acquired companies. In this respect, Antalis has adopted a strategy to achieve gradual convergence between its information systems and continually channels significant investments into this area.

The Group's information systems help put distance between Antalis and its competitors, lending it a major competitive edge.

## Fast-growing e-commerce activities

Antalis offers its customers e-commerce solutions which are constantly improved in order to ensure that customers are provided with an effective, high value-added service that enhances their efficiency.



The Group's e-commerce websites give existing and prospective customers 24/7 access to its Papers, Packaging and Visual Communication full product range.

Users can carry out searches based on their profession (traditional or digital printer, designer, purchaser of packaging products, specialist in signage materials, etc.) and benefit from specific advice and content. E-commerce websites also allow users to view the product range by brand and by application, alongside the online catalogue. The e-commerce platforms, which encompass all of the Group's businesses, cover the Group's 30 main countries, with content provided to customers in the language of the relevant country.

For over a year now, Antalis has been working on a new version of its e-commerce websites in order to tap into the growth potential offered by this sales channel. Aimed at end-customers, this new, more intuitive version will offer an optimal, bespoke customer experience, enhancing the appeal of Antalis' products and service offer. It will be up and running in France and the UK during 2018.

The Group has seen rapid growth in its online sales over the past few years, with sales generated by its e-platforms (e-commerce websites and EDI) amounting to €312 million in 2017. The penetration rate in terms of product lines ordered via e-platforms has been rising steadily. It was 34.8% in 2017, 1.3 percentage points more than in 2016, including a 1.7 percentage point rise for e-commerce websites.

Antalis considers that its e-platforms give it a competitive advantage that sets it apart in a market where the penetration of e-commerce is still limited. E-platforms are also an important driver of operating efficiency and are part of the Group's omni-channel strategy focused on two distribution channels (sales teams relying on a paper catalogue and websites via an online catalogue).

### A unique and innovative service offering

Antalis has a broad line-up of services in each of its three business sectors (see description of the Group's businesses on pages 14 *et seq.*), with a specific services catalogue featuring up to 70 services in certain countries.


Available in each of the countries in which Antalis operates, this catalogue allows its customers to choose and price the level of service best suited to their needs.

Services are an important means of forging a competitive edge, reinforcing the Group's positions in its different business sectors and continuing to generate additional revenue contributing to improving the Group's margins.

### *Ability to generate solid results in a declining papers market*

In a context of structural decline in demand for papers, the Group has made protecting gross margins and strictly managing customer risk central to its strategy. To manage its margins as closely as possible in each of its business sectors, the Group has acquired tools and skills that enable it to establish its pricing strategy, analyse customer profitability and optimise its purchasing policy. Antalis is constantly adjusting its overheads to trends in the stock business, particularly by optimising its supply chain infrastructure.

The Group has successfully offset falling volumes in the paper distribution sector by adapting its product ranges, developing its customer base and making acquisitions in growing business sectors or regions that enable it to consolidate its market share.

As well as financing acquisitions, in recent years Antalis has shown its ability to generate solid operating results and manage its debt through strict management of its working capital requirement, particularly by constantly improving inventory levels and trade receivables.

The variable portion of compensation accruing to all Group managers depends partly on the extent to which their respective entities achieve predefined EBITDA and working capital targets.

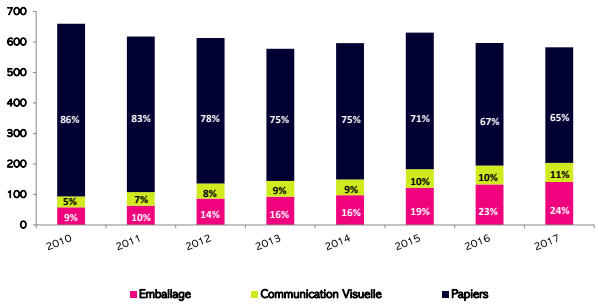
### *Potential for growth in the more profitable Packaging and Visual Communication sectors*

To leverage new sources of growth and diversify its profile, over the past few years Antalis has pursued a targeted acquisitions strategy in Packaging and Visual Communication, sectors that are still fragmented but enjoy steady growth and generate higher gross margins than the Papers sector.

Between 2010 and 2016, the Group acquired 13 companies in these sectors, placing Antalis as Europe's No. 1 industrial Packaging distributor and No. 2 Visual Communication distributor. Over the same period, these sectors have gone from representing 13% of the Group's total gross margin in 2010 to 33% of its gross margin in 2016.

The Packaging sector accounted for 21% of Antalis' sales in 2017, while Visual Communication accounted for 9%. The contribution of these businesses to consolidated gross margin was 35% in 2017, 2 percentage points more than in 2016.

**2010-2017 gross margin contribution (%) by business sector**




### *A key role in consolidating the European paper distribution market*

Consolidation of the European paper distribution market, which has been underway since 2000, is needed to maintain a scale effect and unlock synergies, particularly cost synergies.

Antalis' major acquisition of Map Merchant Group in late 2007 (approximately €1.4 billion in sales) doubled the Group's size and extended its footprint into new European markets, making it Europe's leading Papers distributor.

This leadership position naturally led Antalis to play a major role in industry consolidation, acquiring Xerox's Document Supplies Europe business in 2013 (approximately €300 million in sales) and the Data Copy brand in 2015. These acquisitions helped

the Group to reach critical mass in office paper distribution and to reinforce its positions in this sector, particularly among resellers.

As the leading player in paper distribution, Antalis took full advantage of market consolidation in 2015. The demise of one of the Group's main competitors led to a significant increase in its business levels in the UK and the Netherlands, and led to higher market share in Europe, where the Group was able to consolidate its positions.

### Unique initiatives supporting organic growth

Antalis has set up three innovative marketing programmes in order to offer its customers solutions that meet their needs, which in turn enables the Group to reinforce its positions.

Antalis Creative Power, aimed at creative directors, designers, communication agencies, printers and end users, showcases the instrumental role of paper in corporate communication. The programme is supported by the Group's international network of backsellers providing expertise and advice to customers, and by the Group's showrooms in Europe (known as "Brainstore" in France), which are sales outlets as well as venues for advice, discussion and innovation.

To help customers seize growth opportunities created by digital printing, the Group has set up the "D2B" (digital-to-business) programme, through which it organises meetings in partnership with major original equipment manufacturers (OEMs), in the digital web press (mainly Xerox), finishing equipment and software solutions segments. In 2016, Antalis opened a showroom in Paris where, thanks to its partnership with Xerox, customers can make trial print runs on Xerox's latest-generation iGen5 digital web press.

Antalis' Green Connection programme supports customers in their sustainable development strategy. The programme highlights the importance of recycled paper, particularly through the Green Star System, which provides customers with an easy method of evaluating the "greenness" of paper using a system of 0 to 5 stars, awarded on the basis of environmental performance.

### *Growth potential outside Europe*

Antalis is the only distributor which has a truly global reach and operations across Europe, Latin America, Southern Africa and Asia-Pacific.

In Latin America, Antalis' footprint in the continent's six main countries allows it to realise a return on its investments, particularly as regards information systems. This also gives it a solid base from which to develop in the growing Packaging and Visual Communication sectors.

The Group's international presence is a key asset in serving large international corporations, which generally centralise purchasing operations for paper and packaging products at the European or global level. The Group has a specific team at its headquarters working closely with local teams to respond to invitations to tender, implement European and global contracts and carry out day-to-day monitoring with local correspondents.

### *An efficient management organisation and a seasoned management team*

The Group's organisation is based on an operational management structure in each of its seven regions, supported by a business line and sector-based structure at head office. This allows it to deploy its strategy quickly and effectively. Its human resources, finance, marketing, purchasing and IT functions are overseen by central teams, which work with counterparts in each region.

Each region has a common structure in terms of logistics, information systems and back office, which allows the Group to unlock synergies between countries and reduce costs. Antalis also improves its operating efficiency by harmonising product ranges between countries and by implementing common marketing initiatives.

The Group's Executive Committee has in-depth knowledge of the Group's markets and solid industry expertise. The Executive Committee comprises both functional (business line) and operational executives of eight different nationalities and benefits from the broad-shouldered, complementary B2B (Business-to-Business) expertise of its members. Under the impetus of the Executive Committee, Antalis refocused its business model between 2012 and 2015, cementing its leadership in Papers and accelerating its diversification into Packaging and Visual Communication. The executive management team has also shown its ability to successfully integrate the Group's acquisitions of both large corporations and SMEs.

To encourage the highest level of expertise at all levels of the Group, Antalis adopted a coordinated approach involving training (online, classroom-based and coaching) and best practice groups, particularly in the field of logistics. This enables it to deploy teams' expertise in all countries in which the Group operates. As a result, the Group has a solid organisation in the areas of sales, marketing, purchasing, finance, human resources, logistics and information systems.

## STRATEGY

Antalis intends to continue diversifying on the growing Packaging and Visual Communication markets and to consolidate its leadership in the Papers sector supported by its supply chain infrastructure and information systems.

### *Consolidate leadership in Papers*

Antalis aims to continue playing an active role in market consolidation by leveraging external growth opportunities as it did in 2016 with its purchase of Swan Paper's distribution business in Ireland.

It also intends to continue consolidating its positions by enhancing its range of value-added products and services and capitalising on its industry-leading marketing initiatives in digital printing, environmentally responsible products and creative papers.

This strategy will give Antalis significant operating leverage and enable it to channel its cash flow generation to its diversification into the high-potential Packaging and Visual Communication markets.

### *Consolidate and pursue diversification in Packaging and Visual Communication*

In the Packaging and Visual Communication sectors, Antalis aims to outperform the market by leveraging its dedicated sales organisation, effective supply chain and global presence.

The Group is also determined to support organic growth in both these sectors through its offering of value-added products and services.

In the Packaging sector, Antalis intends to provide its customers with effective value propositions unique in the industry, supported by the rollout of new business models defined in 2017.

In the Visual Communication sector, Antalis will roll out its product offer leveraging Coala, its own brand of large format printing media. In this sector, the Group also intends to position itself as a benchmark in segments with significant untapped growth potential, particularly interior decoration and exterior signage.

Lastly, Antalis will continue to diversify its businesses, taking an active role in the consolidation of the Packaging and Visual Communication sectors through targeted acquisitions by taking advantage of these markets' fragmented nature.

### *Exploiting the potential of B2B e-commerce*

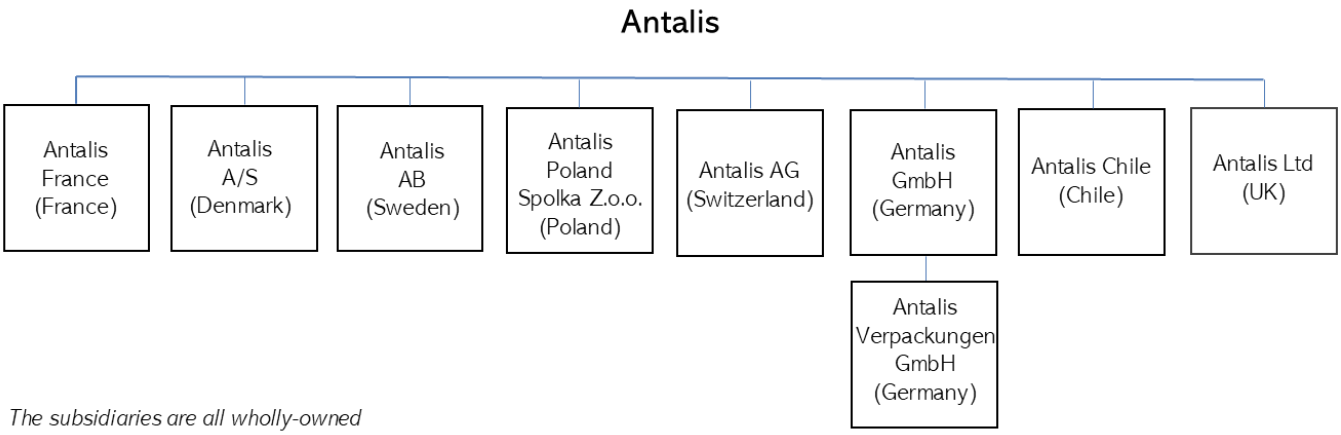
Antalis believes that there is major growth potential in the e-commerce sector and intends to continue making significant investments to deploy and enrich its online sales platform. The new version of its websites will be launched in France and the UK during 2018 and will be gradually rolled out to all of the countries in which the Group operates.

Antalis also intends to develop new online services such as bundled offers and online customer assistance, as well as online payments for prospective customers.

To improve profitability, Antalis intends to increase the proportion of its sales made online, which helps to reduce overheads, and to generate sales from the e-commerce "stock" business (e-commerce websites and EDI) of around €400 million by 2020 (versus €312 million in 2017).

## ORGANISATION OF THE GROUP

The simplified organisation chart below shows the Antalis Group's main subsidiaries based on their contribution to consolidated sales in 2017.
The list of consolidated companies as of 31 December 2017 along with their geographic location is provided in Note 32 in Chapter 4, "Financial statements – Consolidated financial statements".




*The subsidiaries are all wholly-owned*

# 2 Corporate Social Responsibility



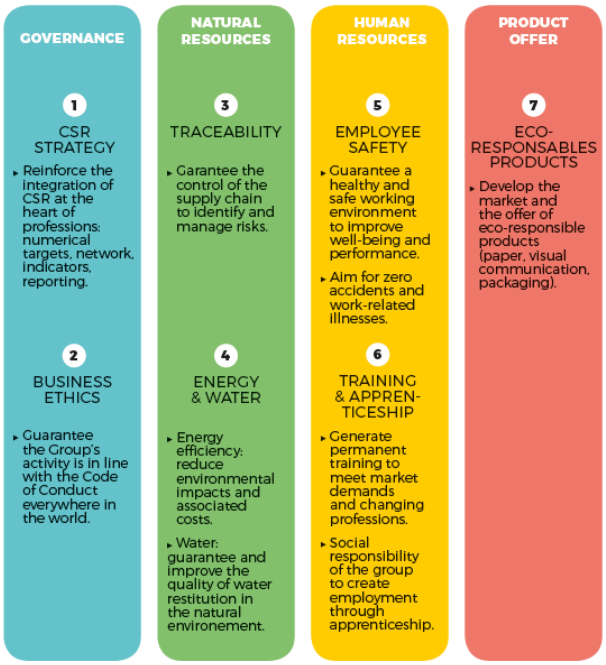
# Corporate Social Responsibility

The Group rolled out a Corporate Social Responsibility (CSR) policy in 2011, and applies it consistently across all geographical zones in which it operates. It is one of the cornerstones of the Group's strategy.

Following on from an initial action plan in 2011-2015, in which it prioritised the main social, environmental and governance issues related to its business activities, the Group is aiming to step up its initiatives and strengthen its long-term commitments for the 2016-2020 period. Its 2020 roadmap, like the previous edition, is based on international standard ISO 26000, which ensures that the main impacts of the Group's businesses are taken into account within a consistent, internationally recognised framework.

This roadmap includes seven initiatives covering four major areas for action: (i) organisational governance, (ii) management of natural resources, (iii) human resources and (iv)the product offering.

The seven underlying initiatives, set out in the chart below, symbolise the Group's commitments in each of these four areas.




**2020 roadmap performance indicators tracking table**[1]

| Initiatives | Indicators | 2020 objectives | 2017 position |
|---|---|---|---|
| Good business practices | Percentage of at-risk employees trained | 100% | 100% |
| Traceability | Percentage of supplies covered by a traceability procedure including due diligence | 85% | 81.2% |
| Energy | Percentage of transport volume covered by a carbon footprint calculation | 90% | 72% |
| Employee safety | Lost-time accident incident rate | 7 | 9.9 |
| Employee training | Percentage of employees trained | 80% | 90.2% |
| Eco-responsible products | Percentage of eco-responsible paper products | - | 75% |

(1) Using 2015 as a reference year, the objectives are set on the basis of indicators defined for 2020.

## Organisational governance

### *Decision-making structure and process*

The Group's internal decision-making system aims to guarantee the principles of transparency and accountability when taking decisions and devising strategies and the related action plans. Governance processes are continually being strengthened. Antalis thus strives to use financial and natural resources and its human capital as effectively as possible and in a way that best reflects its commitment to social responsibility. It also aims to achieve a fair balance between the degree of power, responsibility and expertise of its decision-makers. It strives to keep track of the implementation of these decisions in order to ensure that they are applied in a responsible and sustainable manner and to guarantee accountability for the positive or negative outcomes they may have.

The CSR function is represented on the executive committee, ensuring it a voice on the Group's highest decision-making body. As a result, the CSR function ensures best possible cross-company exchange. In addition to the creation of a Group CSR department, a network of CSR correspondents has been put in place. The CSR central function is in close and regular contact with the network to ensure that it discusses and communicates

effectively, has properly understood the issues at stake and implemented the related action plans. The organisation provides formal descriptions of the specific roles and tasks of employees with respect to each CSR-related topic. While each regional chief executive has overall responsibility for all CSR-related topics, a dedicated contact has been appointed in each region in which the Group operates, and his/her role and tasks are included in job descriptions and annual assessments. Where possible this role is occupied by a member of the regional executive committee. A specific person is assigned to marketing/communication, human resources, safety, the environment, sourcing and business ethics, and his/her roles and tasks are identified.

Under the responsibility of the Group Head of CSR, the CSR correspondents operate by means of face-to-face meetings or video conferences, depending on the subject concerned. Entities may also put in place CSR initiatives or organisations at a local level.

## *Promotion of diversity*

Antalis is an international Group and its operations span five continents. It is chiefly present in Europe in terms of staff (of which 78.4% are in Europe), although 12% of its staff are based in Latin America, 3.8% in Asia-Pacific and 5.7% in Africa. This international dimension means that the Group is not inclined to differentiate its policies along the lines of national or ethnic criteria but constantly seeks to capitalise on the mutually enriching interplay between various cultures. The Group's executive committee boasts a total of eight different nationalities. All of the nationalities present in the Group are represented on the various operating committees and at the regular management meetings, and so the Group has a genuinely multi-cultural and international profile.

However, it is not always easy to foster diversity given the logistics-based nature of the Group's businesses and country-specific regulations on the matter. For example, tracking the number of employees with disabilities is made more complex by different local laws and regulations, which may prevent such data being collected or may be based on a different definition of disability.

The table below sets out the percentage of employees with a disability in the last two years.

| | 2016 | 2017 |
|---|---|---|
| Percentage of employees with disabilities | 0.80% | 0.77% |

Gender diversity is also monitored closely within the Group. The logistics-based nature of the Group's businesses does not encourage a high proportion of women, but the Group is nonetheless aware that efforts must be made to achieve more balance. Reporting indicators in this area show an improvement in the proportion of the company's workforce and managers who are women, and the gender wage ratio for managerial and non-managerial positions. The Group especially wishes to ensure that the percentage of women managers is at least equal to the overall percentage of women in the workforce in each of the regions in which it operates. That percentage increased slightly in 2017, to 31.1%, whereas 35.4% of the Group's total workforce are women.

The table below sets out the percentage of managerial positions occupied by women in the last two years.

| | 2016 | 2017 |
|---|---|---|
| Percentage of women in management | 30.80% | 31.10% |

Within the scope of the 2017 Self-Assessment Questionnaire* carried out annually by the Internal Audit department, 21 entities (94% of the sample) have specific measures to promote gender equality, and 19 (45% of the sample) have specific measures to promote access to work for people with disabilities.

### 2017 Self-Assessment Questionnaire statistics*

| Subject | Number of entities | Representativeness of the sample |
|---|---|---|
| Specific measures to promote gender equality | 21 | 94% |
| Specific measures to promote access to work for people with disabilities | 19 | 45% |

** Carried out by the Internal Audit department among 38 entities with more than 30 employees, covering 94% of Group headcount.*

## *Dialogue and relations with stakeholders*

As a global distribution Group, Antalis' responsibility towards its different stakeholders is important and based on the principles of transparency, accountability, co-operation and responsible communication. Constructive dialogue is an integral part of forging a well-balanced Group in terms of economic, social, environmental and responsibility issues, and a means of guaranteeing Antalis' existence over the long term.

### Stakeholder mapping

In addition to internal stakeholders, the Group has to deal on an occasional or regular basis with different economic, social and environmental players from the private, institutional or not-for-profit sectors. The main internal and external stakeholders whose needs and expectations need to be considered include:

- Employees: employees are kept informed about various CSR-related topics (health and safety, working conditions etc.) both through information obtained via the Internet, intranet or reports and through dialogue with the various employee representative bodies (local works councils, European Works Council, health, Occupational Health and Safety Committees, etc.). To better assess employee satisfaction levels, the Group also carries out a study every two years to measure employee opinions about a certain number of the Group's values (My view Survey). In early 2017, more than 78% of the Group's employees voluntarily took part in this study, which covered subjects such as team spirit, delegating and taking responsibility, being open to change, safety at work, respect for diversity, teamwork and career development opportunities. In 2017, the employee engagement rate with respect to most of these issues was marginally lower than in the previous study (72% compared with 73% in 2015). The study allows the Group to identify more effectively the areas in which employees have high expectations and in which progress is possible. The results of the study are reported to all Group employees through local discussion Groups, which foster exchange.

- Customers: the Group's customers are mainly printers, manufacturing and service companies, paper retailers, professionals specialised in signage systems and public authorities focused mainly on the business-to-business (B2B) sector. Their expectations in terms of CSR vary widely from one country and business to the next. Some require guarantees from the Group that it respects core CSR values and principles while others look to the Group for guidance and inspiration in these fields. Communication and dialogue with this population takes place both through its commercial offering and on-site meetings, and there are many opportunities for discussion: regular site visits, visits to one of the Group's 13 showrooms and forward-looking studies carried out by the Group to improve its understanding of customers' needs and expectations.
- Suppliers: the Group works with a large number of suppliers in its distribution business. The expectations of these suppliers should be met through a process of constructive, ethical dialogue, and assurance should be sought that they also respect and continually enforce the Group's CSR values. Clearly stating its principles and values in any dealings it may have with suppliers both upstream and downstream of its distribution activities, is a crucial part of its responsibility. Potentially high-risk suppliers should be helped to engineer positive changes in their businesses. Dialogue with the Group's main suppliers takes place on a regular basis and the Antrak platform is a key tool for exchanging views on CSR issues.
- Government and local authorities: the Group's distribution centres must comply with strict local, national and international regulatory requirements. Ongoing dialogue with government bodies is necessary to ensure compliance with these regulations. At both the national and European level, the Group is regularly in contact with the regulatory or supervisory bodies in the countries in which it operates, either on its own initiative or through the professional organisations to which it belongs.
- Local communities: the Group's facilities and warehouses, and particularly its distribution centres, strive to maintain constructive and transparent relations with the local communities in the various rural and urban areas in which they are located. Integrating the sites into the fabric of local industry and community helps forge links between employees and society at large.
- NGOs: (non-governmental organisations): the Group's activities depend indirectly on various natural resources (wood fibre, energy, etc.). Building constructive, transparent dialogue with NGOs on the responsible use of these resources and giving due consideration to all aspects of CSR in strategic decisions is essential. Through this formal or informal dialogue, the Group acknowledges the impacts that its businesses have on the environment while endeavouring to constantly improve performance and lighten its environmental footprint.

## Membership of CSR-related organisations

### United Nations Global Compact

In 2012, the Group signed up to the United Nations Global Compact, underscoring its commitment to ten fundamental principles in the areas of human rights, labour, the environment and anti-corruption.

The ten principles set out in the UN Global Compact require businesses to:

- support and respect the protection of internationally proclaimed human rights;
- make sure that they are not complicit in human rights abuses;
- uphold the freedom of association and the effective recognition of the right to collective bargaining;
- uphold the elimination of all forms of forced and compulsory labour;
- uphold the effective abolition of child labour;
- uphold the elimination of discrimination in respect of employment and occupation;
- support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility;
- encourage the development and diffusion of environmentally friendly technologies; and
- work against corruption in all its forms, including extortion and bribery.

Every year, the Group also publishes a "Communication on Progress" for each of these ten fundamental principles. Its last such report covering the period 2016-2017 was published in December 2017, under the "GC Advanced" level, reflecting the Group's determination to go beyond minimum reporting requirements.

### FSC® (Forest Stewardship Council)

This independent, non-governmental, not-for-profit organisation was established to promote the sustainable and responsible management of the world's forests. By preferring FSC-certified papers, the Group promotes solutions that encourage responsible management of natural resources. The Group has been a member of FSC International since 2014 and forms part of its Economic Chamber, where it takes a governance role. Dialogue takes place in various forms: via the Group's presence at Annual General Meetings and its participation in thematic workshops. This gives the Group the opportunity for fruitful discussion with the organisation and its various members regarding the expectations of the different players (NGOs, companies, civil society, etc.).

In 2017, 18 Group entities (representing 45% of the sample) were involved in an official dialogue with external regional and economic organisations.

### 2017 Self-Assessment Questionnaire statistics*

| Subject | Number of entities | Representativeness of the sample |
|---|---|---|
| Official dialogue with regional and economic organisations | 18 | 44.6% |

** Carried out by the Internal Audit department among 38 entities with more than 30 employees, covering 94.4% of Group headcount.*

### *Subcontractors and suppliers*

The Group is well aware of its direct and indirect responsibility with respect to its supply chain and as such endeavours to consolidate links with its suppliers and ensure that the fundamental principles are correctly applied by both suppliers and subcontractors. It continually strengthens its dialogue with suppliers to better identify the risks and opportunities associated with its value chain. A new version of the online supplier listing/registration platform was set up in December 2015 to mitigate the Group's risks resulting from inadequate supplier information and oversight.

This new version of the tool, Antrak, enables the Group to centralise all CSR-related information and documentation, particularly as regards compliance with applicable regulations. The main information collected concerns overall compliance with the company's fundamental principles (human rights, labour law, environment, CSR commitment), compliance by the mills with all regulations relating to products delivered to the Group (ISO 14001, 18001 and 50001 certifications) and product compliance (certification, labels, traceability, compliance with regulations and hazardous products).

Within the scope of this platform, particular attention is paid to suppliers' compliance with the fundamental principles, in accordance with the commitments of the United Nations Global Compact. The Group also closely monitors issues relating to core labour standards (collective bargaining agreement, employee representatives), human rights (compliance with local and international regulations, no child labour, no forced labour), diversity (equal opportunity or diversity programme), health and safety (percentage of employees trained in occupational health and safety) and good business conduct (proof that there have been no convictions and that there are no ongoing proceedings with respect to corruption or unlawful agreements).

## HUMAN RIGHTS AND PRINCIPLES OF LEGALITY, ETHICS AND TRANSPARENCY

The Group employs a small number of people in developing countries. In accordance with its Code of Good Conduct - which is based on respect for individuals - the Group complies with International Labour Organisation (ILO) standards in all of the countries where it operates, particularly relating to child labour, occupational health and safety, employee representation and fundamental principles and rights at work.

These principles apply both to the Group's relations with its own employees and to subcontracting arrangements. They are taken up and relayed to employees in the Group's Code of Good Conduct and reinforced through Antalis' membership of the UN Global Compact.

The Group's Code of Good Conduct covers all matters relating to human rights and is the basis for the commitments with which the Group wants to ensure compliance, both within the Group as well as upstream.

Compliance with these fundamental values is monitored by the Internal Audit department. Implementation and compliance procedures relating to these issues are included in the Self-Assessment Questionnaires (SAQs), and are systematically verified when Group auditors make visits to each Group entity.

### 2017 Self-Assessment Questionnaire statistics*

| Subject | Number of entities | Representativeness of the sample |
|---|---|---|
| "Does your entity apply the Code of Good Conduct?" | 38 | 100% |
| "Is the Code of Good Conduct formally provided to new hires?" | 37 | 96% |
| "Can you confirm that you do not encounter any situations that may lead to a breach of the Code of Good Conduct (working conditions, breach of competition law, harassment, corruption etc.)?" | 35 | 92% |

** Carried out by the Internal Audit department among 38 entities with more than 30 employees, covering 94% of Group headcount.*

The Group is also working to improve the way these issues are dealt with by its suppliers, by including specific requests and evidence that suppliers respect the Group's values in the questionnaires sent to them.

## EMPLOYEES

### *Labour practices*

#### Breakdown of employees

At 31 December 2017, the Group employed 5,523 people in 43 countries, versus 5,600 people at 31 December 2016 and 5,704 people at 31 December 2015. These variations are the result of restructuring and job protection plans implemented by the Group in certain countries, as well as acquisitions.

The table below shows how the Group's average headcount in each geographical area has changed over the last two years:

| Geographical areas | 2016 | 2017 |
|---|---|---|
| France | 604 | 570 |
| UK/Ireland | 1,214 | 1,207 |
| Germany/Austria | 494 | 477 |
| Rest of Europe | 2,208 | 2,111 |
| Latin America | 558 | 666 |
| Botswana/South Africa | 325 | 317 |
| Asia-Pacific | 223 | 213 |
| **TOTAL** | **5,626** | **5,561** |

## Breakdown by gender, age group and length of service

For the past five years, the Group has been using a consolidated reporting system for all its entities, which provides it with a better overview of indicators such as gender distribution, the number of female management-level employees, absenteeism, training figures, the percentage of employees with disabilities and the breakdown of employees by length of service. All of these indicators ensure full compliance with Article 225 of French Act No. 2010-788 of 12 July 2010 on the national commitment to the environment, known as the "Grenelle 2" Act. Above and beyond legal and regulatory obligations, monitoring indicators in this way allows the Group and its various entities to identify any imbalances and to put remedial actions and approaches in place in these specific areas.

The logistics-based nature of the Papers and Packaging distribution businesses has traditionally meant that they employ more men than women. In 2017, women accounted for 35.4% of the Group's workforce, slightly less than in 2016 (36.7%). When working conditions permit and appropriate candidates exist, the Group strives to promote diversity in the form of gender equality within its subsidiaries. Regarding managerial-grade positions, 11.8% of women working in the Group hold such positions compared to 14.2% of men.

The Group's goal is that the percentage of women in management positions mirrors the percentage of women in its overall workforce. In 2017, 31.0% of Group executives were women, whereas 35.4% of its overall workforce were women.

The table below shows the breakdown of the workforce by gender in the last two years.

| Breakdown by gender | 2016 | 2017 |
|---|---|---|
| Percentage of men in the Group | 63.30% | 64.60% |
| Percentage of women in the Group | 36.70% | 35.40% |

- Number of women on Antalis' executive committee: 1 out of 18
- Number of women on the Board of Directors: 4 out of a total of 8 directors

The table below shows how the Group's average headcount in each age segment has changed over the past two years.

| Age structure | 2016 | 2017 |
|---|---|---|
| 20-30 years old | 11% | 12% |
| 31-40 years old | 25% | 25% |
| 41-50 years old | 33% | 31% |
| 51-60 years old | 25% | 26% |
| Over 60 years old | 6% | 6% |

The table below shows the length of service of Group employees in the past two years.

| Length of service | 2016 | 2017 |
|---|---|---|
| Less than 1 year | 9% | 11% |
| 1-5 years | 25% | 25% |
| 5-10 years | 22% | 19% |
| 10-20 years | 27% | 27% |
| Over 20 years | 17% | 18% |

## Employment and working conditions

The table below shows the number of employees hired and departures in the past two years

| Employees hired and departures | 2016 | 2017 |
|---|---|---|
| Number of employees hired | 512 | 508 |
| Number of departures | | |
| Voluntary departures and contract terminations | 319 | 486 |
| Lay-offs and dismissals | 198 | 130 |

The table below shows how employment in the Group has changed over the past two years.

| Employment | 2016 | 2017 |
|---|---|---|
| Turnover(1) | 9.00% | 9.20% |
| Resignation rate | 5.60% | 8.50% |
| Recruitment rate | 9.00% | 8.50% |
| Percentage of employees with disabilities/total headcount | 0.80% | 0.77% |
| Absenteeism rate(2) | 3.22% | 2.91% |

(2) Calculated on the basis of average Group headcount, including all types of contract.*

(3) Number of days' absence divided by the total number of theoretical working days.

## Employee training and information on CSR

Various methods are used to train and educate employees about corporate social responsibility. Chief among them is the publication of a dedicated report aimed at both internal and external stakeholders.

With operations in seven regions and over 43 countries, Antalis needs to communicate from both a central and local perspective to ensure that all of its internal and external stakeholders are catered to.

As such, the 2017 CSR report is divided into two sections, the first of which describes the initiatives performed at central level and rolled out to each site. These are illustrated using the Group's CSR strategy matrix (see section on the Group's social responsibility). Featuring employee and customer testimonials, performance indicators and details about action plans, the report gives a comprehensive and in-depth overview of the Group's various challenges and achievements in different areas. The second section of the report has a more regional focus and covers the key achievements in the various countries. The report is translated into all relevant languages in order to reach external stakeholders in the countries in question, as well as employees.


Other internal and external CSR communication documents are also disseminated on a regular basis, including the 2020 roadmap, which provides information about the Group's CSR objectives for 2020.


These documents are all posted on the Group's various websites and are therefore available to the general public.

In the area of training, a considerable number of employees received training on CSR-related topics in 2017. The e-learning platform provided training to 772 employees on occupational safety, 253 employees on the Green Connection (eco-friendly products) and 366 employees on the FSC module (certification).

## Working conditions

### *Compensation policy and social protection*

The Group's employees, whether they have an operational role or a cross-functional role at the headquarters, are paid a fixed salary which, for most managerial-level staff, is supplemented by a variable salary based on the performance of the Group as well as on whether individual performance targets have been met.

The variable compensation policy for key executives has been harmonised across the Group. Certain senior executives or high-performing managers may be awarded fringe benefits (usually a company car) on top of their salary, depending on their position within the Group.

The Group's employees are also eligible for statutory healthcare, welfare and disability benefits.

### *Organisation of working time*

Each Group entity strictly complies with local laws and regulations relating to working time, work schedules, the recovery of hours worked and annual leave.

Flexible working, particularly e-working, has been formally introduced by entities in certain countries, for example at Antalis' head office and at Antalis in the United Kingdom.

### *Succession plans for managers and talent management*

The Group holds yearly performance reviews for all its employees, which help it to ensure that its actions are aligned with its strategic plan, and to identify the training needs and career aspirations of each employee. A regular review of key talents allows Antalis to analyse the development and promotion potential of management teams and key managers. This in turn helps Antalis to develop its talent pool, which is crucial if it is to provide the best possible response to the Group's current and future requirements.

Lastly, a succession plan for the Group's executive directors and key managers has been implemented by Antalis' Nominations and Compensation Committee in accordance with the governance rules applied by the Company.

### *Employee savings*

The Group's French companies have a collective reward scheme in the form of either an incentive scheme or a statutory profit-sharing arrangement. The calculation criteria for the profit-sharing arrangement are defined after a bargaining procedure with employee representatives and in light of the specific characteristics of each of the entities concerned. The Group's employees also have company savings plans that may be accompanied by a collective retirement savings plan as well as working time savings accounts.

Company savings plans are not, or are rarely, implemented in other countries.

### *Social dialogue*

The Group has an open and direct social dialogue policy keeping employee representative bodies informed of the businesses' successes and difficulties. It does this transparently, ensuring that their rights are rigorously respected.

Generally speaking, social dialogue is organised at its most relevant level, i.e., at the level capable of addressing the relevant matter effectively in accordance with national laws and regulations. Social dialogue is therefore primarily initiated at the local level in view of the fact that economic and human dimensions can be better assessed at that level. All Group companies ensure, where they are subject to such requirements, that they have an employee representative body or initiate negotiations, which provide an opportunity for discussion.

In a morose economic environment, ensuring healthy social dialogue is crucial, particularly in the context of redundancy procedures. The Group rigorously verifies that all employees affected by such procedures are given the assistance provided for by law.

As well as ensuring strict compliance with local regulations, the Group also promotes its own values, providing equal opportunities for employees, ensuring fair treatment and zero discrimination and encouraging social dialogue.

In 2017, 38 Group entities had an official employee representative body, of which 37 had a specific information procedure for employees and employee representatives, while 18 entities set up a specific bargaining procedure with their employee representatives.

At Group level, the European Works Council represents more than 4,000 employees across Europe and meets in plenary session at least once a year. The meetings are an opportunity for the Company and employee representatives to share information regarding performance as well as strategy and future initiatives in areas such as health and safety, organisation and communication.

The European Works Council is also consulted on major commercial changes affecting two or more European countries.

### 2017 Self-Assessment Questionnaire statistics*

| Subject | Number of entities | Representativeness of the sample |
|---|---|---|
| Official employee representative body | 38 | 100% |
| Specific information procedure for employees and employee representatives | 37 | 96% |
| Specific bargaining procedure with employee representatives | 18 | 72% |

** Carried out by the Internal Audit department among 38 entities with more than 30 employees, covering 94% of Group headcount.*

Every year, the Group negotiates a number of collective bargaining agreements with employee representative bodies on an individual entity level. Amendments to these agreements are also negotiated. In 2017, the Group's French entities signed four collective bargaining agreements with staff representative bodies. Besides the statutory annual bargaining round, agreements reached with employee representative bodies concerned diversity, standby duty, incentive arrangements, profit sharing, arduous work and the organisation of the production teams' working practices. At Group level, 40 agreements were signed with employee representatives in the Group's different legal entities.

## *Employee protection – Health and safety*

The Group's activities involve risks that may potentially cause personal injury or illness. The Group places great emphasis on the health, mental well-being and physical safety of the men and women working to develop its businesses. It relies on a team in charge of personal safety and product security, which audits, supports and co-ordinates the practices and action plans implemented in each of its businesses. Antalis aims to make safety and security issues a force for cohesion within the Group and a driver of ongoing improvement in all business processes. Progress meetings with employee representatives are held several times a year, both locally and within European Works Council meetings. Information on the severity of work-related accidents is also monitored, and the results are used as decision support tools.

The table below shows how workplace safety indicators have changed over the last two years.

| Workplace safety | 2016 | 2017 |
|---|---|---|
| Lost-time accidents | 62 | 53 |
| Incident rate | 10.9 | 9.9 |
| Number of fatal accidents | 0 | 0 |
| Severity rate | 0.13 | 0.12 |

(4) Incident rate = number of lost-time accidents/number of full-time employees and temporary personnel x 1,000.

(5) Data calculated based on a scope of 96 distribution centres.

In 2017, all of the Group's 38 entities with more than 30 employees had a specific procedure dealing with occupational health and safety issues, along with a related training plan, and 22 of them had signed dedicated agreements with social partners. In addition, 3,885 people underwent occupational health and safety training in 2017, compared with 4,753 in 2016.

### 2017 Self-Assessment Questionnaire statistics*

| Subject | Number of entities | Representativeness of the sample |
|---|---|---|
| Specific occupational health and safety procedure | 38 entities | 100% |
| Entities that signed specific occupational health and safety agreements with employee representatives in 2017 | 22 | 58% |

** Carried out by the Internal Audit department among 38 entities with more than 30 employees, covering 94% of Group headcount.*

The Group's employees are exposed to various risks, chiefly those inherent in commercial, storage, transport and road travel activities. Several converting facilities are also exposed to "industrial" risks. Safety and security rules form an integral part of the organisation of working practices within the Group, which ensures that these rules are strictly respected at all of its sites. Nevertheless, the Group is working to develop a consistent safety management framework for each of its businesses across major distribution centres that complies with the internationally recognised standard OHSAS 18001.

Various initiatives were launched to enhance the safety management system in 2017:

- A "2017-2020" roadmap was rolled out locally by each region, in the form of dedicated action plans.
- Health issues were incorporated into the roadmap through the "Build the Health and Safety Bridge" scheme. This initiative was launched to mark the Group's first participation in the World Day for Safety and Health at Work on 27 April 2017.

On this date, all of the sites (warehouses and headquarters) around the world organised activities based around the themes of safety and health with a view to raising awareness about the importance of these issues.

- Continuation of activities undertaken in previous years, in particular:
  - Incident analysis training
  - "Team corners" and "Safety talks"
  - Safety audits carried out by the Health and Safety representatives of each region or country.

## *Human resources development and vocational training*

In order to enhance skills development and anticipate future needs, the Human Resources department carried out a study of the key skills required now and in the years to come. Employees from all areas of the company were consulted and the results will make it possible to proactively address the training needs of employees.

The online training platform WeConnect offers multilingual training courses, which are accessible to all of the employees in each of the 43 countries. The courses are offered in various formats such as e-learning, virtual and live training, TedX conferences and videos. Online communities are also available for employees to exchange good practices and consolidate what they have learnt.

The most popular certificate programmes in 2017 were "Purchasing Academy", "Coaching for Performance", "Management Essentials" and courses within the "Sales Academy" such as "Cross-selling in Viscom and Packaging".

Training about the Group's products, cyber security and digital technology are also among the most popular courses.

| Online training | 2016 | 2017 | Change |
|---|---|---|---|
| Number of unique users of the WeConnect online training platform | 3,529 | 2,609 | -37% |
| Number of online training modules completed | 12,774 | 12,706 | |

| Training | 2016 | 2017 | Change |
|---|---|---|---|
| Number of training hours per employee* | 15.3 | 21.0 | +37% |
| Percentage of employees having undertaken at least one training course | - | 90.1% | |

**Based on the number of employees having received at least one training course during the year.*

In 2017, 36 of the Group's 38 entities (94% of the sample) had put in place a training plan.

### 2017 Self-Assessment Questionnaire statistics*

| Subject | Number of entities | Representativeness of the sample |
|---|---|---|
| Training plan in place | 36 entities | 96% |

** Carried out by the Internal Audit department among 38 entities with more than 30 employees, covering 94% of Group headcount.*

## ENVIRONMENT

In 2017, environmental projects included the full deployment of the 2016-2020 strategic plan. These projects were carried out within the broader context of the Group's overall CSR policy. As part of its new strategy, the Group endeavours to address all major impacts relating to its businesses. As a global player in the paper sector through its Papers distribution, Visual Communication and Packaging products businesses, the Group is especially dependent on services provided by nature, in particular the availability of wood resources. Its responsibilities in this regard, namely to guarantee the correct use of this natural resource through responsible management, are important for its long-term economic sustainability.

### *Overall environmental policy*

Incorporating environmental responsibility into its business model is a key priority for the Group. This cannot be achieved without (i) strategic impetus on the part of the executive committee, (ii) the full involvement of operating teams and (iii) economic incentives (risk reduction, financial gain, image enhancement, competitive advantage, etc.).

In 2017, the Group strove to strengthen its actions with respect to supply chain oversight and the proper management of the wood resources on which it is indirectly dependent.

The Group's main initiatives in these areas involve reducing the volume of materials used at source (virgin fibres), choosing responsibly sourced supplies (recycled fibres), and ensuring that any effluent or waste resulting from these materials is managed appropriately (recycling, proper management of waste). The Group is strongly committed to achieving continuous improvement in these areas.

Since 2015, the Group has significantly strengthened its information compilation tools. These efforts are part of its drive to continue enhancing the diagnostic capabilities and reliability of its performance indicators. One of the Group's aims is to collect ESG (environmental, social and governance) information through the same channels as financial information, with the same contribution, validation and control procedures.

The organisation of the CSR network within the Group has been recently reviewed, and is based on having overall CSR correspondents (focal points) in each region in addition to correspondents for specific topics (environment, traceability, responsible communication). The responsibilities attached to each role are now included in job descriptions and yearly reviews, and dedicated targets are set.

This network, which has grown gradually stronger over the years, is needed to improve the flow of information on the various CSR issues and also step up cross-company exchanges. It therefore plays a role in the success of CSR initiatives.

### *Pollution prevention*

The Group's distribution and logistics businesses expose it to practically zero risks of air, soil, river or noise pollution, unpleasant odours or eyesores. Its logistics platforms do not have any production or processing businesses that involve the use of potentially hazardous materials. Any hazardous waste that may, in exceptional circumstances, be produced, is nonetheless monitored to ensure that the correct waste treatment methods are used.

At 31 December 2017, no provisions needed to be set aside on the balance sheet in respect of environmental obligations.

In 2013, the Group took out insurance to supplement its risk prevention initiatives in each area. The policy covers Antalis' 93 operated distribution centres. It concerns processing, storage and distribution activities in the paper and traceability solutions sectors, the transport of ethanol on behalf of customers, and certain ancillary and related businesses. However, work to remove or confine friable or non-friable asbestos, site dismantling and certain decontamination operations are not included. This contract, which was signed for an initial term of three years, was renewed in July 2016.

The aim is to protect the Group against claims for environmental damage and for any site decontamination costs and damage prevention costs it may incur. The policy also insures the Group against business interruption caused by environmental damage or pollution (under certain contractual conditions). The insurance provides a maximum €10 million coverage per claim throughout the insured period.

### *Sustainable use of resources*

The nature of the products distributed by the Group mean that its natural resources policy is focused on wood fibres. Now that supply is a globalised, highly diversified process, the Group must ensure that its system of traceability is watertight in order to guarantee complete transparency as to the origin of the fibres used and, in particular, the legality of the source. The risks associated with raw materials from unsustainable sources (i.e., direct or indirect products of deforestation) are small but real.

As part of its CSR strategy, the Group had committed to sourcing most of its supplies from sustainable (i.e., legal and traceable) sources by 2015. The Group addressed this issue by acting in several areas, such as reinforcing internal policies, putting in place supplier questionnaires, developing tools for managing the associated risks, and eliminating certain high-risk suppliers. However, the Group's supplier base is broad and geographically

widespread, consisting of several thousand suppliers. This means that it cannot be absolutely certain that most of its supplies are from responsible sources. The work carried out over the last three years to enhance supply chain management means the Group is taking an exemplary approach to reducing unsustainable sourcing risks, as well as playing a pioneering role in this regard in its sector through the systems it has implemented and the requirements set for suppliers.

The Group's 2020 roadmap includes an objective that 85% of supplies be covered by a traceability procedure including due diligence, with the related objective that 100% of such volumes be sourced from identified, sustainable sources.

### Responsible sourcing

Since 2013, the Group has been using a new responsible sourcing policy for paper and pulp products. This policy applies to all Group entities sourcing products derived from wood fibre and seeks to reassert fundamental values in terms of responsible sourcing. The policy bans all illegally harvested timber, timber from protected areas or from areas with a high conservation value, as well as timber that has been harvested in violation of the traditional or civil rights of local populations.

These principles also reiterate the Group's determination to prefer supplies from sustainably managed forests certified by the Forest Stewardship Council or having Pan-European Forest Certification, as well as supplies containing no genetically modified organisms (GMOs). They also illustrate and confirm the Group's preferred use of recycled paper to reduce the pressure on natural resources.

The Antrak platform is used to ensure that the values and principles of this policy are applied by the Group's suppliers.

### Regulations against illegal logging

As part of its Papers distribution activities, the Group must comply with all rules against illegal logging, in order to minimise the risk of timber from illegal logging or deforestation and products made from such timber being sold in the European market, and with rules regarding the traceability of such products.

Within the European Union, Regulation No. 995/2010/EU laying down the obligations of operators who place timber and timber products on the market came into force on 3 March 2013. This regulation (European Timber Regulation- EUTR) bans illegally harvested timber and products derived from such timber from the EU market and introduces conditions that must be met before timber and timber products can be placed on the market. The regulation distinguishes between two types of person in the timber and timber products market, i.e., operators and traders. Operators, who are defined as natural or legal persons that place timber or timber products on the European market for the first time, are required to exercise due diligence when sourcing from outside the European Union, to ensure that the products they supply are made from legally harvested timber. To achieve this, operators must deploy and maintain a due diligence system that they have set up themselves, or use a system set up by a monitoring organisation recognised by the European Union.

This due diligence system comprises two elements that are intrinsic to managing the risk of illegally harvested timber and products made from such timber being placed on the EU market: assessment of risks and mitigation of identified risks. The due diligence system must give access to information concerning the sources and suppliers of the timber and timber products placed on the EU market for the first time.

Based on that information, operators must assess the related risk. Where a risk is identified, operators must mitigate the risk in a way that is proportionate to the risk identified, in order to prevent illegally harvested timber and products made from such wood being placed on the EU market. Traders, defined as persons who sell or buy timber on the internal market, or timber products already placed on the internal market, are obliged to keep registers to identify their suppliers and customers, in order to ensure the traceability of timber products. Traders are required to keep that information for at least five years.

The large majority of products distributed by the Group are paper-based and are therefore derived directly from timber sources. In order to comply with this regulation, the Group has set up a due diligence system. This tool to assess country and deforestation risks and the risk of using protected tree species, is included in the platform used to compile suppliers' information, which has been in place since 2013. It is used to automatically assess the level of risk associated with specific product characteristics. In cases where the Group is considered as an "operator", the scope of the due diligence obligation was extended in 2016 to all supplies of products derived from wood. The Group goes above and beyond its regulatory obligations and has set itself the imperative of assessing risk (and, therefore, mitigating such risk if it is identified) with respect to all of its paper products.

Information collected in 2017 from the Group's 256 main suppliers of paper and non-paper products (including packaging and visual communication products) cover almost 82% of the Group's total acquisition value and 86% of its paper product purchases. Although it is not feasible to include all of the Group's suppliers on the platform (too many small, local suppliers), the Group does try to include those posing the highest potential risk, particularly if they are located outside of the European Union or own production sites outside of the European Union. In 2017, as in 2016, no product was identified as "high-risk" as a result of its origin or characteristics.

### Antrak: the traceability and due diligence platform for suppliers

Since 2013, the Group has been using a platform for compiling, analysing and centralising all of its suppliers' CSR-related information, particularly as regards the various regulations in force in the countries in which the Group is present. At the end of 2017, the Antrak platform covered 256 Group suppliers representing almost 81% of the total acquisition value (including packaging and visual communication products) and 86% of its paper product purchases. Over 45,800 items of compliance-related information and 5,300 compliance documents were centralised on the platform regarding almost 2,200 distributed products and 510 related production sites. Apart from the key strategic suppliers, all suppliers located outside the European Union or that source their raw materials in regions that could be affected by deforestation or labour law issues were invited to answer a series of dedicated questionnaires.

The information compiled concerned compliance with the main international regulations concerning CSR issues (fundamental rights, labour law, worker safety, business ethics, etc.) and compliance with regulations relating to products delivered to the Group and to the plants where these products are made. This procedure concerns the suppliers' parent companies as well the entities doing direct business with the Group. The information is compiled for three reasons: (i) to guarantee the full regulatory compliance of the Group's supply chain, (ii) to prevent potential environmental or social risks arising from purchases, and (iii) to provide the Group's customers with guarantees on the accountability of the supply chain and in particular the traceability of its products.

Specific care is taken with respect to the traceability of raw materials derived from wood fibre and used in paper-based

products. This specific care responds to the Group's dual responsibility to guarantee the total absence of fibres derived from illegally harvested timber (according to EU Timber Regulation No. 995/2010/EC and No. 607/2012/EC) and to provide proof of a responsible sourcing chain as regards the species of trees used and the country of harvest. All information regarding the certification of products and the manufacturing plants is also compiled.

The Antrak platform also includes a due diligence tool based on the IUCN (International Union for Conservation of Nature) red list of threatened tree species and the Transparency International country risk ratings. The platform allows the risk related to a specific supplier or product to be objectively assessed. If a risk is identified, an ad-hoc committee made up of the employees hired and departures Purchasing, CSR and Legal departments meets to decide on the appropriate mitigation measures (requesting additional information, corrective measures in supply sources or delisting). The supplier risk is rated in accordance with four categories: non-existent, negligible, low, real. In the context of its responsibility to mitigate risk, the Group set itself the imperative of taking corrective measures for any risk identified as "real". No product was rated as presenting a "real" risk within the scope of the 2017 collection drive.

In January 2015, another procedure was added for new suppliers. This procedure is applied before a new supplier is listed, and in advance even of any commercial negotiation. A short pre-listing questionnaire allows the Group to make sure that the supplier is committed to complying with the Group's values and principles. The supplier demonstrates this by signing a Code of Good Conduct and the Group's Sourcing Policy, and by supplying tangible, public proof of its commitment to complying with international and local regulations in terms of labour law and respect for the environment. In 2017, of the 191 potential new suppliers who filled out this pre-listing questionnaire, 12 (i.e., 6%) did not provide the guarantees required for responsible business behaviour and were therefore not listed by the Group.

In 2017, a new due diligence module was added to assess the potential supplier risk as regards respect for fundamental rights (labour law, human rights, occupational health and safety, anti-corruption, etc.). This new screening system is a way of stepping up requests for additional information and guarantees from suppliers who have not provided sufficient evidence.

### *Climate change mitigation and adaptation*

Climate change mitigation and adaptation represent two significant challenges for the Group's businesses, which are energy intensive and therefore automatically linked to both direct and indirect greenhouse gas emissions.

The energy consumption of the Group's distribution centres amounts to 43,300 MWh leading to direct and semi-indirect ("scope 1 and 2") greenhouse gas emissions of 22,178 tonnes of $CO_2$ (including 8,775 tonnes related to the Group's transportation of goods, based on the emissions factors of France's environment and energy management agency (ADEME). These figures include the energy consumption of distribution centres operated by the Group and the fuel consumed by the Group's in-house transport fleets.

Regarding the "other indirect emissions" (scope 3), according to the most recent implementing decree (No. 2016-1138 of 19 August 2016, implementing Article L. 225-102-1 of the French Commercial Code and relating to the environmental information that must feature in a company management report published on 21 August 2016 of Act No. 2015-992 of 17 August 2015 in accordance with Article 173 of the French Energy Transition for Green Growth Act) , information must henceforth be provided on "material items of greenhouse gas emissions caused by the company's business activity, in particular through the use of goods and services produced by it". Scope 3 emissions must therefore be clearly identified, prioritised and reported, depending on their level of relevance. In order to guarantee that the emission items most representative of the Group's businesses are taken into account, and to comply with new regulatory requirements, the Group wished to base itself on a recognised standard. It used as a benchmark the Corporate Value Chain Accounting and Reporting Standard created jointly by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI) within the scope of the Greenhouse Gas Protocol. The GHG Protocol lists 15 material indirect emission items, up- and downstream of the Group's business.

The document used by the Group as its reference is the Antalis France carbon footprint from 2017, which is representative of the distribution activity within the Group. According to this report, the three material items are raw materials needed to make products, goods in transit to downstream markets and product use. The other GHG Protocol items are not material. These emission items therefore fall within the scope of the Group's indirect responsibility and, in the interest of ongoing improvement efforts, suitable solutions should be gradually implemented for each of these impacts.

For raw materials needed to make products, which are significant for the Group's distribution business and account for over 50% of total emissions, numerous mitigation measures have already been firmly integrated within the Group's various divisions. The main trigger for the mitigation of greenhouse gas emissions linked to raw material purchases involves forest certifications, which guarantee the sustainable management of wood resources and enable optimum carbon capture and storage in forests. Certification (FSC® or PEFC) also guarantees that wooded areas are at least equivalent in volume from year to year, and indeed often increase in size. The Group (75% of the paper sold is certified) thus promotes sustainable, accretive forest management systems, which help mitigate climate change.

Transport is almost entirely outsourced to transport companies, and therefore linked to "other indirect emissions". In order to better manage the transport-related supply chain, since early 2017, the main suppliers have gradually introduced a dedicated platform enabling them to accurately measure the related emissions based on raw data including mileage, tonnage delivered and the type of fuel for each type of distribution (collection, traction, direct distribution). In 2017, out of the 13 main transport suppliers accounting for almost 50% of the Group's transport purchases, indirect emissions represented 15,800 tonnes of $CO_2$. These results were calculated on the basis of raw data provided by the suppliers in a dedicated questionnaire on the Antrak platform. This questionnaire also gathers data relating to respect for fundamental rights (working conditions, occupational health and safety, human rights, etc.) and good practice by transport suppliers (breakdown of truck fleets by Euroclass, biofuel, initiatives to promote environmental responsibility, etc.).

Lastly, as regards product use, which is mainly linked to printer settings or the type of ink used, there is a wide variety and significant number of end users (companies, printers, individual consumers), which makes it difficult for the Group to implement meaningful action plans (as paper is only the communication medium). The Group nonetheless encourages its customers to become certified in this area through initiatives such as *Imprim'Vert* in France.

### Energy consumption

Regarding the energy consumption of the Group's distribution centres, it is important to note that out of 123 distribution centres, only 11 are directly owned, while 82 are leased and 30 are fully outsourced. Energy consumption at the 93 sites operated by the Group mainly involves the gas and electricity necessary for the proper functioning of the distribution centres and a few finishing machines. In 2017, that energy consumption amounted to 43,300 MWh or 75 KWh/m2 (including offices).

The energy and thermal behaviour of the distribution centres is distinctive, as they comprise two very different areas, namely:

- A "logistics" area used for preparation and storage activities (including the technical facilities and the loading bays), which represents on average 95% of the building's surface area. The room temperature setpoint to be maintained in these premises is based on three priorities: (i) taking responsibility for employee health and safety; (ii) freeze protecting the fire protection equipment and (iii) ensuring optimal storage temperature for products.
- An office area representing on average 5% of the total surface area.

### *Protection of biodiversity*

Since the Earth Summit in Rio in 1992, it is widely acknowledged that the "biodiversity footprint" from human activity is measured by five types of pressure: damage to habitats and ecological continuity, ecosystem pollution, unsustainable use of natural resources, invasive species, and climate change.

In this context, the Group's potential impact on biodiversity means that it must alleviate pressure on natural resources, whether in respect of the source of fibres used or energy resources (gas, electricity, etc.).

The Group's sourcing policy also seeks to protect biodiversity. By chiefly purchasing paper certified by the FSC® or the PEFC council, the Group also reduces its impact on the natural environment. FSC and PEFC certification provide tangible guarantees along the entire value chain that forests were managed responsibly at the outset. This responsible management includes environmental, social and governance criteria. Protecting diversity and ecosystems is therefore one of the fundamental requirements of these certifications. Recycled paper, the Group's other major focus in terms of sourcing, allows it to go even further to alleviate pressure on natural environments. The tissue used can be recycled up to seven times, making it an ideal secondary raw material for the paper industry. In its role as market leader, this segment is also a priority for the Group for the coming years.

### *Site certification*

The Group has set up a multi-site system of FSC® and PEFC certification to guarantee its customers traceability (chain of custody) at every stage of the production and distribution process, regardless of the country concerned. These multi-site certifications are audited each year by an independent third party.

This system has enabled Antalis to standardise the information to be audited for transparency purposes. The audits guarantee that these certifications will be renewed and cover aspects relating both to the supply chain (labelling, separate product storage, delivery) and information systems (product listing, product categories), as well as marketing and sales issues (use of logos, training, etc.).

By applying identical standards, every country in which the Group is based must meet the same strict environmental requirements.

In addition to these FSC® and PEFC certifications, the Group uses other certifications in its distribution centres: ISO 9001 (quality management system), 14001 (environmental management system) and OHSAS 18001 (occupational health and safety management system). The Group seeks to obtain these certifications for its main warehouses in terms of the size and volume of goods handled.

Certifications at the Group's distribution centres[1]

| | ISO 9001 | ISO 14001 | OHSAS 18001 |
|---|---|---|---|
| Number of certified sites | 33 | 18 | 13 |
| As a % of the overall surface area | 57% | 32% | 37% |

(1) Data calculated based on a scope of 93 distribution centres operated by the Group.

## FAIR OPERATING PRACTICES

### Ethics and good business practices

Ethics and good business practices are an integral part of the Group's core values. However, it is essential that the Group reaffirms and improves procedures each year in order to ensure that it acts in strict compliance with the laws in force in the countries in which it operates and that the values it upholds are respected.

The Group is responsible for ensuring that rules of business conduct – particularly regarding corruption and unfair competition – are complied with, implemented and monitored in the 43 countries in which it is present via its different entities. The Group also makes sure that relations between its different entities and public bodies, other companies, suppliers, subcontractors, customers and competitors are managed in a fair and responsible manner, to prevent the possibility of corruption or illegal practice.

The Group introduced a new Group Code of Good Conduct in 2013 to reinforce its procedures. The code covers all compliance-related topics: commercial relations, anti-trust rules, confidentiality and insider trading, as well as safety, conflicts of interest, respect and dignity in the workplace and environmental principles. It also includes a comprehensive list of forbidden or authorised practices specific to the Group's businesses. The document has been sent to all workers, and all employees who deal with potential risks in relation to competition law and corruption matters have signed it. The Code of Good Conduct is checked and disseminated each year through a series of questions included in the Self-Assessment Questionnaire developed by the Internal Audit department. In 2017, the 38 Group entities with more than 30 employees deployed the code at their level and have procedures ensuring that the Code of Good Conduct is signed by target populations. Finally, 37 entities have implemented a procedure whereby all new hires must sign the code. It should also be noted that in addition to the Code of Conduct, 17 entities have their own local code of conduct in the form of internal rules.

In 2017, the Group endeavoured to respond to new anti-corruption regulations, in particular those included in the new "Sapin II" law. This law stipulates that a company's executive management must take tangible steps to implement an in-house anti-corruption programme. These should notably include a code of conduct, the appointment of a designated representative, and internal controls to monitor all areas concerned by or exposed to such risk (as identified by a risk assessment). An internal whistleblower system should also be established. Even if the global architecture for these measures is already in place, based on bi-annual risk mapping and the Group's values in this regard, the Group must nonetheless develop an additional mapping procedure in the first half of 2018, with the focus specifically on corruption risks. An action plan must also be put in place that includes any procedural changes needed in accordance with the risks identified.

### Consumer issues

The responsibility of the Group towards consumers chiefly concerns health and safety and responsible consumption, along with education and awareness initiatives. The group is responsible both towards its B2B clients and its end customers for its products.

Although the Group's manufacturing processes have an environmental impact, the nature of the products sold presents minimal danger for the health and safety of customers. However, Regulation (EC) No. 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (the "REACH regulation") requires commercial companies to prove that their products or manufacturing processes are free of any harmful chemical substances. To ensure full compliance with this regulation, all of the Group's suppliers submit REACH-related compliance documents via the Antrak platform. In 2018, all Antalis suppliers registered on the platform will be required to code all substances subject to authorisation or restrictions or considered to be of concern in relation to the products that they supply to Antalis.

In 2017, the Group also stepped up its initiatives aimed at sharing information and raising consumers' awareness of eco-friendly products. These initiatives take into account the two biggest environmental impacts of paper throughout its lifecycle: the use of raw materials and the manufacturing process. All of the requirements associated with these impacts correspond to internationally recognised and respected standards which are considered to provide strong guarantees of environmental performance.

For paper to be classified as eco-friendly in terms of the raw materials used, it therefore has to be certified at least FSC® or PEFC and at best be 100% recycled using post-consumer recycled fibres. In terms of the manufacturing process, the mill must be certified to at least ISO 14001 (environmental management system) and at best carry the European Ecolabel® in order to be classified as eco-friendly. Both of these criteria must be met for the paper to be classified as eco-friendly according to the Group's definition.

By providing this official definition, the Group annually takes stock of products. The definition is a particularly relevant indicator in view of the Group's position as a leading supplier of eco-friendly products.

Since 2015, the Group has been focusing on its marketing strategy for its range of eco-friendly products and services with the aim of carving out a leading position for itself in this market. The Group has implemented the Green Connection programme. This programme includes the Green Star System. Given the large number of environmental certifications available, the Group has devised its own system of assessing the level of eco-friendliness of a paper type, awarding it between zero and five stars depending on its environmental performance and taking into account the origin of the fibres and the manufacturing process. Products are considered eco-friendly when they have three or more stars. It allows sales teams to better showcase the eco-friendly product offer and enables customers to choose between products more easily using a simple and reliable ratings system. To strengthen its role as trailblazer among its customers, the Group has also developed other customer-focused tools, including a white paper providing concrete advice on how companies can integrate paper into their sustainable development strategy and the advantages of a properly managed paper sourcing policy. This is accompanied by a brochure providing a comprehensive description of the Green Star System and the five-star paper rating. To counter common misconceptions about paper's negative environmental impact compared to information and communication technologies, the Group also produced a video entitled "Did you know?" which shows the benefits of using paper. The Green Star System ® is now applied to numerous products including the Xerox ranges.

In 2017, the percentage of eco-responsible products in revenue terms are:

Percentage of eco-responsible products(1)

| | |
|---|---|
| Five stars | 5% |
| Four stars | 40% |
| Three stars | 30% |
| Total percentage of eco-friendly products (3, 4 and 5 stars) | 75% |
| Two stars | 5% |
| One star | 9% |
| 0 stars | 2% |
| Not applicable(2) | 9% |

(1) Percentage based on the stock business products (in sales).

(2) Information required for the classification of unavailable products.

## COMMUNITY INVOLVEMENT AND DEVELOPMENT

Social commitment is based on the Group's partnerships, as well as on community-based initiatives fuelled by Antalis in all of the regions in which it is located. These projects are principally centred on culture, outreach and education.

### *Partnering the world of culture and design*

For many years, Antalis has worked alongside Sequana in providing premium graphic and creative papers to iconic institutions that play a key role in promoting French culture. The Group is firmly committed to making art as accessible as possible and in this regard has been working with the Louvre Museum since 2003 and the FIAC international contemporary art fair since 2007, enabling the publication of almost 150 catalogues.

In many of the countries in which it operates, Antalis donates paper to schools and universities and supports creation in all is forms, in particular in Hungary, Finland, Turkey and Russia. In Lithuania, Antalis backed the Supernova creative innovation festival, as well as the country's first children's literature festival, "Children's Christmas Island". During this two-day event children and parents could attend conferences and a book fair and take

part in games based around literature. In Thailand, a country traditionally very involved with its student community, Antalis supported design-related events.

### *Community involvement*

Antalis is aware of the need to have strong roots in its local communities, and works alongside Sequana to promote and support the community initiatives of staff at its Boulogne-Billancourt headquarters, enabling them to take part, during their free time, in academic support, helping people look for work placements and providing company for the elderly and young people from underprivileged backgrounds. The programme, known as "RéciproCité", has been running since 2013.

### *Children and health*

Antalis, which is very active in the area of health, is also very heavily focused on children's issues. Certain projects in these domains have become staples for the Group.

In the UK, an ever-growing number of Antalis employees are getting involved in the "Wear it Pink" campaign for the fight against breast cancer. In Spain, Antalis once again provided the "*Ayuda en Acción*" organisation with the paper needed for its Christmas catalogue, which is used to drum up funds for its projects. In 2017, the organisation chose to support the victims of an earthquake in Ecuador. Antalis Spain also renewed its support for the Bobath foundation, a charity dedicated to supporting children and families living with cerebral palsy and similar neurological conditions. For several years now Antalis has been demonstrating its commitment to worthy causes by sponsoring the Running With Those Who Can't charity, which raises funds to buy wheelchairs for disabled athletes in the Czech Republic.

## CSR REPORTING METHODOLOGY

### Selection of indicators

Pursuant to the provisions and guiding principles of the French Grenelle II Act, Antalis has tried to report on CSR matters as transparently as possible. However, in accordance with the "comply or explain" rule provided for in the Act, Antalis acknowledges that certain minimal information has not been disclosed. The main reasons for non-disclosure may be that (i) no reliable indicators exist for the issues concerned; (ii) as a paper group, certain matters do not concern Antalis and are not therefore considered; and (iii) certain information is deemed confidential (see the Grenelle II concordance table).

### CSR reporting scope

The CSR information provided belongs to different categories which each have their own reporting and consolidation procedures. This is due to the nature of the information compiled, the scope applied and the maturity of the entities included.

**Reporting on labour practices** includes all of the Group's legal entities and therefore covers all Group employees.

However, discrepancies may arise between some reported data due to differences in how employees are accounted for. All social statistics are calculated on the basis of average headcount for 2017.

**Health and safety reporting** only includes purely logistics activities, i.e., all distribution centres. Health and safety reporting excludes offices and local or central headquarters.

Dedicated **environmental reporting** for the warehouses is more specifically concerned with energy consumption (electricity, gas, fuel), transport-related consumption and waste management. Water consumption in Antalis' operations is negligible and limited to cleaning floors and toilets. These data have therefore been excluded from environmental reporting.

Reporting excludes offices and local headquarters.

**Land use** is not covered because the Group's direct activities have no particular impact on land.

**Food waste** is also not covered because it is not really relevant to the Group's businesses.

**Health and safety** data are compiled using an Excel spreadsheet sent each year to all sites by the Group Head of Security. Each accident must undergo a dedicated verification procedure.

### Sources and tools used

**Data on labour practices** is included within the internal financial reporting software (Magnitude). Human Resources reporting packages are completed by the Group's legal entities at 30 June and 31 December each year. The management accountant of these entities is responsible for relaying the request to the competent member of staff and verifying that all information has been supplied. This procedure is enhanced with a data input guide setting out the definitions of all the indicators and their calculation methods.

The **environmental information** for the distribution centres is compiled via an online questionnaire on the Antrak platform and available to the 93 distribution centres operated by the Group as well as the 10 main outsourced centres.

### Method used to consolidate and validate indicators

A procedural guide to reporting on labour practices setting out definitions of social indicators is available in the internal financial reporting software. Information on labour practices is compiled by the Group's management accounting department and sent to the Head of CSR responsible for analysing the data along with the HR department.

The Excel health and safety questionnaire featuring a data input guide is completed by local QHE officers at each site. This information is then pooled and consolidated by the Group Head of Security before being sent to the HR and CSR departments to be analysed and incorporated into the management report.

The environmental questionnaire includes explanatory comments for each indicator. The CSR department must then carry out consistency checks and consolidate the information for publication in the management report.

# REPORT BY AN INDEPENDENT THIRD-PARTY BODY ON THE CONSOLIDATED ENVIRONMENTAL, LABOUR AND SOCIAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

This is a free translation into English of the report by the independent third-party body issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Antalis International
A French joint stock company (*société anonyme*)
8 rue de Seine
92100 Boulogne-Billancourt
France

For the year ended 31 December 2017

To the Shareholders,

In our capacity as an independent third-party body, certified by COFRAC under number 3-1048 and member of the Deloitte network, one of Antalis International's' Statutory Auditors, we hereby report to you on the consolidated environmental, labour and social information for the year ended 31 December 2017, included in the management report (hereinafter the "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

## *Company's responsibility*

The Board of Directors is responsible for preparing the Company's management report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in the management report and available on request from the Company's head office.

## *Independence and quality control*

Our independence is defined by regulatory texts, the French code of ethics (*Code de déontologie*) of our profession and the requirements of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

## *Statutory Auditor's responsibility*

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Statement regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

However, it is not our responsibility to express an opinion on compliance with any other applicable legal provisions, particularly Law no. 2016-1691 of 9 December 2016 on transparency, anti-corruption and the modernisation of the economy, also known as the "Sapin II law".

Our work was carried out by a team of five persons between November 2017 and April 2018 and lasted around four weeks. We were assisted in our work by our experts in corporate social responsibility.

We performed our work in accordance with the French professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third-party body performs its engagement and with ISAE 3000 concerning our conclusion on the fairness of CSR Information.

## 1. Statement regarding the completeness of CSR Information

### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding the labour and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising therefrom.

We compared the CSR Information presented in the management report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the Company, its subsidiaries as defined by Article L. 233-1 and the entities it controls as defined by Article L. 233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the "Corporate Social Responsibility" section of the management report.

### Conclusion

Based on this work and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

## 2. Conclusion on the fairness of CSR Information

### Nature and scope of our work

We conducted around 15 interviews with the persons responsible for preparing the CSR Information in the departments responsible for collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to ensure the completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of entities selected by us on the basis of their activity, their contribution to the consolidated data, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 21% of headcount, and between 13% and 41% of the quantitative environmental data presented.
- for the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be totally eliminated.

### Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Neuilly-sur-Seine, 27 April 2018

The independent third-party body,
Deloitte & Associés

Jean-Paul Séguret
Partner

Julien Rivals
Sustainable Development Partner

# 3 CORPORATE GOVERNANCE



# Corporate governance

## INITIAL PUBLIC OFFERING (IPO)

On 15 February 2017, Sequana, sole shareholder of Antalis, which was previously a French simplified joint stock company (*société par actions simplifiée*), announced its intention of distributing a minority stake in the Company's share capital to its own shareholders, involving the listing of Antalis' shares on the regulated Euronext Paris stock market ("Euronext Paris").

On 11 May 2017, the sole shareholder of Antalis decided to transform the Company into a French joint stock corporation with a board of directors (*société anonyme à conseil d'administration*), subject to ratification by Sequana's shareholders of the principle of distributing Antalis shares.

On the same date, the shareholder of the Company appointed the members of the Board of Directors (detailed profiles of these members appear below) subject to the transformation of the Company into a joint stock corporation.

On 19 May 2017, following completion of its application procedure, the French Financial markets authority (AMF – *Autorité des marchés financiers*) approved Antalis' prospectus as part of the distribution of 18% of the Company's capital on the basis of one Antalis share for five Sequana shares.

On 6 June 2017, Sequana's Annual General Meeting ratified the distribution of Antalis shares, thus satisfying the conditions precedent, and the Company duly became a joint stock corporation with a board of directors, effective from this date.

The Board of Directors of Antalis then met on 7 June 2017 in order to set up its governance bodies.

### Corporate governance code

On 7 June 2017, the Board of Directors opted to adhere to all of the guidelines set out in the AFEP-MEDEF corporate governance code once the Company's shares had been listed. This code may be consulted on the AFEP (www.afep.com) and MEDEF websites (www.medef.com). In accordance with the "comply or explain" principle set out in Article 27.1 of the AFEP-MEDEF code, the Company considers that it complies with all of the recommendations of the code, as most recently amended in June 2018.

## BOARD OF DIRECTORS

### *Composition of the Board of Directors*

The Company is governed by a Board of Directors, comprising eight members with different profiles and complementary experience. All directors currently in office were appointed on 6 June 2017.

Under the Company's Articles of Association, directors may be appointed for variable terms of office not exceeding four years. Accordingly, the Company's directors have been appointed for terms of different lengths to ensure a staggered renewal process and their terms of office are up for renewal between 2019 and 2021.

At 31 December 2017, the composition of the Board of Directors was as follows:

| | | Age | Distribution/Group business | International business experience | Finance/audit/M&A | Operational management | Development strategy | Governance of a listed company | Digital | CSR | Expiry of term of office |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Pascal Lebard | Chairman of the Board of Directors | 55 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | 2019 AGM |
| Hervé Poncin | Chief Executive Officer | 54 | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | | 2021 AGM |
| Franck Bruel | | 55 | ✓ | ✓ | ✓ | ✓ | | | | | 2020 AGM |
| Clare Chatfield | | 60 | | ✓ | | ✓ | ✓ | | | ✓ | 2021 AGM |
| Delphine Drouets | | 50 | | | ✓ | ✓ | | | | | 2019 AGM |
| Cécile Helme-Guizon | | 52 | ✓ | | ✓ | | | ✓ | | | 2020 AGM |
| Christine Mondollot | | 63 | ✓ | ✓ | | ✓ | | ✓ | ✓ | | 2020 AGM |
| Bpifrance Participations/ Samuel Dalens[1] | | 35 | | | ✓ | | | | | | 2019 AGM |

(1) When Bpifrance Participations was appointed as director on 6 June 2017, it was represented by Amélie Finaz de Villaine (see Director's profiles beginning on page 47). In a letter dated 22 December 2017, Bpifrance Participations informed the Company that Samuel Dalens would replace Ms Finaz de Villaine as its permanent representative on the Company's Board of Directors.

The average age of directors is 53. Certain directors have significant international business experience but all have French nationality.

As far as the Company is aware and as of the date this report was prepared, over the past five years, no director has been convicted of fraud or associated with bankruptcy, receivership or judicial liquidation proceedings; been subject to criminal, public or administrative sanctions by a statutory or regulatory authority; and no director has been prevented by a court from acting as a member of a corporate decision-making or supervisory body or from being involved in the company's day-to-day management or the conduct of its business.

## Director independence

According to the AFEP-MEDEF corporate governance code, a director is regarded as "independent" when he or she does not have a relationship of any kind with the company, its group or its management which might compromise the exercise of his or her freedom of judgement. In order to be considered independent:

1. directors must not be or have been in the course of the previous five years:
   - a salaried employee or executive corporate officer of the company,
   - a salaried employee, executive corporate officer or director of a company consolidated by the company,
   - a salaried employee, executive corporate officer or director of the parent company or of a company consolidated by the parent company;
2. an executive corporate officer of a company in which the company directly or indirectly holds a directorship, or in which an employee appointed as such or as an executive corporate officer of the company holds a directorship (whether currently or within the last five years);
3. a major customer, supplier or commercial banker or investment banker of the company or the group to which it belongs, or for which the company or the group accounts for a significant portion of business;
4. must not have any close family connection with a corporate officer of the company;
5. must not have been an auditor of the company in the previous five years;
6. must not represent a key shareholder or party exercising significant control over the company;
7. must not receive variable compensation in the form of cash or shares or any other compensation tied to the performance of the company or the group to which it belongs.

When assessed in terms of the preceding criteria, the degree of independence of each director is as follows:

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | Qualification |
|---|---|---|---|---|---|---|---|---|
| Pascal Lebard | No(1) | Yes | Yes | Yes | Yes | No(1) | No(1) | Not independent |
| Hervé Poncin | No(2) | Yes | Yes | Yes | Yes | Yes | Yes | Not independent |
| Franck Bruel | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Independent |
| Clare Chatfield | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Independent |
| Delphine Drouets | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Independent |
| Cécile Helme-Guizon | No(3) | Yes | Yes | Yes | Yes | Yes | Yes | Not independent |
| Christine Mondollot | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Independent |
| Bpifrance Participations (currently represented by Samuel Dalens) | No(4) | Yes | Yes | Yes | Yes | No(4) | Yes | Not independent |

*(1)* Pascal Lebard is Chairman and Chief Executive Officer of Sequana, i.e., the executive corporate officer of the Company's parent. He receives variable compensation from Sequana, part of which is linked to the performance of Antalis.

*(2)* Hervé Poncin is Chief Executive Officer and executive corporate officer of the Company.

*(3)* Helme-Guizon is also a director of Sequana, the Company's parent.

*(4)* Bpifrance Participations is also a director of Sequana, the Company's parent. At the date on which this report was prepared, it held 8.54% of the Company's capital making it the second-largest shareholder.

No director has business dealings with the Company.

The proportion of independent directors is 50%. This complies with AFEP-MEDEF corporate governance guidelines which recommend that at least one-third of the directors of controlled companies like Antalis should be independent.

### Gender equality

The Board of Directors of Antalis comprises four men and four women and complies with the legal requirements on gender equality on boards of directors.

### Employee representation

In accordance with Article L. 225-27-1 of the French Commercial Code (*Code de commerce*) and the provisions of Law No. 2015-994 of 17 August 2015 on social dialogue and employment, the Annual General Meeting of 23 May 2018 resolved to amend the Articles of Association to provide for the appointment of an employee director. This director will be appointed by the employee representative body which received the most votes in the most recent elections to employee representative bodies for French Group personnel.

Since the proportion of the Company's capital held by Group employees does not exceed the 3% threshold provided for in Article L. 225-23 of the French Commercial Code, no director has been appointed from among employee shareholders.

## *Rules of the Board of Directors and its committees – Directors' Charter*

At its first meeting held on 7 June 2017, the Board of Directors adopted the internal rules and regulations for each of its committees setting out the *modus operandi* and duties of each, together with a Directors' Charter detailing directors' duties and obligations.

These rules are applicable to all Company directors, any permanent representatives of legal entities, and – as regards rules that are not specifically related to the office of director and notably those concerning confidentiality, conflict of interest and the prevention of insider dealing – more generally, to anyone participating in or attending Board or committee meetings on a temporary or permanent basis.

### Duties of the Board of Directors

#### *Duty of administration*

In addition to handling matters that fall within the scope of the powers ascribed to it by law or by regulations, the Board of Directors regularly makes decisions regarding the Group's strategy, internal restructuring operations, and major investment projects designed to generate organic growth.

#### *Duty of review*

The Board deliberates on significant acquisitions and sales of equity interests and assets that do not fall within the scope of the strategy it has determined. It also votes on any transactions or commitments that are liable to materially affect the Group's earnings or result in a significant change in its balance sheet structure.

#### *Duty of information*

The Board is kept informed on a regular basis, either directly or through its committees, of any significant event affecting the conduct of the Company's business. It also has the right to obtain information at any time, including between meetings convened to review the financial statements, on any significant change in the Company's financial situation, liquidity position, commitments and risks for the purpose of taking informed decisions concerning its financing and debt situation.

### Participation and general interest

All directors must hold a minimum of 300 Antalis shares throughout their term in office in registered form and, as well as being shareholders themselves, must represent the general body of shareholders and act in the Company's best interest at all times. They have a duty of loyalty and must under no circumstances do anything to harm the Company, its subsidiaries or equity interests either by using insider information, engaging in unfair competition or by any other means.

### Stock market ethics

Pursuant to EU "Market Abuse" Regulation No. 596/2014 of 16 April 2014, the AFEP-MEDEF corporate governance code and Antalis' internal regulations, directors are forbidden from buying or selling the Company's shares or financial instruments during the period between the date on which they become aware of specific information concerning the Company's business or forecasts which, if disclosed could have a material impact on the share price, and the date that said information is actually published.

They are also forbidden from trading in the Company's shares:

- during the 31-day period (inclusive) prior to the publication of the annual or interim financial statements, or
- between (i) the earlier of either the first trading day immediately after the end of a calendar quarter, or the 16th trading day (inclusive) preceding the publication of quarterly financial statements, and (ii) the publication date (inclusive) of the financial statements (generally the day after the Board meeting).

The Company prepares and circulates a non-exhaustive list of "blackout periods", however there may also be other periods during which corporate officers and executives are forbidden from trading in the Company's shares due to their knowledge of specific information concerning Antalis' business or forecasts which, if disclosed could have a material impact on the Company's share price. This list is updated on a regular basis and communicated to the corporate officers, members of the Executive Committee and employees with access to insider information, all of whom must confirm that they are aware of these rules and that they intend to comply with them.

Moreover, pursuant to the Market Abuse Regulation, all senior executives (i.e., directors and senior managers) and persons with close links to senior executives, must notify both the French Financial markets authority (*Autorité des marchés financiers*) and the Company of all of their dealings in the Company's shares using the procedure stipulated in the Regulation.

### Managing conflicts of interest

The Board of Directors' internal regulations stipulate that all directors must inform the Board of any conflict of interest (including any potential conflicts of interest) and abstain from voting during the Board's deliberations on the related matter.

The independent directors have not reported any conflicts of interests that would be likely to raise questions about their independence with regard to the Company or the performance of their duties as corporate officers.

Moreover, none of the members of the corporate decision-making bodies or the executive management team have entered into a service agreement with the Company or any of its subsidiaries providing for the payment of benefits. No director has an employment contract with the Company.

### *Responsibilities of the Board of Directors*

The Board of Directors is a collegial body which acts in the Company's interest and represents the interests of all shareholders.

Its responsibilities and remit are defined by law and by the Articles of Association.

The Board determines the strategy of the Company and of its subsidiaries and ensures that it is duly implemented. It carries out any verifications and checks it considers appropriate, particularly in order to ensure the effective operation of internal control, and makes sure that the information provided to shareholders and to the financial markets is reliable.

The Board of Directors also decides on the management arrangements for the Company, and in particular on the separation or combination of the roles of Chairman of the Board of Directors and Chief Executive Officer, and provides information on these matters to shareholders. When defining the expertise of the Chairman and/or Chief Executive Officer, the Board may ascribe to itself areas of expertise above and beyond those set out in the Articles of Association or may define limits above which the Board is required to intervene.

### *The main activities of the Board of Directors in 2017 and early 2018*

Since the transformation of the Company into a joint stock corporation and the listing of its shares in June 2017, the Board of Directors met on seven occasions through the end of the period, with an average attendance rate of 89%.

The Board's work included the following:

#### Corporate governance

- adopting the AFEP-MEDEF corporate governance code,
- reviewing the Board's composition in terms of the number of independent directors and gender parity,
- composing the Audit Committee and the Nominations and Compensation Committee,
- adopting the Board of Directors' internal rules, the regulations of its Committees and a Directors' Charter,
- separating the roles of Chairman of the Board and Chief Executive Officer,
- appointing the Chairman of the Board of Directors, defining his powers and setting his compensation,
- appointing the Chief Executive Officer, defining his powers and setting his compensation, as well as the benefits payable in the event of the termination of his duties,
- allocating attendance fees,
- delegating powers to the Chief Executive Officer to trade in the Company's shares and set up a share buyback programme, and
- more generally, reviewing the work of, and, where necessary, the approval of any proposals put forward by the Nominations and Compensation Committee.

At the four Board meetings held in early 2018 up to the date on which this report was prepared, the Board's work covered:

- the *modus operandi* and composition of the Board and its committees,
- setting the Chief Executive Officer's variable compensation for 2017 and the criteria to be used to calculate his variable compensation for 2018,
- fixing the minimum number of shares in the Company that must be held by executive corporate officers through to the end of their terms of office,
- reviewing the succession plans prepared by the Nominations and Compensation Committee,
- choosing the method by which to appoint an employee director,
- reviewing the related-party agreements and commitments entered into by the Company in 2017,
- defining a new executive corporate officer compensation policy to be submitted for approval by the shareholders,
- convening a Combined General Meeting, drawing up the report to be submitted to the General Meeting and reviewing the resolutions to be submitted for shareholder approval, and
- approving the documents to be circulated to shareholders or for publication,
- setting up a share award plan,
- renewing the delegation of powers to the Chief Executive Officer to trade in the Company's shares.

#### Activity, conduct of the Group's operations and financial statements

- reviewing the operations and results of the Group's main businesses on a regular basis,
- reviewing the Group's cash position,
- reviewing opportunities for refinancing the Group's debt and renegotiating its financing arrangements on a regular basis,
- reviewing the Group's position in its different markets,
- reviewing the Group's growth prospects and strategic business opportunities,
- delegating powers to the Chief Executive Officer to grant sureties, endorsements and guarantees up to a certain amount,
- examining and signing off on the interim consolidated 2017 financial statements and the half-yearly report,
- reviewing the projected management accounts at the end of 2017,
- examining the reform of the statutory audit of the financial statements and the amendment of the Audit Committee regulations to include a pre-approval procedure for "non-audit-related services",
- reviewing the Company's share performance,
- reviewing the Group's third-quarter and nine-month 2017 results,
- reviewing market trends through the end of 2017,
- examining the 2018 budget and Group business plan for 2018-2021, and
- more generally, reviewing the Statutory Auditors' reports, as well as, where necessary, the study and approval of proposals and work submitted by the Audit Committee, and reviewing press releases prior to publication.
- In early 2018, up to the date on which this report was prepared, the Board's work consisted in:
- reviewing refinancing arrangements negotiated with the Group's lenders and approving the corresponding terms and conditions,
- reviewing planned acquisitions on a regular basis,
- examining and signing off on the annual consolidated and parent company financial statements for 2017 and the annual financial report,
- appropriating income and deciding on the distribution of a dividend,
- reviewing the projected management accounts for 2018,
- reviewing the Group's first-quarter 2018 activity and results,
- renewing the delegation of powers to the Chief Executive Officer to grant sureties, endorsements and guarantees,

- reviewing market trends for the first half of 2018,
- more generally, reviewing the operations and growth prospects of the Group's businesses.

### *Preparing the meetings and work of the Board of Directors and evaluating its performance*

The schedule of Board and committee meetings is adopted at the end of a given year for the following year. However, unscheduled meetings may be called where necessary in exceptional circumstances.

Barring exceptional circumstances, prior to each Board meeting, directors are sent a notice of the meeting along with the minutes of the previous meeting and any documentation and information necessary to deliberate on the upcoming items on the agenda. These documents are sent to directors via a secure data communication and storage platform intended solely for use by the Board. This platform also provides directors with easy access to all of the documentation necessary for the work of the Board and its committees and for corporate governance in general.

The electronic information pack sent to directors prior to each Board meeting includes comprehensive documentation regarding issues on the agenda. Internal or external information, as appropriate, is provided for each issue on the agenda, as well as draft resolutions where appropriate.

Depending on the agenda and nature of the issues to be discussed, the Chairman of the Board may request that one or more of the Board's two committees meet before the date of the Board meeting.

The information needed for the Board's discussions is sent to directors several days before the meeting. This timing is compatible with the confidentiality requirements applicable to any transfer of privileged information, and allows directors to thoroughly examine the documents sent before the meeting takes place. The same process applies for committee meetings.

The directors are kept regularly informed of any significant events affecting the conduct of the Company's business and they may access the related information at any time, including during the period between two Board meetings.

Because the Board has just recently been composed, its meetings are frequently occupied with addressing specific points concerning the Company and its Group, as well as its businesses and sectors. Visits to the Group's logistics hubs have also been organised.

The Board of Directors discusses its *modus operandi* every year and carries out a formal assessment of its own performance once every three years. This process also covers the committees and a report is submitted to the shareholders.

Finally, once a year the Board meets without the executive directors or directors who work within the Company being present. Although the Board is still less than one year old, it has already deliberated without the Chief Executive Officer being present in order to assess his performance and the related succession plan.

## COMMITTEES OF THE BOARD OF DIRECTORS

The Board has set up committees tasked with examining certain subjects in detail and reporting back to it with proposals and recommendations. The Board's committees are made up of directors of the Company and act within their remit as defined by the Board, however they have no decision-making power. The Board of Directors ensures that each committee is chaired by an independent director.

### *Audit Committee*

Between 7 June and 31 December 2017, the Audit Committee met twice with an attendance rate of 67%.

#### Composition

The Audit Committee comprises the following members, all of whom have been appointed for the duration of their terms of office as directors:

- Delphine Drouets (Chair)
- Franck Bruel
- Cécile Helme-Guizon

Therefore, two-thirds of Audit Committee members are independent (i.e., Delphine Drouets and Franck Bruel), as recommended by the AFEP-MEDEF corporate governance code, and none of its members are executive corporate officers of the Company. All committee members are skilled in financial or accounting matters.

#### Brief

The Audit Committee is tasked with monitoring all matters encompassed by its brief, either under legal provisions or due to the inherent nature of the subjects themselves, or under missions specifically entrusted to it by the Board of Directors.

It monitors matters relating to the preparation and auditing of accounting and financial information and, if necessary, makes recommendations to safeguard the integrity of this information. It assesses the relevance and permanence of the accounting methods adopted and the correct treatment of significant transactions at Group level. It reviews the scope of the entities consolidated and the accounting standards applicable to and applied by the Group and ensures that these have been correctly applied. The Committee reviews the annual and interim consolidated and parent company financial statements along with any financial and accounting issues brought to its attention by executive management, particularly as regards the Group's cash position, financing and compliance with bank covenants.

The Committee is kept up-to-date on the organisation and operation of internal control and risk management procedures by executive management, together with any internal audit issues relating to the preparation and processing of financial and accounting information, without its independence being in any way compromised. It ensures that this system is working effectively and that it complies with a recognised regulatory framework, and it oversees the manner in which all types of risks are tracked and checks they are covered by appropriate insurance policies. As such, the Committee is informed of the risks to which the Group might be exposed and its significant off-balance sheet obligations.

The Audit Committee is also tasked with ensuring the accuracy and consistency of the financial information disclosed by the Board of Directors – notably concerning the information of which it is aware – so that the Board complies with all regulatory requirements.

Finally, the Committee oversees the Statutory Auditor selection process, checks compliance with criteria of independence and issues an opinion on the amount of their fees. It makes a decision on the advisory and other services directly associated with the Statutory Auditors' mission in addition to their task of auditing the Company's accounts,

while ensuring that the provision of such services does not contravene Article L. 822-11 of the French Commercial Code and it pre-approves certain "non-audit-related services".

### The main activities of the Audit Committee in 2017 and early 2018

- reviewing the significant events for each period and the accounting options taken,
- reviewing the interim 2017 consolidated financial statements and the recommendations of the Board concerning their approval,
- reviewing the work and report of the internal audit unit for first-half 2017,
- conducting an in-depth review of the Group's UK pension benefit obligations,
- deliberating on the Group's refinancing operations and the potential impacts on the consolidated accounts,
- reviewing the third-quarter and nine-month 2017 results,
- reviewing the projected management accounts at the end of 2017,
- reviewing forecast-full year results,
- systematically reviewing draft press releases before they were examined by the Board,
- adopting a pre-approval procedure for "non-audit-related services" as part of the reform of the statutory audit of the financial statements,
- more generally, reviewing the Statutory Auditors' findings and recommendations together with any follow-up action taken, as part of the statutory audit of the Company's financial statements,
- in early 2018, the Committee reviewed the consolidated and parent company financial statements for 2017, the significant events for each period and the accounting options taken, and it submitted recommendations to the Board concerning their approval,
- reviewing the work and report of the internal audit unit for the second-half of 2017,
- reviewing first-quarter 2018 results,
- reviewing the projected management accounts for 2018,
- reviewing the chapter on internal control and risk management procedures contained in the 2017 management report.

## *Nominations and Compensation Committee*

Between 7 June and 31 December 2017, the Nominations and Compensation Committee met three times with an attendance rate of 100%.

### Composition

The Nominations and Compensation Committee comprises the following members, all of whom have been appointed for the duration of their terms of office as directors:

- Christine Mondollot (Chair)
- Clare Chatfield
- Cécile Helme-Guizon

Therefore, a majority of Nominations and Compensation Committee members are independent (i.e., Christine Mondollot and Clare Chatfield), as recommended by the AFEP-MEDEF corporate governance code, and none of its members are executive corporate officer of the Company.

The Chairman of the Board of Directors is kept informed of all of the Committee's deliberations unless these concern him directly.

### Brief

The Nominations and Compensation Committee is tasked with submitting proposals to the Board of Directors when directorships become vacant or expire. It organises a process to select future Board members in accordance with the criteria set out in the AFEP-MEDEF corporate governance code. It assesses the independence of potential candidates and checks that there are no potential conflicts of interest with the Company. It examines the proposals to be submitted to the Board of Directors in the event that the position of Chairman of the Board should become vacant for any reason whatsoever. It examines the proposals of the Chairman of the Board concerning the appointment of a Chief Executive Officer and one or a number of Deputy Chief Executive Officer. Executive corporate officer succession planning and the best way of ensuring this in the event of an unforeseen vacancy are also part of the Committee's brief.

The Committee submits recommendations to the Board concerning the allocation of attendance fees between different Board members and the amount and bases for the payment of compensation to each of the executive corporate officers, i.e., the criteria to be applied for the variable portion of compensation, as well as the rules for fixing this variable portion in accordance with the afore-mentioned criteria. It ensures that these criteria take account of the performances of the people concerned in terms of strategy or the objectives fixed by the Board, and more generally, that they are fully compliant with the recommendations set out in the AFEP-MEDEF corporate governance code. The Nominations and Compensation Committee also submits proposals to the Board concerning the status of executive corporate officers and any benefits they should receive.

The Committee is kept informed of compensation and benefits policy for non-executive directors of the Group and it assesses the overall compensation and benefits paid or payable to them by Group companies.

The Committee is also tasked with deliberating on the Company's general free share award and stock option policy. It reviews the plans submitted to it by executive management together with the list of beneficiaries. It makes proposals concerning awards granted to executive corporate officers and the Group's senior managers, performance-related vesting conditions, and any minimum holding requirements applicable to the shares granted.

### The main activities of the Nominations and Compensation Committee in 2017 and early 2018

- reviewing the composition of the Board (independence, gender parity),
- submitting recommendations concerning the composition of the Board's committees with regard to the AFEP-MEDEF code,
- deliberating on the way in which the Company should be governed (recommendation to separate the roles of Chairman of the Board of Directors and Chief Executive Officer) and on how executive management should carry out its duties,
- issuing an opinion on the appointment of the Chairman of the Board of Directors and of the Chief Executive Officer of the Company and making recommendations concerning the powers to be attributed to them,
- conducting preparatory work in respect of the Chief Executive Officer's compensation (amount of the fixed portion and the performance criteria applicable to the variable portion) and benefits to be paid to him,
- making recommendations concerning the compensation to be attributed to the Chairman of the Board of Directors,

- making proposals to the Board of Directors concerning the rules for allocating attendance fees,
- working on succession planning for the Group's executive corporate officers and senior executives,
- in early 2018, the Committee deliberated upon the composition, organisation and *modus operandi* of the Board and its committees,
- reviewing questions related to executive corporate officer compensation (ex post and ex ante votes),
- making proposals to the Board of Directors concerning the method to be used to appoint an employee director,
- deliberating on employee share-ownership and submitting proposals concerning the minimum number of shares in the Company that must be held by executive corporate officers through to the end of their terms of office,
- making recommendations to the Board for setting up a share award plan.

## CORPORATE DECISION-MAKING BODIES

### *Separation of the roles of Chairman of the Board and Chief Executive Officer*

In order to maintain an effective balance between control, strategic focus and executive management, at its meeting of 7 June 2017, the Board of Directors decided to separate the roles of Chairman of the Board and Chief Executive Officer, and to appoint Pascal Lebard as non-executive Chairman of the Board of Directors and Hervé Poncin as Chief Executive Officer of the Company. This decision will enable the Company to benefit from the complementary expertise of these two men, i.e., Hervé Poncin's operational experience and Pascal Lebard's longstanding experience of heading up a board of directors, thus ensuring effective application of best corporate governance practices.

### Chairman of the Board of Directors

The Chairman of the Board organises and leads the Board's work and reports back to the shareholders. He ensures that the Company's decision-making bodies operate effectively and that the directors are able to carry out their duties and responsibilities.

Aside from the aforementioned duties entrusted to him by law, Mr Lebard has not been assigned any additional responsibilities as Chairman of the Board.

### The Chief Executive Officer

The Chief Executive Officer has the broadest powers to act in the Company's name under all circumstances, within the scope of the corporate purpose and subject to the powers vested by the law and by the Company's Articles of Association in Annual General Meetings and the Board of Directors. He shall represent the Company in its dealings with third parties.

The Chief Executive Officer alone is responsible for leading the Company and for its operational management.

Aside from those cases stipulated by law, no limit has been placed on the powers of the Chief Executive Officer in the Company's Articles of Association or in the Board of Directors' internal regulations. However, the articles of association of Sequana, the company that controls Antalis, have stipulated since 2012 that certain operations carried out by Antalis or its subsidiaries (notably investments or restructuring or refinancing operations above a certain amount) must secure the prior approval of Sequana's Board of Directors by an enhanced majority.

Because Antalis is now a listed company with its own autonomous administrative and decision-making bodies, and in order to avoid any conflict of interest between the two companies, Sequana's Annual General Meeting of 21 June 2018 resolved to remove any reference to operations conducted by Antalis and its subsidiaries from its articles of association.
At its meeting of 7 June 2017, the Board of Directors delegated all necessary powers to the Chief Executive Officer to trade in the Company's shares and authorised him to grant sureties, endorsements and guarantees for a one-year period for a total amount of €50 million. This delegation and authorisation were renewed under the same terms by the Board of Directors on 23 May 2018.

### Executive Committee

Executive management is supported by a 15-member Executive Committee that meets on a monthly basis and is made up of representatives from the Finance department, Marketing and Purchasing department, Information Systems department and Human Resources department, as well as representatives from the operational departments of the Group's main geographies and business sectors.

Each member draws upon their own particular skillset to help executive management deploy strategic operations and action plans rolled out from the headquarters to the main operational entities.

# PROFILES OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT

## Pascal Lebard
Chairman of the Board of Directors

55 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2019 AGM
Address:
Sequana - 8, rue de Seine
92100 Boulogne-Billancourt – France

### Experience and expertise

Graduate of the EDHEC business school, Pascal Lebard began his career in the banking sector and went on to become an Associate Director of 3i SA before holding several executive management positions in the Exor group (formerly Ifil). He joined the Sequana Group in 2004 as Deputy Managing Director before being appointed Chief Executive Officer in 2007, a role he has held alongside that of Chairman of Sequana's Board of Directors since 2013.

Number of corporate offices held in listed companies: 4[1] (Antalis, Sequana, Bureau Véritas and Lisi)

(1) Because Antalis is controlled by Sequana, Pascal Lebard's position as Chairman of the Board of Directors of Antalis should not be included in the list of corporate offices that he combines.

### Directorships and corporate offices held in 2017 and early 2018

**Within the Antalis Group**

- Chairman of the Board of Directors of Antalis (SA) (since 7 June 2017)
- Chairman of Antalis International (SAS) (until 6 June 2017)
- Chairman of Antalis Asia Pacific Ltd (Singapore) (until 5 February 2018)

**Outside of the Antalis Group**

Main position:
Chairman and Chief Executive Officer of Sequana (SA)

Within the Sequana Group

- Chairman of Arjowiggins
- Chairman of Arjowiggins Security (until 17 April 2018)
- Chairman of Arjobex
- Director of Arjowiggins HKK1 Ltd (Hong Kong)
- Chairman of Boccafin
- Director and member of the Strategy Committee of Lisi (SA)
- Director and member of the Nominations and Compensation Committee and the Strategy Committee of Bureau Véritas (SA)
- Permanent representative of Oaktree Luxembourg Flandre Anchor Sàrl on the Board of Directors of Novartex (SAS)/Vivarte, also Chairman of the Audit Committee and a member of the Nominations and Compensation Committee (since April 2017)
- Director of CEPI (Confederation of European Paper Industries) (Belgium)
- Chairman of DLMD (SAS)
- Chairman of Pascal Lebard Invest (SAS)

### Directorships and corporate offices held in the past five years

- Director of Club Méditerranée (SA)
- Director of Taminco Corp. (USA)
- Director of SGS SA (Switzerland)
- Member of the Supervisory Board of Eurazeo PME (SA)
- Member of the Supervisory Board of Ofi Private Equity Capital
- Director of Greysac (SAS)
- Chairman of Etoile Plus (SAS)
- Chairman of Fromageries de l'Etoile (SAS)

At the date this registration document was prepared, Pascal Lebard held 25,744 Antalis shares.

## Hervé Poncin - Chief Executive Officer
## Director

54 years old
French citizen
Appointed: 6 June 2017
Expiry of term of office: 2021 AGM
Address:
Antalis - 8, rue de Seine
92100 Boulogne-Billancourt – France

### Experience and expertise

Graduate of the École Centrale de Paris, IFA certified director, Hervé Poncin began his career at Renault Automation Germany before joining Arthur Andersen & Cie as an organisational consultant. In 1990, he was appointed as Director of Marketing, Key Accounts of Apple France and then of Apple Europe. He joined Arjomari Diffusion in 1994 as Director of Marketing before becoming Chief Executive Officer. He was successively appointed as Director of the Print Services Europe Business Unit of the Antalis Group, Director of Marketing & Purchasing, Chief Executive Officer France & Benelux and then Chief Executive Officer Western Europe. He was appointed Executive Vice-Chairman of Antalis in 2007 and then became its Chief Executive Officer in 2009, a position he has held since.

Number of corporate offices held in listed companies: 1 (Antalis)

### Directorships and corporate offices held in 2017 and early 2018

**Within the Antalis Group**

- Chief Executive Officer of Antalis (SA) (since 7 June 2017)
- Chief Executive Officer of Antalis International (SAS) (until 6 June 2017)
- Chairman of Antalis Ressources et Services (SAS) (since 15 March 2017)
- Chairman of Antalis Participations (SAS) (since 15 March 2017)
- Managing Director of Antalis Holding (Luxembourg) (since 22 December 2017)
- Managing Director of Antalis Investments (Luxembourg) (since 22 December 2017)
- Managing Director of Antalis GmbH (Germany)
- Managing Director of Antalis Verpackungen GmbH (Germany)
- Director of Antalis Asia Pacific PTE Ltd (Singapore)

**Outside of the Antalis Group**

- President of Eugropa (a European association of paper wholesalers) (until 30 November 2017)
- Member of the Supervisory Board of Analytical Bioventures SCA (Luxembourg), a holding company of Eurofins Scientific
- Deputy Chief Executive Officer of Sequana (until 6 June 2017)
- Member of the Executive Committee of Sequana (until 6 June 2017)

### Directorships and corporate offices held in the past five years

None.

At the date this registration document was prepared, Hervé Poncin held 2,333 Antalis shares.

## Franck Bruel - Independent director
## Member of the Audit Committee

55 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2020 AGM
Address: Engie
1, place des Degrés - 92059 Paris la Défense Cedex - France

### Experience and expertise

Franck Bruel is Senior Executive Vice-President of Engie and a member of the Executive Committee, in charge of the France BtoB Business Unit.

He is a graduate of HEC Paris and has acquired solid experience in the services sector in France and internationally. He began his career at L'Oréal and then worked for Pinault Distribution group and Samse group in sales and marketing positions. In 2000, he joined Saint Gobain where he was successively appointed Chairman of Point P for the Paris region, Chief Executive Officer of Dahl in Scandinavia (2004), and Chief Executive Officer of Point P in charge of Southern Europe (2006). In 2010, he joined the family-owned group, Sonepar, a world leader in the distribution of electrical equipment, as director in charge of operations, becoming the Chief Executive Officer of the Sonepar Group in 2013. He began working for Engie in December 2016.

Number of corporate offices held in listed companies: 1 (Antalis)

### Directorships and corporate offices held in 2017 and early 2018

**Main position:**
Senior Executive Vice-President of Engie

**Other directorships and positions currently held:**

- Member of the Executive Committee of Engie
- Chief Executive Officer and Director of Engie Services (SA)
- Director of Inéo (SA)
- Director of Axima Concept (SA)

### Directorships and corporate offices held in the past five years

- Chief Executive Officer of Sonepar
- Director of Sonepar France
- Chief Executive Officer of Sonepack

At the date this registration document was prepared, Franck Bruel held 300 Antalis shares.

## Clare Chatfield - Independent director
## Member of the Nominations and Compensation Committee

60 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2021 AGM
Address:
11, avenue George Clémenceau
78110 Le Vésinet – France

### Experience and expertise

Clare Chatfield runs the Paris office of L.E.K. Consulting, an international firm of management consultants.

She holds an undergraduate degree from Cambridge University and a MBA from INSEAD. After first acquiring professional experience in Spain and Venezuela, she began her career at Lloyd's of London where she worked for seven years, before becoming a partner at a broker specialising in French industrial risks. She then joined L.E.K. Consulting in London in 1990. In 1992, she transferred to the Paris office which she has managed since 1995. As a specialist in the energy field, she manages L.E.K's global Energy and Environment practice and has also developed specific expertise in renewable energies and environmental issues. Her clients include a number of international industrial companies, particularly in the energy sector.

Number of corporate offices held in listed companies: 2 (Antalis and Savencia)

### Directorships and corporate offices held in 2017 and early 2018

**Main position:**
Managing Director of L.E.K. Consulting (SARL)

**Other directorships and positions currently held:**

- Director of Compagnie Daher
- Director of Savencia (SA)
- Member of the Supervisory Board of XPO Logistics Europe

### Directorships and corporate offices held in the past five years

None.

At the date this registration document was prepared, Clare Chatfield held 500 Antalis shares.

## Delphine Drouets - Independent director
## Chair of the Audit Committee

50 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2019 AGM
Address:
Preventel - 55, bd Pereire
75017 Paris – France

### Experience and expertise

Delphine Drouets has been Chief Executive Officer of GIE Preventel since 2014.

She is a graduate of the Institut d'Études Politiques and began her career at KPMG Audit and then Esys-Montenay before joining Cegetel in 1997, where she successively occupied the positions of management controller, Chief Operating Officer in charge of the customer back office (Neuf-Cegetel) and then Chief Financial Officer of the SFR Business Team from 2009 to 2012. Delphine has also worked in mergers and acquisitions.

Number of corporate offices held in listed companies: 2 (Antalis International and Keyyo Communications)

### Directorships and corporate offices held in 2017 and early 2018

**Main position:**
Chief Executive Officer of GIE Preventel

**Other directorships and positions currently held:**
- Director of Keyyo Communications

### Directorships and corporate offices held in the past five years
- Director of ATTI

At the date this registration document was prepared, Delphine Drouets held 300 Antalis shares.

## Cécile Helme-Guizon – Director
## Member of the Audit Committee/member of the Nominations and Compensation Committee

52 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2020 AGM
Address:
IFA - 11bis, rue Portalis
75008 Paris – France

### Experience and expertise

Cécile Helme-Guizon is Managing Director of French Institute of Directors (*Institut Français des Administrateurs* – IFA).

She is a graduate of EM Lyon, a chartered accountant and a certified IFA administrator in France and in the United Kingdom. She began her career with PricewaterhouseCoopers in 1987 in the Audit and Corporate Finance practices before joining Kingfisher Plc as Head of Mergers and Acquisitions. She joined Darty in 2001 where she successively occupied the positions of Director of International Development, Managing Director of Subscriptions and Services and Director of Strategy, before going to work for the IFA in early 2018. She is also a director of Sequana and Manitou BF.

Number of corporate offices held in listed companies: 3 (Antalis International Sequana and Manitou BF)

### Directorships and corporate offices held in 2017 and early 2018

**Main position:**
Managing Director of Institut Français des Administrateurs (IFA) (since 2 January 2018)

**Other directorships and positions currently held:**
- Director and member of the Strategy Committee of Sequana (SA)
- Director of Strategy of Fnac Darty group (SA) (until 22 May 2017)
- Director and member of the Audit Committee of Manitou (BF) (SA) (since 8 June 2017)
- Deputy Chief Executive Officer and Director of Ménafinance (until 25 July 2017)
- Director of Kesa France (until 25 July 2017)

### Directorships and corporate offices held in the past five years
- Director, then Chief Executive Officer, then Chair and Chief Executive Officer of Mistergooddeal

At the date this registration document was prepared, Cécile Helme-Guizon held 300 Antalis shares.

## Christine Mondollot - Independent director
## Chair of the Nominations and Compensation Committee

63 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2020 AGM
Address:
40, avenue Bosquet
75007 Paris – France

### Experience and expertise

Christine Mondollot is a graduate of ESSEC and has recognised experience in the consumer products and retailing sectors acquired within large French and American companies. Digital technology forms an important part of her experience.

She was Marketing Director of the Pernod Ricard Group. Between 2000 and 2005, she was Chair of Laboratoires Kodak and Chief Executive Officer of the Consumer and Digital Division. Since 2005, she has worked with companies or subsidiaries of major groups that are in difficulty. She successfully managed the recovery of the BHV group and the development of the Galeries Lafayette group in Morocco, Dubai, Doha, China and Indonesia, as well as turning around the Perfume business. She has been Chairman of Virgin France, International et Digital and currently holds directorships with various companies.

Number of corporate offices held in listed companies: 3 (Antalis, Marie Brizard Wines & Spirits and Fleury Michon)

### Directorships and corporate offices held in 2017 and early 2018

- Chair of CM Consultant (SAS)
- Director and Chair of the Nominations and Compensation Committee of Marie Brizard Wines & Spirits (SA)
- Director of Fleury Michon (SA)
- Permanent representative of Alcentra Flandre Ltd (UK), Director of Novartex (SAS)/Vivarte
- Director of Solendro (SAS)
- Chair of VSSA Holding (SAS)
- Member of the Supervisory Board of Vivescia Industries (SCA)

### Directorships and corporate offices held in the past five years

- Chair of Virgin France et International
- Chair of Virgin Mega
- Director of Fiskars Corporate (Finland)

At the date this registration document was prepared, Christine Mondollot held 300 Antalis shares.

## BPIFRANCE PARTICIPATIONS - Director

### Directorships and corporate offices held in 2017 and early 2018

French *société anonyme*
First appointed: 6 June 2017
Expiry of term of office:
2019 AGM
Address:
27/31, ave. du Général Leclerc
94710 Maisons Alfort Cedex –
–

- Aelis Farma, Altia Industry, Avril Pôle Vegetal, Biom'up, Cegedim, CGG, Compagnie Daher, Corwave, Crystal, De Dietrich, Ekinops, Eos Imaging, Eutelsat Communications, Farinia, Fermentalg, Fidec, Financière du Millenium, FT1CI, G2 Mobility, Gensight Biologics, Groupe Grimaud La Corbière, Groupe Limagrain, H4D, Horizon Parent Holding, Innate Pharma, Isorg, Mader, Meca Dev, Medipôle Partenaires, Mersen, NGE, Novasep, NTL Holding, Orange, Paprec, Parrot, Pixium Vision, Poxel, Prodways Group, PSA, Scality, Sequana, Sigfox, Snips, Stentys, Soitec, Technicolor, Tinubu Square, Tokheim Luxco, Txcell, Unilend, Vallourec, Valneva, Vergnet, Vexim, Viadeo, VIT, Vittal Finances, Vivescia Industries (Siclaé), Voluntis, Younited

At the date this registration document was prepared, Bpifrance Participations held 53,395,148 Antalis shares.

## Represented by Samuel Dalens

35 years old
French citizen
First appointed: 6 June 2017
Expiry of term of office: 2019 AGM
Address: Bpifrance Investissement
6-8, bd Haussmann
75009 Paris – France

### Experience and expertise

Samuel Dalens has been Investment Director in the Mid/Large Caps team of Bpifrance Investissement since 2012.

He is a graduate of École Polytechnique and Télécom Paris. After two years spent working in security and information systems at the French Ministry of Foreign Affairs, he joined the National Budget Office in 2008 where he worked on measures to aid foreign trade and other forms of state guarantees. He then worked at the State Shareholding Agency (*APE*) (part of the Ministry of the Economy and Finance) on the French government's holdings in La Poste and CNP Assurances until 2012.

Number of corporate offices held in listed companies: 2 (Antalis International and Gascogne)

### Directorships and corporate offices held in 2017 and early 2018

**Main position:**
Investment Director at Bpifrance Investissement

**Other directorships and positions currently held:**

- Representative of Bpifrance Participations, Director of FT1CI (SA)
- Member of the Supervisory Board of STMicroelectronics Holding NV (Netherlands)
- Representative of Bpifrance Investissement, Member of the Supervisory Board of Attis 2 (SAS)
- Representative of Bpifrance Investissement, non-voting observer of Gascogne (SA) (since 22 June 2017)
- Non-voting observer of Oberthur Technologies group (SAS) (since 31 May 2017)

### Directorships and corporate offices held in the past five years

None.

At the date this registration document was prepared, Samuel Dalens did not hold any Antalis shares.

## Previously represented by Amélie Finaz de Villaine

36 years old
French citizen
Address: Alpha Associés Conseil
43, avenue Hoche - 75008 Paris – France

### Experience and expertise

Amélie Finaz de Villaine was Investment Director at Bpifrance Investissement until September 2017. Since October 2017, she has been a Principal at Alpha Associés Conseil.

She is a graduate of the ESSEC business school and began her career in M&A at Rothschild & Cie in Paris, before joining Société Générale's structured financing division in New York.

At the date this registration document was filed, Amélie Finaz de Villaine did not hold any shares in Antalis International.

### Directorships and corporate offices held in 2017 and early 2018

**Main position:**
Investment Director, Alpha Associés Conseil (since Oct. 2017)
Investment Director at Bpifrance Investissement (until September 2017)

**Other directorships and positions currently held:**

- Permanent representative of Bpifrance Investissement on the Supervisory Board of Grandir SAS

### Directorships and corporate offices held in the past five years

- Representative of Bpifrance Participations, non-voting observer of Gorgé SA group

To ensure that directors devote sufficient time and attention to exercising their duties, the Board of Directors ensures that each member of the Board complies with legal requirements concerning the number of corporate offices that he combines, as well as with the related recommendations in the AFEP-MEDEF Code.

# CORPORATE OFFICER COMPENSATION

## *Executive corporate officer compensation policy*

Pursuant to Article L. 225-37-2 of the French Commercial Code, the executive compensation policy defines the principles and criteria for calculating, distributing and allocating the fixed, variable and exceptional components of the aggregate compensation of Antalis' executive corporate officers and benefits for their term of office.

It is reviewed on an annual basis by the Nominations and Compensation Committee which submits its recommendations to the Board of Directors and aims to define appropriate criteria that ensure, over both the short and long term, the best possible alignment of compensation for executive corporate officers with shareholder interests and the related recommendations in the AFEP-MEDEF Code.

### Executive corporate officer compensation policy applicable from 6 June 2017 to 23 May 2018

The compensation policy applicable from 6 June 2017 to 23 May 2018, as adopted by the Company's shareholder on 17 May 2017, subject to the Company's transformation into a public limited company (*société anonyme*) to be listed on the stock exchange, is described below.

#### *The Chief Executive Officer*

The Chief Executive Officer receives fixed compensation which reflects his experience and his responsibilities in defining and deploying the Group's strategy. This fixed compensation is reviewed by the Board every year but, in accordance with the AFEP-MEDEF Code, it only changes over a relatively long period of time.

He also receives variable compensation calculated in accordance with quantifiable and qualitative criteria set each year by the Board of Directors on the recommendation of the Nominations and Compensation Committee. This variable compensation may be awarded up to a percentage of his fixed compensation, defined as the target value. This target value is equal to a maximum of 100% of his fixed compensation. The target value is adjusted according to the achievement by the Chief Executive Officer of objectives regarding quantifiable and qualitative criteria that are set by the Board at the start of the year, generally based on the budget for the year in question. They may be purely financial criteria or criteria relating to the accomplishment of a particular objective, for example associated with the completion of a transaction regarded by the Board as important or a priority for the Group. They are weighted according to the importance of each criteria in terms of the development of the Group's key strategic and financial focuses. In all cases, the quantifiable criteria will predominate.

Exceptional compensation may also be allocated to the Chief Executive Officer, resulting in the variable part of his compensation exceeding its target value, if justified by events. Such exceptional compensation is determined at the discretion of the Board of Directors in accordance with the recommendations of the Nominations and Compensation Committee.

The Board of Directors may also decide that in the event of termination of his office, the Chief Executive Officer will receive a severance payment, possibly combined with a non-competition clause, under the conditions laid down by the AFEP-MEDEF Code, to be submitted for the approval of the Shareholders' Meeting as a related-party agreement.

The Company may also decide to provide its Chief Executive Officer with a supplementary benefit plan.

Within the scope of a share award plan, the Chief Executive Officer may also be allocated rights to shares subject to demanding performance conditions. These conditions are generally linked to the objectives contained in the Group's long-term business plan, but some of them may also concern the achievement of a particular objective. Such rights may only be allocated to executive corporate officers in proportion to the authorisation decisions made by the shareholders at the Annual General Meeting (i.e., 15% of the total number of allocations approved) and with applicable holding conditions ensuring that the beneficiaries' interests remain in line with those of the Company's shareholders.

Lastly, the Chief Executive Officer may have access to a company car and is reimbursed for any expenses incurred with respect to the performance of his duties, on provision of supporting documents. He is entitled to the same pension plan as all of the Company's executives, but does not qualify for a defined-benefit top-up scheme. On principle, any employment contract held by the Chief Executive Officer would be interrupted as a result of his duties as corporate officer. He also has the same rights as the Company's other executives in terms of health cover and travel insurance.

#### *The Chairman of the Board of Directors*

According to the rules for calculating compensation set by the Board, the Chairman of the Board of Directors receives attendance fees for his duties, in the same way as any other Company director, without any particular additional compensation.

Pursuant to Article L. 225-100 of the French Commercial Code, the payment of variable and exceptional compensation to the Company's executive corporate officers for 2017 will be submitted for approval at the Annual General Meeting to be held on 23 May 2018 (see the following section on "Breakdown of compensation paid or allocated to executive corporate officers for 2017").

### Executive corporate officer compensation policy adopted by the Annual General Meeting of 23 May 2018

The Annual General Meeting of 23 May 2018 adopted a new executive corporate officer compensation policy that will remain in force until the Annual General Meeting to be called to approve the 2018 financial statements. The principles and criteria to be submitted for the shareholder's approval are detailed below.

#### *The Chief Executive Officer*

The Chief Executive Officer receives fixed compensation which reflects his experience and his responsibilities in defining and deploying the Group's strategy. This fixed compensation is reviewed by the Board every year but, in accordance with the AFEP-MEDEF Code, it only changes over a relatively long period of time.

He also receives variable compensation calculated in accordance with quantifiable and qualitative criteria set each year by the Board of Directors on the recommendation of the Nominations and Compensation Committee. This variable compensation may be awarded up to a percentage of his fixed compensation, defined as the target value. This target value is equal to a maximum of 100% of his fixed compensation. The target value is adjusted according to the achievement by the Chief Executive Officer of objectives regarding quantifiable and qualitative criteria that are set by the Board at the start of the year, generally based on the budget for the year in question. They may be purely financial criteria or criteria

relating to the accomplishment of a particular objective, for example associated with the completion of a transaction regarded by the Board as important or a priority for the Group. They are weighted according to the importance of each criteria in terms of the development of the Group's key strategic and financial focuses. In all cases, the quantifiable criteria will predominate.

Exceptional compensation may also be allocated to the Chief Executive Officer, resulting in the variable part of his compensation exceeding its target value, if justified by events. Such exceptional compensation is determined at the discretion of the Board of Directors in accordance with the recommendations of the Nominations and Compensation Committee.

If he is also a director of the Company, the Chief Executive Officer receives attendance fees for his duties, in the same way as any other Company director, without any particular additional compensation.

The Board of Directors may also decide that in the event of termination of his office, the Chief Executive Officer will receive a severance payment, possibly combined with a non-competition clause, under the conditions laid down by the AFEP-MEDEF Code, to be submitted for the approval of the Shareholders' Meeting as a related-party agreement.

The Company may also decide to provide its Chief Executive Officer with a supplementary benefit plan.

Within the scope of a share award plan, the Chief Executive Officer may be allocated rights to shares subject to demanding performance conditions. These conditions are generally linked to the objectives contained in the Group's long-term business plan, but some of them may also concern the achievement of a particular objective.

Such rights may only be allocated to executive corporate officers in proportion to the authorisation decisions made by the shareholders at the Annual General Meeting (i.e., 15% of the total number of allocations approved) and with applicable holding conditions ensuring that the beneficiaries' interests remain in line with those of the Company's shareholders.

Lastly, the Chief Executive Officer may have access to a company car (without a driver) and is reimbursed for any expenses incurred with respect to the performance of his duties, on provision of supporting documents. He is entitled to the same pension plan as all of the Company's executives, but does not qualify for a defined-benefit top-up scheme. On principle, any employment contract held by the Chief Executive Officer would be interrupted as a result of his duties as corporate officer.

In the event that a Deputy Chief Executive Officer is appointed, he will receive fixed and variable compensation and benefits in accordance with the compensation policy approved for the Chief Executive Officer.

### *The Chairman of the Board of Directors*

The Chairman of the Board of Directors receives attendance fees for his duties allocated according to the rules set by the Board in the same way as any other Company director, without any particular additional compensation.

He may also receive fixed compensation based on his experience and the mission entrusted to him as Chairman of the Board.

The payment of variable and exceptional compensation to the persons concerned for 2018 will be put to the vote of the Annual General Meeting convened in 2019 pursuant to the conditions set out in Article L. 225-100 of the French Commercial Code.

## *Breakdown of executive corporate officer compensation*

### Breakdown of compensation paid or allocated to executive corporate officers for 2017

All compensation paid or allocated to executive corporate officers is approved by the Board of Directors in accordance with the recommendations submitted to it by the Nominations and Compensation Committee.

### *Hervé Poncin*

#### Fixed compensation

At its meeting of 7 June 2017, after appointing Hervé Poncin as Chief Executive Officer of the Company, the Board of Directors decided to set his annual fixed compensation at €650,000.

Therefore, for the period between 7 June and 31 December 2017, Mr Poncin received fixed compensation of €369,318, calculated on a *pro rata* basis.

His fixed compensation was calculated with regard to his vast experience working in Antalis' various different businesses and his responsibilities in defining and deploying its strategy and in view of the compensation policies applied for people in this position by other listed companies.

The Company's executive compensation policy is designed so that the Chief Executive Officer's fixed compensation only changes over a relatively long period of time.

#### Variable compensation

At its meeting held on 7 June 2017, the Board of Directors decided that Hervé Poncin's variable compensation for the period between 7 June and 31 December 2017 should represent up to 80% of his fixed compensation if all the performance conditions are met (i.e., a target amount of €296,329 for the period in question), and it laid down the quantifiable (*vis à vis* the 2017 budget) and qualitative performance criteria described in the following table.

On 9 April 2018, after noting the extent to which these different criteria were actually achieved, the Board of Directors fixed Mr Poncin's variable compensation for the period between 7 June and 31 December 2017 at an amount of €139,275, i.e. 47% of the target amount as shown in the following table:

| Decisions of the Board of Directors' meeting of 7 June 2017 | | Decisions of the Board of Directors' meeting of 9 April 2018 | | |
|---|---|---|---|---|
| Performance conditions | Theoretical weighting | % achievement of criteria | Actual weighting | |
| Quantifiable criteria (60%) | | | | |
| Consolidated 2017 EBITDA | 40% | 17.5% | 7% | Criterion partially achieved |
| Consolidated net debt at 31 December 2017 | 20% | 100% | 20% | Criterion achieved |
| Qualitative criteria (40%) | | | | |
| Completion of Group refinancing | 20% | 100% | 20% | Criterion achieved |
| Satisfactory share performance | 20% | 0% | 0% | Criterion not achieved |
| | 100% | | 47% | |

Payment of this compensation was approved at the Annual General Meeting of 23 May 2018.

### Variable multi-year compensation

No variable multi-year compensation has been approved for Hervé Poncin and the Company's executive compensation policy does not provide for any such arrangements.

### Exceptional compensation

At its meeting held on 7 June 2017, the Board of Directors reserved the possibility of allocating exceptional compensation to Mr Poncin related to his duties in 2017 as Chief Executive Officer, if justified by events, to be granted at the Board's discretion. The Board of Directors' meeting of 9 April 2018 did not seek to exercise this option.

### Stock options, performance shares or other long-term benefits

Hervé Poncin did not receive any stock options, performance shares or other long-term benefits in respect of 2017.

### Attendance fees

Hervé Poncin receives attendance fees for his duties as a director of the Company in the same way as any other Company director, allocated according to the rules laid down by the Board (see the "Compensation of non-executive corporate officers" section below).

In December 2017, he received aggregate attendance fees of €30,849 in respect of the seven Board meetings he attended between 7 June and 31 December 2017. This amount comprises a fixed portion of €14,653 and a variable portion of €16,196, reflecting his attendance rate at Board meetings.

### Benefits in kind

Mr Poncin has the use of a company car (without a driver), representing a benefit in kind of €2,215 for the period from 7 June through 31 December 2017.

The Board of Directors meeting of 7 June 2017 also approved an unemployment insurance plan for Mr Poncin although this has not yet been set up.

### Termination benefits

At its meeting held on 7 June 2017, the Board of Directors undertook to pay Hervé Poncin termination benefits in the event of termination of his office. Calculation of the related amount is shown in the following table summarising "Other compensation and miscellaneous benefits".

This undertaking was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.Non-competition clause

In the event of the termination of Hervé Poncin's duties as Chief Executive Officer, he is subject to a non-competition obligation. The related conditions and financial consideration are set out in the following table summarising "Other compensation and miscellaneous benefits".

The undertaking made by the Board on 7 June 2017 was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.

### Top-up pension plan

Hervé Poncin does not benefit from a supplementary pension scheme and the Company's executive compensation policy does not provide for guaranteed or defined benefit pension plans for corporate officers.

#### *Pascal Lebard*

At its meeting held on 7 June 2017, the Board of Directors decided that, as Chairman of the Board of Directors, Pascal Lebard should receive attendance fees for his duties, in the same way as any other Company director, without any particular additional compensation.

At a subsequent meeting, and at Mr Lebard's own request, the Board of Directors decided that no attendance fees would be paid to the Chairman until such time as the Board decides otherwise. Therefore, no compensation in any form whatsoever was paid to Pascal Lebard in relation to his duties as Chairman of the Board of Antalis in 2017 and no compensation was approved in 2017 to be paid in a subsequent period.

As no compensation was paid or allocated to Pascal Lebard by the Company for 2017, no vote was necessary at the Annual General Meeting of 23 May 2018.

## Breakdown of compensation paid or allocated to executive corporate officers for their mandate 2018

### *Hervé Poncin*

At its meeting of 9 April 2018, the Board of Directors decided to maintain the fixed portion of Hervé Poncin's annual compensation at its current level, i.e., €650,000.

At the same meeting, the Board also decided to maintain the variable portion of his compensation at 80% of his fixed compensation if all the performance conditions are met (i.e., €520,000). These performance conditions were set as follows:

| Performance conditions | Weighting |
|---|---|
| Quantifiable criteria (60%)[1] | |
| Consolidated 2018 EBITDA | 30% |
| Consolidated net debt at 31 December 2018 | 20% |
| Consolidated 2018 sales | 10% |
| Qualitative criteria (40%) | |
| Satisfactory share performance | 20% |
| Increase in sales in the Packaging and Visual Communication sectors[2] | 20% |
| | 100% |

*(1)* Criteria calculated based on budget and including acquisitions completed in 2018.
*(2)* Criterion assessed excluding acquisitions completed in 2018.

### *Pascal Lebard*

The Board of Directors' meeting of 9 April 2018 also renewed its decision not to pay Pascal Lebard attendance fees or any other form of compensation for his duties as Chairman of the Board of Directors.

### *Overview of compensation, stock options and free shares allocated to executive corporate officers*

| | 2016 | 2017 |
|---|---|---|
| **Hervé Poncin**<br>Chief Executive Officer | | |
| **Antalis**<br>Amounts payable in respect of the year | - | €541,657 |
| **Sequana**<br>Amounts payable in respect of the year | €743,392 | €327,500 |
| Value of variable multi-year compensation allocated during the year | - | - |
| Value of options allocated during the year | - | - |
| Value of free shares awarded during the year (see Table 6) | - | - |
| **Total** | **€743,392** | **€869,157** |
| **Pascal Lebard**<br>Chairman of the Board of Directors | | |
| **Antalis**<br>Amounts payable in respect of the year | - | €0 |
| **Sequana**<br>Amounts payable in respect of the year | €1,190,893 | €1,415,005 |
| Value of variable multi-year compensation allocated during the year | - | - |
| Value of options allocated during the year | - | - |
| Value of free shares awarded during the year (see Table 6) | - | - |
| **Total** | **€1,190,893** | **€1,415,005** |

*Overview of compensation payable to each executive corporate officer*

| (Gross amount before tax) | 2016 Amounts payable in respect of 2016 | 2016 Amounts paid in respect of 2016 | 2017 Amounts payable in respect of 2017 | 2017 Amounts paid in respect of 2017 |
|---|---|---|---|---|
| **Hervé Poncin**<br>Chief Executive Officer | | | | |
| **Compensation payable/paid by Antalis** | | | | |
| Fixed compensation | - | - | €369,318 | €369,318 |
| Annual variable compensation | - | - | €139,275 | - |
| Variable multi-year compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | €30,849 | €30,849 |
| Fringe benefits | - | - | €2,215 | €2,215 |
| **Total** | - | - | €541,657 | €402,382 |
| **Compensation payable/paid by Sequana**(1) | | | | |
| Fixed compensation | €500,000 | €500,000 | €215,909 | €215,909 |
| Annual variable compensation | €240,000 | €450,000 | €110,113 | €240,000 |
| Variable multi-year compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | - | - |
| Paid holidays | - | - | - | €71,789 |
| Fringe benefits | €3,392 | €3,392 | €1,478 | €1,478 |
| **Total** | €743,392 | €953,392 | €327,500 | €529,176 |
| **Pascal Lebard**<br>Chairman of the Board of Directors | | | | |
| **Compensation payable/paid by Antalis** | | | | |
| Fixed compensation | - | - | €0 | €0 |
| Annual variable compensation | - | - | - | - |
| Variable multi-year compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | - | - | €0 | €0 |
| Fringe benefits | - | - | €0 | €0 |
| **Total** | - | - | €0 | €0 |
| **Compensation payable/paid by Sequana**(2) | | | | |
| Fixed compensation | €900,000 | €900,000 | €900,000 | €900,000 |
| Annual variable compensation | €225,000 | €900,000 | €450,000 | €225,000 |
| Variable multi-year compensation | - | - | - | - |
| Exceptional compensation | - | - | - | - |
| Attendance fees | €63,787 | €77,069 | €62,899 | €64,488 |
| Fringe benefits | €2,106 | €2,106 | €2,106 | €2,106 |
| **Total** | €1,190,893 | €1,879,175 | €1,415,005 | €1,191,594 |

*(1)* All of the amounts set out below were paid to Hervé Poncin by Sequana under his employment contract with Sequana which was broken when he took up his position as an executive corporate officer of Antalis on 7 June 2017.

*(2)* All of the amounts set out below were paid to Pascal Lebard by Sequana in respect of his position as Sequana's Chairman and Chief Executive Officer.

### *Stock options*

No stock subscription or purchase options were granted to executive corporate officers by Antalis or any Antalis Group company in 2016 or 2017. There are no stock subscription or purchase option plans for the Company's shares currently in force within the Company.

### *Share award plan*

No free shares were awarded by Antalis or any other company in its group to the executive corporate officers in 2016 or 2017.

On 23 May 2018, the Board of Directors set up a share award plan of Antalis shares for key management personnel and executives considered to play a key role in the Group's development (see page 165). Under this plan, Hervé Poncin was awarded a maximum potential number of 108,000 free shares, corresponding to 15% of the total number of shares allocated under the plan. After a two-year vesting period, these shares will be definitively awarded in 2020 subject to presence and performance conditions related to the Group's business plan and changes in the Antalis share price.

In accordance with the decision made by the Board of Directors at its meeting of 9 April 2018, Hervé Poncin is required to hold until the end of his term of office as Chief Executive Officer a number of shares corresponding to 20% of the total number of shares definitively awarded to him under this plan.

### *Other compensation and miscellaneous benefits*

| | Employment contract | Top-up pension plan | Indemnities or benefits payable in the event of termination or a change of position | Indemnities relating to a non-competition clause |
|---|---|---|---|---|
| **Hervé Poncin** | | | | |
| Chief Executive Officer | No[1] | No | Yes[2] | Yes[3] |
| **Pascal Lebard** | | | | |
| Chairman of the Board of Directors | No | No | No | No |

[1] Until 6 June 2017, Hervé Poncin had an employment contract with Sequana. In accordance with the AFEP-MEDEF Code, his employment contract was terminated on the effective date of commencement of his functions as an executive corporate officer of Antalis, once the Company had been listed on the stock exchange.

[2] Based on a recommendation of the Nominations and Compensation Committee, the Board of Directors' meeting of 7 June 2017 undertook to pay Hervé Poncin, in the event of the termination of his role as Chief Executive Officer of Antalis, an indemnity equal to 1.5 times his annual reference salary. The Board will calculate this amount at the time of termination of his duties, and it will be subject to a performance condition linked to the performance conditions used to calculate the variable portion of compensation paid to Mr Poncin during the two years prior to the termination of his duties. The annual reference salary would be equal to the sum of the most recent annual fixed compensation and the most recent target variable compensation approved by the Board, said variable compensation being multiplied by a ratio equal to the average percentage of annual variable compensation effectively paid during the two years prior to the termination of the duties in relation to the target variable compensation used to calculate the variable compensation. If Mr Poncin's duties were to be terminated before the end of this two-year period, a percentage would be applied based only on the most recent variable compensation approved by the Board in relation to the corresponding target variable compensation.

The termination benefit will not be payable if (i) Mr Poncin leaves the Company at his own initiative, (ii) his duties are terminated as a result of gross or wilful misconduct (as defined under French case law), or (iii) he is entitled to claim his retirement pension at the date of his departure.

The undertaking made by the Board on 7 June 2017 was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.

[3] In the event of the termination of Hervé Poncin's duties as Chief Executive Officer for any reason whatsoever, he is subject to a 12-month non-competition obligation beginning on the day he effectively terminates his functions and covering all of Europe. The corresponding indemnity would be equal to four months' compensation calculated based on his average total gross monthly compensation over the 12 months preceding the termination of his duties, to be paid to Mr Poncin on a monthly basis. The Company may opt to discharge Mr Poncin from this non-competition obligation by informing him of its decision no later than 15 days after the Board of Directors' meeting that approved or decided to terminate his duties as Chief Executive Officer.

The undertaking made by the Board on 7 June 2017 was approved at the Annual General Meeting of 23 May 2018 as a related-party agreement.

The cumulative total of the two indemnities, i.e., termination benefits and non-competition indemnity, may not be greater than two years of his combined fixed and variable compensation.

Hervé Poncin also has a company car without a driver.

The Board of Directors meeting of 7 June 2017 also approved an unemployment insurance plan for Mr Poncin although this has not yet been set up.

Hervé Poncin does not benefit from a top-up pension plan.

### *Non-executive corporate officer compensation*

The members of the Board of Directors receive attendance fees only.

On 11 May 2017, the Company's shareholder set the annual amount of attendance fees to be allocated to members of the Board of Directors at €450,000, divided into two different portions:

- a fixed portion representing 40% of the total (i.e., €180,000) paid in consideration of the work carried out by the directors outside of Board meetings and for the duties entrusted to them, and divided equally among all of the directors,
- a variable portion representing 60% of the total (i.e., €270,000) divided among the members of the Board in accordance with their attendance at meetings of the Board and any committees to which they belong. This variable portion is allocated based on the value of one attendance fee unit and calculated in accordance with the number of members of the Board and its committees and the number of meetings during the year in question. The Chairman of a Board committee meeting receives 1.5 attendance fee units (instead of just one) in view of the extra work and responsibility involved. Any attendance fee units not due because of the absence of a member are not paid out

In 2017, a total amount of €235,615 was paid to all members of the Board, in consideration of their work and attendance at a total of seven Board of Directors' meetings, two meetings of the Audit Committee and three meetings of the Nominations and Compensation Committee held between 7 June and 31 December 2017. The total amount of attendance fees not distributed due to absences from Board or committee meetings was €20,823.

### Breakdown of non-executive corporate officer compensation

*Attendance fees and other compensation received by non-executive corporate officers*

| Non-executive corporate officers | Amounts paid during 2016 | Amounts paid during 2017[1] | |
|---|---|---|---|
| | | Fixed portion | Variable portion |
| **Franck Bruel** | | | |
| Attendance fees | - | €14,654 | €12,725 |
| Other compensation | - | - | - |
| **Clare Chatfield** | | | |
| Attendance fees | - | €14,654 | €23,137 |
| Other compensation | - | - | - |
| **Delphine Drouets** | | | |
| Attendance fees | - | €14,654 | €23,137 |
| Other compensation | - | - | - |
| **Cécile Helme-Guizon** | | | |
| Attendance fees | - | €14,654 | €25,451 |
| Other compensation | - | - | - |
| **Christine Mondollot** | | | |
| Attendance fees | - | €14,654 | €23,137 |
| Other compensation | - | - | - |
| **Bpifrance Participations** | | | |
| Attendance fees | - | €14,654 | €9,255 |
| Other compensation | - | - | - |
| TOTAL | - | €87,924 | €116,842 |
| TOTAL AMOUNT OF ATTENDANCE FEES[2] | - | | €204,766 |

(1) Since the transformation of the Company into a joint stock company (*société anonyme*) prior to the listing of its shares, i.e., between 7 June and 31 December 2017.

(2) This amount does not include €30,849 in attendance fees paid in 2017 to Hervé Poncin, executive corporate officer.

## RELATED-PARTY AGREEMENTS

### *Related-party agreements and commitments entered into by the Company in 2017*

The following agreements falling within the scope of Article L. 223-38 of the French Commercial Code were entered into or authorised in 2017:

**Commitments given by the Board of Directors to Hervé Poncin on 7 June 2017 regarding the conditions applicable in the event of termination of his duties as Chief Executive Officer**

#### *Termination benefits*

At its meeting on 7 June 2017, Antalis' Board of Directors decided, in accordance with Article L. 225-42-1 of the French Commercial Code, that Hervé Poncin would be entitled to an indemnity in the event of the termination of his duties as Antalis' Chief Executive Officer. This termination benefit could represent up to 1.5 times Mr Poncin's annual reference compensation and will be determined by the Board of Directors on termination of his duties. Said termination benefit will be contingent on him achieving a performance condition linked to the performance conditions used to determine his variable compensation for the two years prior to the termination of his duties.

The annual reference salary would be equal to the sum of the most recent annual fixed compensation and the most recent target variable compensation approved by the Board, said variable compensation being multiplied by a ratio equal to the average percentage of annual variable compensation effectively paid during the two years prior to the termination of his duties in relation to the target variable compensation used to calculate the variable compensation.

If Mr Poncin were to leave his position before expiry of the term specified for application of the performance criteria for the two years prior to termination of his duties, a percentage would be applied, based only on his annual variable compensation for the year prior to his departure, as approved by the Board in relation to the corresponding target variable compensation.

The termination benefit will not be payable if (i) Mr Poncin leaves the Company at his own initiative, (ii) his duties are terminated as a result of gross or wilful misconduct (as defined under French case law), or (iii) he is entitled to claim his retirement pension at the date of his departure.

#### *Non-competition obligation*

At its meeting on 7 June 2017, Antalis' Board of Directors decided, in accordance with Article L. 225-24-1 of the French Commercial Code, that in the event of termination of his duties as Chief Executive Officer for any reason and in any form, Hervé Poncin would be subject to a non-competition obligation. The obligation will apply for a period of 12 months as from the date on which his duties are effectively terminated and will cover all European countries.

In return for the non-competition obligation, the Board of Directors has agreed to pay Mr Poncin a non-competition benefit corresponding to four months' compensation, calculated based on the monthly average of his total gross compensation for the 12 months preceding the date of termination of his duties, to be paid monthly. The Company may choose to waive this non-competition obligation, in which case it will inform Mr Poncin of its decision to this effect within no more than 15 days of the meeting during which the Board of Directors acknowledged his decision or decided to terminate his duties as Chief Executive Officer of Antalis.

As the commitments given by the Company to Hervé Poncin on 7 June 2017 constitute a related-party agreement within the meaning of Article L. 225-38 of the French Commercial Code, they were submitted and approved at the Annual General Meeting of 23 May 2018.

### *Related-party agreements and commitments already approved in previous periods*

No agreements entered into or authorised in previous periods remained in force in 2017.

Lastly, aside from ties of ownership, there are also agreements between the Company and its parent, Sequana, and certain of its subsidiaries, covering the provision of legal, administrative, accounting and financial services, as well as intragroup financing and tax consolidation agreements that link or may link Antalis and its subsidiaries. However, such agreements are common to any group and are entered into on an arm's length basis. The corresponding services are paid for in line with general market practices. There are no other remunerated agreements between Antalis and its subsidiaries that could be construed as related-party agreements.

# STATUTORY AUDITORS

## *Statutory audit engagements*

The principal Statutory Auditors (see below) prepare auditors' reports in respect of the parent company and consolidated financial statements of Antalis:

### Statutory Auditors

| | |
|---|---|
| PricewaterhouseCoopers Audit | Constantin Associés |
| 63, rue de Villiers | Member of Deloitte Touche Tohmatsu Limited |
| 92208 Neuilly-sur-Seine Cedex, France | 185, avenue Charles de Gaulle |
| | 92200 Neuilly-sur-Seine, France |
| represented by Stéphane Basset | represented by Thierry Quéron |

PricewaterhouseCoopers Audit was first appointed as principal Statutory Auditor on 21 July 2006 and their term of office was renewed on 6 June 2013. It will expire at the Annual General Meeting to be called to approve the 2018 financial statements.

Constantin Associés was appointed as Statutory Auditor on 11 May 2017 and their term of office will expire at the Annual General Meeting to be called to approve the 2022 financial statements.

### Deputy Statutory Auditor

Anik Chaumartin

63, rue de Villiers

92208 Neuilly-sur-Seine Cedex, France

Details of fees paid to the Statutory Auditors are disclosed in Note 31 to the consolidated financial statements.

# STATUTORY AUDITORS' SPECIAL REPORT ON RELATED-PARTY AGREEMENTS AND COMMITMENTS

## Annual General Meeting for the approval of the financial statements for the year ended 31 December 2017

This is a free translation into English of the Statutory Auditors' report on related-party agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Antalis International
8 rue de Seine
92100 Boulogne-Billancourt
France

To the Shareholders,

In our capacity as Statutory Auditors of Antalis International SA, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements or commitments. Under the provisions of Article R. 225-31 of the French Commercial Code (*Code de Commerce*), it is the responsibility of the shareholders to determine whether the agreements and commitments are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R. 225-31 of the French Commercial Code in relation to the implementation during the year of agreements and commitments already approved by the Annual General Meeting.

We performed the procedures that we deemed necessary in accordance with professional standards applicable in France to such engagements. These procedures consisted in verifying that the information provided to us is consistent with the underlying documents.

### AGREEMENTS AND COMMITMENTS SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING

#### Agreements authorised during the year

In accordance with Article L. 225-40 of the French Commercial Code, we were informed of the following agreements authorized by the Board of Directors.

Commitments given by the Board of Directors to Hervé Poncin on 7 June 2017 regarding the conditions applicable in the event of termination of his duties as Chief Executive Officer

##### Termination benefit

At its meeting on 7 June 2017, Antalis International's' Board of Directors decided, in accordance with Article L. 225-42-1 of the French Commercial Code, that Hervé Poncin would be entitled to an indemnity in the event of the termination of his duties as Antalis International's' Chief Executive Officer. This termination benefit could represent up to 1.5 times Mr Poncin's annual reference compensation and will be determined by the Board of Directors on termination of his duties. Said termination benefit will be contingent on him achieving a performance condition linked to the performance conditions used to determine his variable compensation for the two years prior to the termination of his duties.

This annual reference salary will be equal to the sum of the most recent annual fixed compensation and the most recent target variable compensation approved by the Board, said variable compensation being multiplied by a ratio equal to the average percentage of annual variable compensation effectively paid during the two years prior to the termination of his duties in relation to the target variable compensation used to calculate the variable compensation.

If Mr Poncin were to leave his position before expiry of the term specified for application of the performance criteria for the two years prior to termination of his duties, a percentage would be applied, based only on his annual variable compensation for the year prior to his departure, as approved by the Board in relation to the corresponding target variable compensation.

The termination benefit will not be payable if (i) Mr Poncin leaves the Company at his own initiative, (ii) his duties are terminated as a result of gross or wilful misconduct (as defined under French case law), or (iii) he is entitled to claim his retirement pension at the date of his departure.

##### Non-competition obligation

At its meeting on 7 June 2017, Antalis International's' Board of Directors decided, in accordance with Article L. 225-24-1 of the French Commercial Code, that in the event of termination of his duties as Chief Executive Officer for any reason and in any form, Hervé Poncin would be subject to a non-competition obligation. The obligation will apply for a period of 12 months as from the date on which his duties are effectively terminated and will cover all European countries.

In return for the non-competition obligation, the Board of Directors has agreed to pay Mr Poncin a non-competition benefit corresponding to four months' compensation, calculated based on the monthly average of his total gross compensation for the 12 months preceding the date of termination of his duties, to be paid monthly. The Company may choose to waive this non-competition obligation, in which case it will inform Mr Poncin of its decision to this effect within no more than 15 days of the meeting during which the Board of Directors acknowledged his decision or decided to terminate his duties as Chief Executive Officer of Antalis International.

**AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING**

We were not informed of any agreements or commitments that had already been approved by the Annual General Meeting which remained in force during the year ended December 31 2017.

Neuilly-sur-Seine, 27 April 2018

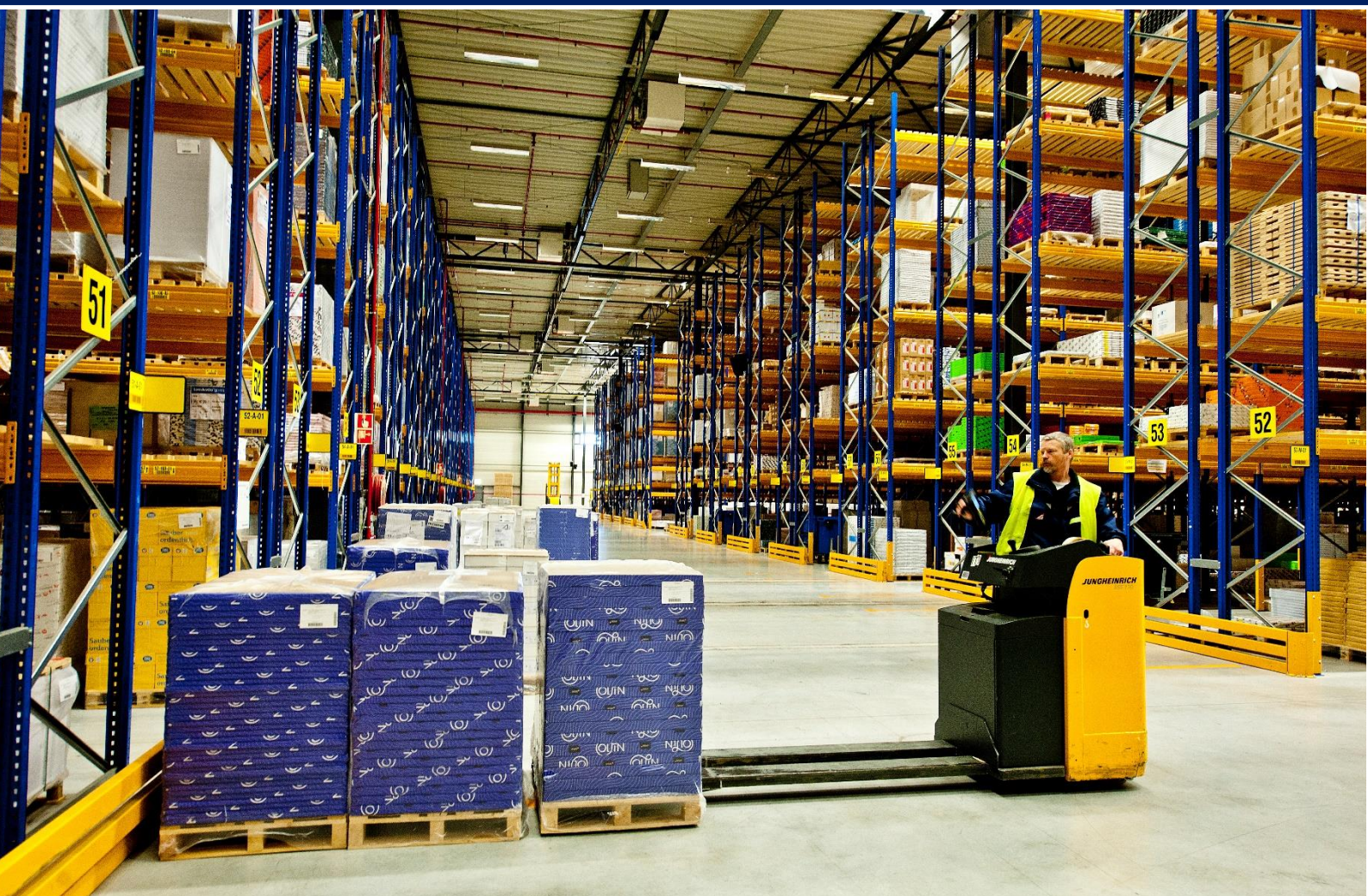
The Statutory Auditors

Constantin Associés
Member of Deloitte Touche Tohmatsu Limited
Thierry Quéron

PricewaterhouseCoopers Audit
Stéphane Basset

# 4 FINANCIAL STATEMENTS





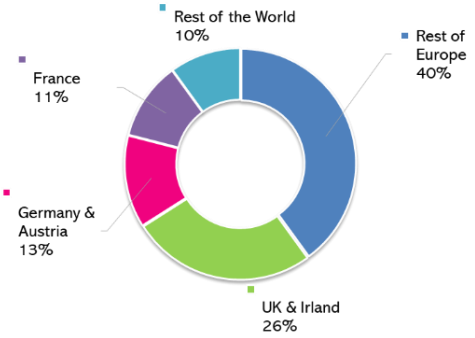
# Financial statements

## KEY FIGURES

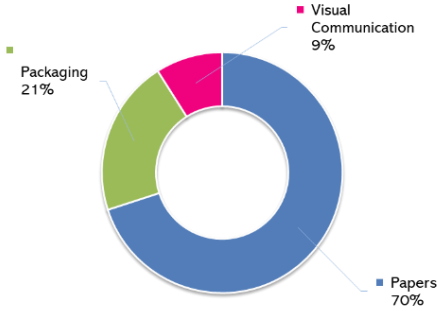
### *Income statement*

| *(€ millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| Sales | 2,377.4 | 2,458.5 | -3.3% |
| Gross margin | 582.4 | 596.5 | -2.4% |
| EBITDA | 84.4 | 88.2 | -4.3% |
| *EBITDA margin (as a % of sales)* | *3.6%* | *3.6%* | - |
| Current operating income | 65.8 | 64.4 | +2.2% |
| *Operating margin (as a % of sales)* | *2.8%* | *2.6%* | *+0.2 pts* |
| Non-recurring income (loss) | (26.5) | (26.8) | |
| Net financial income (loss) | (25.4) | (28.3) | |
| Income tax benefit (expense) | (4.4) | (4.1) | |
| Non-controlling interests | (0.1) | (0.1) | |
| Net income attributable to owners | 9.4 | 5.1 | |

Breakdown of sales by geographical area



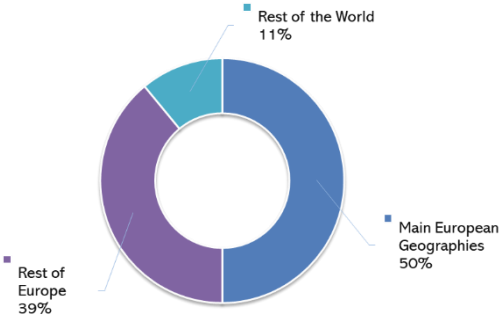

Breakdown of sales by business sector




### *Cash flow*

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Consolidated net debt at 1 January | (254.3) | (231.7) |
| EBITDA | 84.4 | 88.2 |
| Change in operating working capital requirements | 7.5 | (15.5) |
| Capex | (18.7) | (16.4) |
| Current operating cash flow | 73.2 | 56.3 |
| Net financial expense | (25.0) | (25.8) |
| Income taxes paid | (4.8) | (5.5) |
| Restructuring costs and other non-recurring items | (21.4) | (23.7) |
| Proceeds from disposals of assets | 11.3 | 2.7 |
| Impact of changes in scope of consolidation | 0.3 | (7.8) |
| Dividends | (8.0) | (8.0) |
| IPO costs | (6.6) | - |
| Foreign exchange gains (losses) | (7.6) | (5.4) |
| Other items | (4.7) | (5.4) |
| Change in debt | 6.7 | (22.6) |
| Consolidated net debt at 31 December | (247.6) | (254.3) |

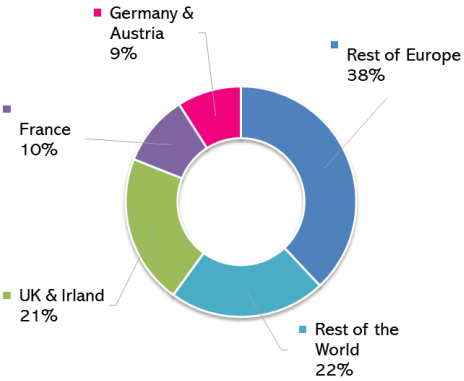
Breakdown of EBITDA by geographical area




### *Statement of financial position*

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Goodwill | 141.1 | 149.8 |
| Fixed assets | 84.0 | 91.5 |
| Operating working capital requirements | 183.2 | 207.3 |
| Capital employed | 408.3 | 448.6 |
| Other assets (net) | 24.7 | 29.4 |
| Total | 433.0 | 478.0 |
| Shareholders' equity | 123.8 | 141.3 |
| Non-controlling interests | 0.5 | 0.6 |
| Provisions | 61.1 | 81.8 |
| Net debt | 247.6 | 254.3 |
| Total | 433.0 | 478.0 |

Average headcount by geographical area



# COMMENTS ON THE YEAR

## *Highlights*

- Listing of Antalis International shares on Euronext Paris as from 12 June 2017.
- Launch in second-half 2017 of the plan to refinance the Group's credit facilities maturing on 31 December 2018.
- Further optimisation of the supply chain and streamlining of information systems in Europe.
- Acceleration of the e-commerce development strategy: creation of a marketplace and launch of a vendor-managed inventory service.

## *2017 results*

### Solid operating performances

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 Packaging and Visual Communication sectors saw good gross margin growth of 4.1%. The contribution of these two sectors to Antalis' consolidated gross margin continued to grow, up 2 points on 2016 at 35%.

The acquisitions completed in late 2016 in each of the Group's three business sectors added €25 million to 2017 sales.

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 year-on-year 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 net non-recurring expenses, including €17 million in net restructuring costs, €10 million in costs related to the Antalis IPO and refinancing, and an impairment expense of €6 million against goodwill allocated to the South America CGU. Gains on disposals amounted to €6 million (see Note 22 to the consolidated financial statements in Chapter 4 of this registration document for a breakdown of gains on disposals).
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 to €248 million at 31 December 2017 from €254 million at end-2016, thanks to efficient working capital management. The net debt/EBITDA ratio came out at 2.93 (2.88 at 31 December 2016).

### Ongoing improvement in operating efficiency

Antalis' sales via e-platforms (e-commerce websites, EDI) continued to grow, amounting to €312 million in 2017. 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).

As part of its e-commerce development strategy, in 2017 Antalis created a marketplace for the graphic arts (paper and visual communication media) and packaging industries. Thanks to select listings of new suppliers, Antalis can offer its customers new products on its e-commerce website while also benefiting from a new revenue stream. Antalis also enhanced its offering of services with easystock, a shared vendor-managed inventory service that operates via an exclusive online application, soon to be available for mobile phones. These two new services were launched in France in the second half of 2017 and will be rolled out in most European countries in 2018.

Antalis also continued to optimise its supply chain and IT infrastructure during the year. It adapted its warehouse network in Poland (relocation of the Warsaw facility) and in Switzerland (insourcing of Coala film cutting and storage services for the Visual Communication business). In the UK, management of several regional warehouses was outsourced to maintain cost flexibility, and a new warehouse management system was also put in place. In Hungary, a new enterprise resource planning (ERP) system was introduced. In Germany, two-thirds of shipments were outsourced to a new company in a bid to improve customer service.

Lastly, companies operating in the Papers, Packaging and Visual Communication sectors in Denmark merged into a single legal entity.

## *Analysis by geographical area*

### Main European Geographies

| *(€ millions)* | 2017 | 2016 | Change |
|---|---|---|---|
| **Sales** | **1,203.0** | **1,258.0** | **-4.4%** |
| *UK & Ireland* | *619.3* | *663.3* | *-6.6%* |
| *France* | *271.0* | *278.6* | *-2.7%* |
| *Germany & Austria* | *312.7* | *316.1* | *-1.1%* |
| **Gross margin** | **273.1** | **287.2** | **-4.9%** |
| *Gross margin rate (as a % of sales)* | *22.7%* | *22.8%* | *-0.1 pts* |
| **EBITDA** | **41.9** | **45.1** | **-7.2%** |
| *EBITDA margin (as a % of sales)* | *3.5%* | *3.6%* | *-0.1 pts* |

The Main European Geographies generated sales of €1,203 million, down 4.4% year-on-year (down 1.1% at constant exchange rates), chiefly reflecting the decline in Paper volumes and the depreciation in sterling.

The UK & Ireland reported sales of €619 million (down 6.6% on a reported basis and 0.4% at constant exchange rates). The positive impact of the consolidation of Swan Paper (Ireland) acquired in late 2016 helped to mitigate the decline in Papers volumes which was amplified by uncertainties relating to Brexit.

Sales in Germany & Austria were 1.1% lower year-on-year, at €313 million. The growth in Packaging sales partially offset lower volumes in Papers.

Sales in France came in at €271 million, down 2.7% year-on-year. In Papers, Antalis benefited from the consolidation of the sector and from the favourable impact of elections.

Gross margin for the Main European Geographies was €273 million (down 4.9%), and the gross margin rate was stable at 22.7% (down 0.1 point).

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

| (€ millions) | 2017 | 2016 | Change |
|---|---|---|---|
| Sales | 944.6 | 973.5 | -3.0% |
| Gross margin | 245.0 | 248.7 | -1.5% |
| *Gross margin rate (as a % of sales)* | *25.9%* | *25.5%* | *+0.4 pts* |
| EBITDA | 32.8 | 33.4 | -1.7% |
| *EBITDA margin (as a % of sales)* | *3.5%* | *3.4%* | *+0.1 pts* |

Sales for the Rest of Europe declined by 3.0% year-on-year to €945 million (down 2.7% at constant exchange rates). The growth in the Packaging business partially offset lower volumes in Papers. The late 2016 acquisition of Norway's Gregersen (Visual Communication) had a positive impact on sales.

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% in 2017 to €33 million, with improved operating performances in Iberia and Poland. The EBITDA margin improved by 0.1 point to 3.5%.

### Rest of the World

| (€ millions) | 2017 | 2016 | Change |
|---|---|---|---|
| Sales | 229.8 | 227.0 | +1.2% |
| Gross margin | 64.3 | 60.6 | +6.1% |
| *Gross margin rate (as a % of sales)* | *28.0%* | *26.7%* | *+1.3 pts* |
| EBITDA | 9.7 | 9.7 | - |
| *EBITDA margin (as a % of sales)* | *4.2%* | *4.3%* | *-0.1 pts* |

Sales for the Rest of the World grew by 1.2% to €230 million (down 1.2% at constant exchange rates) due to a favourable forex impact (South African rand). The successful integration of TFM Industrial, a Peru-based Packaging business acquired in late 2016, had a positive impact on sales.

Gross margin came in at €64 million (up 6.1%) and the gross margin rate grew by 1.3 points to 28.0%.

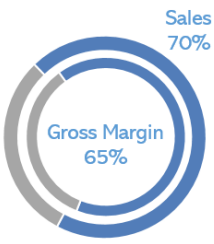
EBITDA remained stable year-on-year at €10 million and EBITDA margin was 4.2% (down 0.1 point).

## *Analysis by business sector*

| | Sales | | | Gross margin | | | Gross margin/sales | | |
|---|---|---|---|---|---|---|---|---|---|
| (€ 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 pts* |
| Visual Communication | 221.3 | 225.4 | -1.8% | 62.2 | 60.4 | +3.0% | 28.1% | 26.8% | *+1.3 pts* |
| TOTAL | 2,377.4 | 2,458.5 | -3.3% | 582.4 | 596.5 | -2.4% | 24.5% | 24.3% | *+0.2 pts* |

### 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 posted a strong performance in the uncoated segment, spurred by the development of its own brands (Edixion, Print Speed) in Europe. Business was buoyed by the consolidation of the sector in France and Switzerland. It also benefited from the favourable impacts of elections in certain European countries and from an increase in selling prices for reams and uncoated papers. The consolidation of Ireland's Swan Paper business (acquired in late 2016) had a positive impact on sales and partially offset the depreciation in sterling.

Gross margin for the Papers sector came in 5.5% lower at €381 million. In a context of sharp price increases, the Papers gross margin rate remained stable year-on-year at 23.0%.

Antalis' initiatives to support organic growth continued apace during the year, particularly in the area of digital printing. Antalis has the broadest and most comprehensive offer on this market, including coated and uncoated papers, creative papers and specialty papers for dry and liquid toner digital presses, and large format printing (LFP) media for visual communication.

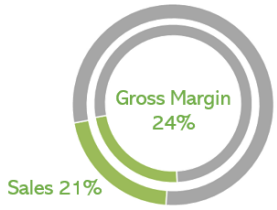
To support its customers' development on the digital printing market, Antalis continued to roll out its digital-to-business ("d2b") strategy, in particular through partnerships with major equipment manufacturers. As a sponsor of Dscoop (Digital Solutions Cooperation), a community of users of HP equipment for graphic design, Antalis took part in various events held by the organisation in Europe, and in Xerox's European forum. The Group was also an active participant in numerous events held by digital web press manufacturers such as Konica Minolta and Ricoh.

In the office papers segment, the Group continued to roll out initiatives targeting resellers through Antalis Premium Club and its exclusive loyalty programme A4&More. Antalis Premium Club offers exclusive advantages on Image, Xerox and Data Copy brands to resellers in 12 countries across Europe. The club is a resounding success, with the number of members up almost 6% in 2017.

### Packaging

Sales in the Packaging sector rose 3.4% to €502 million. The successful integration of TFM Industrial, a Peru-based business acquired in late 2016, 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 the 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.




In 2017, Antalis expanded its footprint into Turkey, bringing the number of countries in which it has Packaging operations to 30. The Group's international presence is a key asset in serving large international corporations, which generally centralise purchasing at group level and look to have access to the same product range and quality of service in every country in which they operate. Antalis secured new contracts from several large corporations, particularly in the e-commerce and automotive sectors.

To expand its footprint in the e-commerce sector, a big consumer of packaging, Antalis has developed specific product ranges for e-commerce businesses that have proven highly popular.

Thanks to its industrial expertise, Antalis provides its customers with high value-added services and solutions for optimising product protection, costs and internal processes. It has designed bespoke solutions for major groups in various sectors (electronics, IT, agrifood, etc.). These include a packaging solution developed for an Italian group and international leader of logistics services for supply chain management to protect automotive and electromechanical metal parts against corrosion.

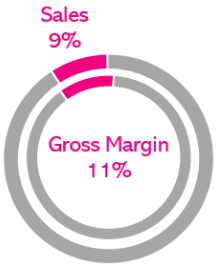
So that customers can benefit from Antalis' expertise and to bolster its position as a Packaging specialist, the Group organised several events during the year including a supply chain management summit and a forum on solutions to prevent corrosion.

Antalis brought together all of its teams in 13 countries to define different sales approaches as part of an innovation drive. These approaches are based on new customer segmentation allowing the Group to offer effective value propositions that are unique in the packaging industry. These will be rolled out to its main European countries as from 2018.

### Visual Communication

Sales in the Visual Communication sector were down 1.8% to €221 million due to the focus on margins and customer profitability in certain European countries. The late 2016 acquisition of Gregersen in Norway had a positive impact on sales by allowing Antalis to deepen its footprint in Scandinavia and extend its expertise to the distribution of large format digital printing media. This acquisition helped to offset the negative forex impact.

Gross margin for the Visual Communication business came in 3.0% higher year-on-year at €62 million and the gross margin rate rose 1.3 points to 28.1%. Visual Communication contributed 11% of Antalis' consolidated gross margin in 2017, up 1 point on the previous year.




Antalis continued to step up its initiatives to fully exploit the potential of the interior design market driven by increasing demand for customisation, taking part in various trade shows including architect@work and Fespa, and launching the Antalis Interior Design Award. The aim of this international competition is to raise the profile of Coala, a range of large format printing media, among architects, designers, printers and brand owners, who are encouraged to express their creativity in ideas for decorating professional buildings (hotels, restaurants, stores, offices, public-access buildings) or private spaces (homes). In 2018, the winning entries, selected from the 350 projects presented, will be published in The Book, of which 10,000 copies will be printed and sent to key interior design professionals.

The latest addition to the Coala range is Coala Magnetics, a new range of magnetic display media compatible with inkjet technologies. Coala Magnetics meets customers' demand for differentiation and provides them with real added value on the very competitive catering, retail and hospitality markets.

Coala has been a resounding success since it was created in 2012, with sales up 10% year-on-year in 2017.

During the year Antalis also expanded its Visual Communication offer to Sweden, where it now markets and sells HP printers for large format printing. Antalis will start to distribute this equipment in France in 2018.

## *Recent events and outlook*

### 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 full legal documentation relating to the syndicated credit facility agreement was signed on 31 May 2018. In late March 2018, Antalis also signed an agreement in principle for refinancing its main factoring agreement for an amount of €215 million, whose maturity has been aligned with that of the credit facility. The full legal documentation was signed on 27 June 2018.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.

### Outlook

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 DATA FOR THE FIRST QUARTER OF 2018

### Key figures (unaudited)

| *(in € millions)* | Q1 2018 | Q1 2017 | Δ |
|---|---|---|---|
| **Sales** | **589.9** | **611.9** | **-3.6%** |
| Gross margin | *143.6* | *150.4* | *-4.5%* |
| *Gross margin rate (as a % of sales)* | *24.4%* | *24.6%* | *-0.2 pts* |
| **EBITDA** | **19.2** | **21.6** | **-11.1%** |
| *EBITDA margin (as a % of sales)* | *3.3%* | *3.5%* | *-0.2 pts* |
| **Current operating income** | **13.8** | **18.6(1)** | **-25.8%** |
| *Operating margin (as a % of sales)* | *2.3%* | *3.0%* | *-0.7 pts* |

(1) Includes a €2.3 million gain arising on a change to a pension plan in Switzerland.

*Reported figures*

Q1 2018 business was negatively affected by a number of working days that was 2% less than in Q1 2017 and by the unfavourable forex impact (mainly attributable to sterling and the Swiss franc) for an amount of €11 million. Consequently, Q1 2018 sales declined by 3.6% year on year to €590 million.

In a context of strong upward pressure on paper prices driven by continued increases in pulp prices for producers, Antalis delivered a gross margin of €144 million, down 4.5% on Q1 2017. The gross margin rate came in at 24.4% (down 0.2 points).

EBITDA for the quarter declined by 11.1% to €19 million. Antalis benefited from the positive impact of lower overheads driven by greater flexibility in the supply chain, which partially offset declining volumes of Papers and the negative forex impact (mainly attributable to the Swiss franc). EBITDA margin declined by 0.2 points to 3.3%.

Current operating income for the quarter was €14 million compared to €19 million in Q1 2017 (€16 million excluding the €2.3 million gain arising on a change to a Swiss pension plan). Current operating margin represented 2.3% of sales (down 0.7 points).

At constant exchange rates and comparable number of working days

When adjusted for the negative impact of less working days this quarter and at constant exchange rates, sales, gross margin and EBITDA were stable year on year.

The impact of less working days and the negative forex impact amounted to:

- €3 million and €3.5 million, respectively, on gross margin;
- €2.3 million and €0.6 million, respectively, on EBITDA.

*Breakdown of sales by geography*

| *(in € millions)* | Q1 2018 | Q1 2017 | Δ |
|---|---|---|---|
| **Sales** | | | |
| Main European Geographies | 303.9 | 309.6 | -1.8% |
| Rest of Europe | 232.7 | 245.1 | -5.1% |
| Rest of the World | 53.3 | 57.2 | -6.9% |
| **TOTAL** | **589.9** | **611.9** | **-3.6%** |

The Main European Geographies (UK & Ireland, France, Germany & Austria) delivered Q1 2018 sales of €304 million, down 1.8% on Q1 2017 (and down 0.8% at constant exchange rates). This mainly reflects the decline in Papers volumes, especially in the UK where the political and economic uncertainty over Brexit continues to weigh on demand, and the depreciation in sterling over the period.

Sales for the Rest of Europe declined by 5.1% year-on-year to €233 million (down 3.5% at constant exchange rates).

Sales for the Rest of the World decreased by 6.9% to €53 million (but grew by 1.1% at constant exchange rates) due to an unfavourable forex impact (mainly attributable to the Chilean peso and US dollar).

At comparable working days and constant exchange rates, sales for the Main European Geographies grew by 0.9%, those for the Rest of Europe declined by 2.7% and sales for the Rest of the World were up by 3.9% on Q1 2017.

***Outlook***

In light of its Q1 2018 results which are in line with its expectations, Antalis confirms that for full-year 2018, at constant perimeter and exchange rates, sales should register a low single-digit decrease compared to 2017, and profitability should be maintained at a level close to last year, by continuing to optimise its supply chain and commercial costs and including the additional costs attributable to a listed, independent company.

In 2018, the Group should continue to consolidate its market positions by continuing to deploy its targeted acquisition policy.

# CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

## *Consolidated statement of financial position*

### Assets

| *(€ millions)* | *Notes* | 31/12/2017 | 31/12/2016 |
|---|---|---|---|
| **Non-current assets** | | | |
| Goodwill | *5* | 141.1 | 149.8 |
| Other intangible assets | *5* | 41.7 | 42.7 |
| Property, plant and equipment | *6* | 42.3 | 48.8 |
| Non-current financial assets | *7* | 4.4 | 2.9 |
| Deferred tax assets | *18* | 7.6 | 8.0 |
| Other non-current assets | *9* | 13.1 | 19.0 |
| **Total non-current assets** | | **250.2** | **271.2** |
| **Current assets** | | | |
| Inventories | *8* | 212.1 | 207.8 |
| Trade receivables | *9* | 400.5 | 411.4 |
| Other receivables | *9* | 75.1 | 88.1 |
| Current financial assets | *7* | 3.6 | 1.3 |
| Cash and cash equivalents | *10* | 116.6 | 134.2 |
| **Total current assets** | | **807.9** | **842.8** |
| **TOTAL ASSETS** | | **1,058.1** | **1,114.0** |

### Equity and liabilities

| *(€ millions)* | *Notes* | 31/12/2017 | 31/12/2016 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | *11* | 213.0 | 639.0 |
| Additional paid-in capital | | 50.9 | 50.9 |
| Cumulative translation adjustment | *13* | (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 | *14* | 55.2 | 70.5 |
| Long-term debt | *16* | 1.0 | 235.0 |
| Deferred tax liabilities | *18* | 0.8 | 0.6 |
| **Total non-current liabilities** | | **57.0** | **306.1** |
| **Current liabilities** | | | |
| Provisions | *14* | 5.9 | 11.3 |
| Short-term debt | *16* | 363.2 | 153.5 |
| Trade payables | *19* | 386.0 | 378.4 |
| Other payables | *19* | 121.7 | 122.8 |
| **Total current liabilities** | | **876.8** | **666.0** |
| **TOTAL EQUITY AND LIABILITIES** | | **1,058.1** | **1,114.0** |

The notes are an integral part of the financial statements.

## *Consolidated income statement*

| *(€ millions)* | *Notes* | 2017 | 2016 |
|---|---|---|---|
| Sales | *27* | 2,377.4 | 2,458.5 |
| **Gross margin** | | **582.4** | **596.5** |
| Personnel expenses | *20* | (275.4) | (287.0) |
| Other selling, general and administrative expenses | *21* | (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** | *22* | **(26.5)** | **(26.8)** |
| **Operating income** | | **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 (loss)** | *23* | **(25.4)** | **(28.2)** |
| Income tax benefit (expense) | *25* | (4.4) | (4.1) |
| **NET INCOME** | | **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 per share (in €)** | *12* | | |
| - Consolidated earnings per share | | 0.13 | 0.07 |
| **Diluted earnings per share (in €)** | *12* | | |
| - Consolidated diluted earnings per share | | 0.13 | 0.07 |

The notes are an integral part of the financial statements.

## *Consolidated statement of comprehensive income*

| *(€ millions)* | *Notes* | 2017 | 2016 |
|---|---|---|---|
| **Net income** | | **9.5** | **5.2** |
| **Items that may be recycled to profit or loss** | | **(15.5)** | **(7.5)** |
| Translation adjustments | *13* | (15.5) | (7.5) |
| **Items that may not be recycled to profit or loss** | | **(3.3)** | **(4.2)** |
| Actuarial gains and losses related to pension and other post- employment benefit obligations | | (1.6) | (3.3) |
| Tax impact of gains and losses related to pension and other post- employment benefit obligations | *18* | (1.5) | (0.9) |
| Other items | | (0.3) | - |
| **Total other comprehensive income (loss)** | | **(18.9)** | **(11.7)** |
| | | | |
| **TOTAL COMPREHENSIVE INCOME (LOSS)** | | **(9.4)** | **(6.5)** |
| Of which: | | | |
| - Attributable to Antalis shareholders | | (9.3) | (6.5) |
| - Attributable to non-controlling interests | | (0.1) | - |

## *Consolidated statement of changes in equity*

| *(€ millions)* | Numbers of shares issued | Share capital | Additional paid-in capital | Cumulative translation adjustment | Retained earnings and other consolidated reserves | Shareholders' equity | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Equity at 1 January 2016** | **71,000,000** | **639.0** | **50.9** | **(44.6)** | **(489.4)** | **155.9** | **0.2** | **156.1** |
| Net income | - | - | - | - | 5.1 | 5.1 | 0.1 | 5.2 |
| Dividends paid | - | - | - | - | (8.0) | (8.0) | - | (8.0) |
| Other comprehensive income (loss) | - | - | - | (7.5) | (4.2) | (11.7) | - | (11.7) |
| Changes in scope of consolidation | - | - | - | - | - | - | 0.3 | 0.3 |
| **Equity at 31 December 2016** | **71,000,000** | **639.0** | **50.9** | **(52.1)** | **(496.5)** | **141.3** | **0.6** | **141.9** |
| Net income | - | - | - | - | 9.4 | 9.4 | 0.1 | 9.5 |
| Reduction in share capital[1] | - | (426.0) | - | - | 426.0 | - | - | - |
| Dividends paid | - | - | - | - | (8.0) | (8.0) | - | (8.0) |
| Other comprehensive income (loss) | - | - | - | (15.5) | (3.4) | (18.9) | (0.2) | (19.1) |
| **Equity at 31 December 2017** | **71,000,000** | **213.0** | **50.9** | **(67.6)** | **(72.5)** | **123.8** | **0.5** | **124.3** |

(1) Detailed disclosures of corporate actions and movements in share capital are provided in Note 11.

The notes are an integral part of the financial statements.

## *Consolidated statement of cash flows*

| *(€ millions)* | *Notes* | 2017 | 2016 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating income | | 39.3 | 37.6 |
| *Elimination of non-cash and non-operating income and expenses:* | | | |
| Depreciation, amortisation and provisions (except on current assets), net | *26* | 13.0 | 20.2 |
| Disposal gains and losses | *26* | (6.5) | (1.9) |
| **Gross operating cash flow** | | **45.8** | **55.9** |
| Income taxes paid | | (4.8) | (5.5) |
| Change in operating working capital | *26* | 8.7 | (16.4) |
| Change in loans and guarantee deposits | | (1.7) | - |
| **Net cash from 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) |
| Proceeds from disposals of property, plant and equipment and intangible assets | | 11.3 | 2.7 |
| Impact of changes in scope of consolidation | *26* | (3.1) | (2.1) |
| **Net cash 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 expense | | (22.7) | (23.5) |
| Dividends paid | *28* | (8.0) | (8.0) |
| **Net cash used in financing activities (iii)** | | **(51.1)** | **(19.1)** |
| Effects of fluctuations in foreign exchange rates (iv) | | (4.4) | (4.0) |
| **YEAR-ON-YEAR INCREASE (DECREASE) 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 |
| **YEAR-ON-YEAR INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **(18.0)** | **(4.9)** |
| **Breakdown of net cash and cash equivalents at end of year** | | | |
| Cash and cash equivalents | *10* | 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** |

The notes are an integral part of the financial statements.

*Notes to the consolidated financial statements*

# Note 1
## Significant events of the year and subsequent events

*Antalis International IPO*

In February 2017 the Sequana Group announced its plan to distribute to its shareholders a minority stake in Antalis International. This dividend would result in all Antalis International's' shares being listed on the Euronext Paris regulated market. The corresponding IPO prospectus prepared for this purpose was approved by the French financial markets authority (*Autorité des marchés financiers* – AMF) on 19 May 2017 under number 17-212.

Having also received approval from Sequana's shareholders at the General Meeting, the distribution of 18.3% of Antalis' share capital took place on 12 June 2017. Antalis International, which was converted at the time of the distribution into a joint stock corporation (*société anonyme*), has therefore been listed on the Euronext Paris market since that date.

Direct and indirect costs incurred by Antalis to complete the listing represented a total expense of around €7 million for the period, included in other operating expenses.

*Refinancing of the Group*

Ahead of the maturity of its main financing agreements at the end of 2018 and in line with its IPO, at the end of first-half 2017 Antalis launched a plan aimed at refinancing its syndicated credit facility and providing it with long-term liquidity to secure the resources it needs for its future growth.

This plan initially took the form of a high-yield bond issue offered at end-June for €325 million but was withdrawn in early July owing to unfavourable market conditions.

The costs incurred in connection with this aborted issue resulted in the recognition of a €2.5 million expense within other operating expenses.

The Group continued to seek alternative means of securing its refinancing, which finally led to the signature on 29 March 2018 of an agreement in principle with the lenders of its syndicated credit facility to extend the maturity of the facility through to 31 December 2021. The agreement also revised certain terms and conditions (see Note 16). At the same time, an agreement was signed in respect of the factoring programme, which also provides the Group with an important source of financing. Its maturity is now aligned with the syndicated credit facility. The legal formalities for these agreements will be completed during the second quarter of 2018. Antalis has therefore secured financing for its liquidity needs and its growth strategy for the next four years.

*Proceeds from disposals of assets*

During the first half of 2017, sale & leaseback agreements were signed for two of the Group's warehouses: a site in the UK and another in Latvia. These transactions represented a total amount of over €11 million and resulted in a net disposal gain of €6 million, which was included within other operating income.

*Authorisation to reduce the Company's share capital*

On 21 April 2017, the Company's sole shareholder decided to reduce the share capital of Antalis International from €639 million to €213 million by reducing the par value of its shares from €9 to €3.

*Subsequent events*

There have been no material changes in the Group's financial or commercial position since 31 December 2017, other than those mentioned above.

# Note 2
## Summary of significant accounting policies

### *A - General information*

Antalis leads the European market for the B2B distribution of paper in terms of volumes, and is No. 1 worldwide (excluding the US) in terms of sales. It is also Europe's leading industrial Packaging company and its second-largest company for Visual Communication media.

The Antalis Group already prepared consolidated financial statements as part of the Sequana group even though this was on a discretionary basis pursuant to the exemption provided for in the French Commercial Code (*Code de commerce*) for sub-groups of groups publishing consolidated financial statements.

These consolidated financial statements were prepared in compliance with the new requirements resulting from the listing of Antalis Group shares on a regulated market as of 12 June 2017 (see Note 1).

Antalis International, the Group holding company, is a French *société anonyme* (SA) whose registered office is 8, rue de Seine, 92100 Boulogne-Billancourt.

The Group has a global footprint, operating in 43 countries on five continents.

The Group's consolidated financial statements have been prepared in accordance with the IFRSs (International Financial Reporting Standards) adopted by the European Union before 31 December 2017.

These standards can be viewed on the European Commission's website at: http://ec.europa.eu/finance/accounting/ias/index_en.htm.

The consolidated financial statements are presented in euros and rounded to the nearest million unless otherwise specified. They were approved by the Board of Directors of 9 April 2018.

### *A1 - Standards, amendments and interpretations that are mandatory for accounting periods beginning on or after 1 January 2017*

The following standards, amendments and interpretations adopted by the European Union and mandatory for the first time for accounting periods beginning on or after 1 January 2017 do not have a material impact on the Group's consolidated financial statements:

- IAS 12 – Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses;
- IAS 7 – Statement of Cash Flows;
- IFRS 12 – Disclosure of Interests in Other Entities (IFRS annual improvements 2014-2016 cycle).

### *A2 - Standards, amendments and interpretations adopted by the European Union and optional in 2017*

The Group's consolidated financial statements at 31 December 2017 do not reflect the impacts of standards, amendments and interpretations adopted by the European Union that are only mandatory for accounting periods beginning after 1 January 2017. The standards in question are the following:

- IFRS 15 – Revenue from Contracts with Customers, including the amendment to IFRS 15 – Effective Date of IFRS 15;
- IFRS 16 – Leases, published on 13 January 2016;
- IFRS 9 – Financial Instruments, published on 24 July 2014.

The Group is currently analysing the potential impact of these standards. Regarding IFRS 15, which is mandatory for accounting periods beginning on or after 1 January 2018 and replaces all existing standards and interpretations on revenue recognition, the Group has not identified any inconsistency between its current practices and the requirements of the new standard.

However, the Group expects IFRS 16, which requires lessees to recognise an asset and liability for future lease payments under most leases, to have a material impact on its financial statements and particularly on the presentation of its consolidated statement of financial position. Antalis is currently compiling and reviewing all of its leases which may have to be restated.

### *A3 - Standards, amendments and interpretations not yet adopted by the European Union*

The Group is currently analysing the impacts of standards published by the IASB at 31 December 2017, but not yet applicable in the European Union. The standards in question are the following:

- amendments to IAS 7 – Disclosure Initiative;
- clarifications to IFRS 15, published on 12 April 2016;
- the IFRS annual improvements 2014-2016 cycle;
- IFRIC 22 – Foreign Currency Transactions and Advance Consideration, and IFRIC 23 – Uncertainty over Income Tax Treatments.

## *B - Consolidation, recognition and measurement methods*

### *B1 - Consolidation principles*

The full consolidation method is used to consolidate entities that are fully controlled directly or indirectly by Antalis. Control is deemed to exist when the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to direct its relevant activities and affect the amount of the investor's returns.

The existence and effect of potential voting rights that are immediately exercisable or convertible are included when calculating the control exercised by the Group.

The Group does not consolidate any joint ventures held under contractual arrangements and does not exercise significant influence over any entities.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The results of companies acquired during the year are included in the consolidated income statement for the period subsequent to the date on which control is transferred to the Group.

### *B2 - Reporting date*

The Antalis Group has a 31 December year-end. The consolidated financial statements include the financial statements of subsidiaries at 31 December, restated to comply with Group accounting policies.

### *B3 - Estimates and valuations*

The preparation of financial statements frequently requires Group management to make certain estimates, evaluations and assumptions that they deem to be both realistic and reasonable.

In order to limit uncertainty, these valuations and estimates are reviewed and analysed regularly based on actual data and experience, as well as on other factors deemed relevant in the light of current economic circumstances. The effects of these reviews are recognised immediately.

In recent years the highly volatile economic and financial environment has made forecasting for the various businesses especially difficult and actual results may differ from the estimates and related assumptions used.

Estimates and assumptions that may have a material impact on the assets and liabilities reported in the consolidated financial statements include:

#### a) Impairment tests on goodwill

Goodwill is tested for impairment at least once a year or if there is an indication that it may be impaired, in accordance with the method described in Note 2B6. The recoverable amount of Cash-Generating Units (corresponding to value in use or fair value) is estimated by discounting future cash flows to present value (see Notes 4 and 5).

An impairment loss is recognised if a CGU's estimated recoverable amount is lower than its carrying amount.

#### b) Impairment tests on property, plant and equipment and intangible assets

If there is an indication that an impairment loss should be recognised or reversed, the Group tests the item of property, plant and equipment or the intangible asset for impairment in accordance with the method described in Notes 2B7 and 2B8. An impairment loss is recognised if an asset's estimated recoverable amount is lower than its carrying amount. If the recoverable amount is greater than the carrying amount, it is reversed (see Notes 4, 5 and 6).

#### c) Provisions for pension and other employee benefit obligations

The present value of the Group's pension and other employee benefit obligations depends on the actuarial assumptions at the end of each reporting period – including the rate used to discount the obligations to present value – and any changes in these assumptions will impact their carrying amount.

At the end of each reporting period, the Group determines the rate used to discount employee benefit obligations and the other related assumptions, particularly market conditions, in accordance with the procedures described in Notes 2B14 and 15.

### d) Other provisions

These mainly comprise provisions for legal and environmental contingencies as well as restructuring provisions, and they are recalculated at the end of each reporting period based on the Group's assumptions (see Notes 2B15 and 14).

### e) Recognition of deferred tax assets

Deferred tax assets relating to tax losses are recognised in accordance with prior-period results and the prospects of recovering these losses based on the Group's budgets and medium-term business plans (three to five years) (see Notes 2B11 and 18). Similarly, deferred taxes arising from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

## *B4 - Inter-company transactions and balances*

Inter-company transactions and balances and gains on transactions between Group companies are eliminated in full on consolidation. Losses resulting from inter-company transactions are only eliminated when there is no indication of impairment.

Gains on transactions between the Group and its associates are eliminated based on the Group's interest in the associate and are recognised as a deduction from the investment. Losses are eliminated in the same way only when there is no indication of impairment of the assets concerned.

## *B5 - Foreign currency translation*

*Functional currency and presentation currency*

The consolidated financial statements are presented in euros, which is the parent company's (Antalis International) functional and presentation currency.

*Translation of transactions denominated in foreign currency*

For each Group company, transactions denominated in a currency other than its functional currency are translated using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are translated into euros at the closing exchange rate. The corresponding foreign exchange gains and losses are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges or hedges of net investments in a foreign operation.

Foreign exchange gains and losses on loans or borrowings with a foreign subsidiary which are, in substance, a part of the Group's net investment in that subsidiary are recognised directly in equity until the investment is sold, when they are recycled to the income statement.

*Translation of the financial statements of foreign entities*

The results and financial positions of all Group companies that have a functional currency different from the presentation currency are translated into euros as follows:

- assets and liabilities for each period presented are translated at the closing rate at the end of each reporting period (except for equity which is stated at historical cost);
- income and expenses and items presented in the statement of cash flows are translated at average exchange rates, unless a specific exchange rate is applicable;
- all resulting exchange differences are recognised as a separate component in shareholders' equity.

When a foreign operation is sold, translation adjustments initially recognised in equity are recycled to the income statement as part of the disposal gain or loss.

## *B6 - Goodwill*

The purchase method of accounting is used for all business combinations carried out by the Group.

Goodwill corresponds to the difference between:

- the cost of the business combination at the acquisition date plus the amount of any non-controlling interests in the acquiree measured at either (i) fair value (using the full goodwill method) or (ii) the share of non-controlling interests in the fair value of the identifiable net assets acquired (partial goodwill method); and
- the net amount of the assets and liabilities acquired at fair value on the acquisition date.

The Group has a preference for the partial goodwill method but may use the full goodwill method if this is more appropriate for a given acquisition.

Initial accounting for a business combination and measurement of the fair values of assets acquired and liabilities assumed must be completed within 12 months of the acquisition date and any subsequent changes are recognised as retroactive adjustments to the provisional amount of goodwill recorded. After the initial 12-month period, any adjustments to goodwill are recognised directly in profit or loss.

Acquisition costs are expensed directly and no longer included in the cost of the business combination.

Contingent consideration or earn-out payments are measured at their fair value at the acquisition date. They are recognised in equity if payment results in the delivery of a fixed number of equity instruments to the acquiree. Otherwise they are recognised in liabilities. Any adjustments after the 12 months following the acquisition are recognised as a receivable or payable with a matching entry in profit or loss.

Goodwill is recognised in assets as part of the carrying amount of the related entity. Negative goodwill is recognised directly in profit or loss.

After initial recognition, goodwill is not amortised but is tested for impairment and carried at cost less any accumulated impairment losses. Impairment testing is performed at least once a year at the reporting date, or more often if events or changes in circumstances indicate that a risk of impairment exists. For the purpose of these tests, goodwill is allocated to cash-generating units (CGUs) or groups of CGUs likely to benefit from the synergies developed within the scope of the business combination and representing the lowest operational level at which the Group monitors the rate of return on investments.

A goodwill impairment loss is recognised when the carrying amount of the CGU (or group of CGUs) to which it is allocated exceeds its recoverable amount. The recoverable amount corresponds to the higher of fair value less costs to sell and value in use (estimated by discounting future cash flows to present value). Any goodwill impairment loss included in the carrying amount of an associate is recognised in profit or loss based on the Group's share in its earnings.

## *B7 - Other intangible assets*

Other intangible assets acquired separately are initially measured at cost. Intangible assets acquired as part of a business combination are initially measured at their fair value at the acquisition date and amortised over their useful life.

Other intangible assets mainly comprise software, which is either acquired or developed in-house. The related costs are only capitalised when they are identifiable as assets and reliably measurable, and when it is probable that future economic benefits will flow to the Group from their use.

Development costs relating to software for internal use are amortised over the estimated useful life of the software, which is generally between three and eight years.

The Group's other intangible assets have finite useful lives and are amortised from the time that they are ready for use. Amortisation is calculated using the straight-line method based on the following estimated useful lives:

- software 3 to 8 years
- customer relationships 7 to 11 years

Amortisation methods and useful lives are reviewed at least once a year at year-end and useful lives may be extended if appropriate.

Intangible assets with indefinite useful lives are tested for impairment at least once a year at the reporting date, and whenever there are adverse changes in certain indicators. An impairment loss is recognised when the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses on intangible assets other than goodwill may be reversed.

## *B8 - Property, plant and equipment*

Property, plant and equipment are stated at (historical) cost, less any accumulated depreciation and impairment losses. Cost includes the acquisition cost and all costs directly attributable to the asset's acquisition or development, transfer to the location of use and preparation in order to enable it to operate in the manner intended by management.

Components of property, plant and equipment with different useful lives are recognised separately.

Expenditure related to the replacement or renewal of a component of an item of property, plant and equipment is recognised as a separate asset and the replaced asset is derecognised. Other subsequent expenditure relating to an item of property, plant and equipment is not recognised in assets unless it is probable that the future economic benefits associated with the expenditure will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is expensed as incurred.

With the exception of land, property, plant and equipment are depreciated from the time that the assets are ready for use. Depreciation is calculated on a straight-line basis over the following estimated useful lives:

- buildings 10 to 40 years
- industrial machinery and equipment 5 to 20 years
- other property, plant and equipment 3 to 25 years

Depreciation methods, residual values and useful lives are reviewed at least at the end of each reporting year and more often if there is an indication of impairment.

An impairment loss is recognised if an asset's estimated recoverable amount is lower than its carrying amount. Impairment losses on property, plant and equipment may be subsequently reversed where appropriate.

Non-current assets held under finance leases that transfer a significant portion of the risks and rewards of ownership to the Group are recognised in the statement of financial position under property, plant and equipment. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Property, plant and equipment acquired under finance leases is depreciated on a straight-line basis over the shorter of the useful life of the asset (based on the same useful lives as for property, plant and equipment owned by the Group) or the lease term. The corresponding lease obligation, net of interest, is recognised as a debt in liabilities.

This accounting treatment applied to assets and liabilities related to finance leases leads to the recognition of corresponding deferred taxes.

Payments made under operating leases are recognised in expenses as incurred.

## *B9 - Non-derivative financial assets*

*Initial recognition*

Purchases and sales of financial assets are recognised on the trade date corresponding to the date on which Antalis commits to purchasing or selling the assets.

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired or have been transferred, and the Group has transferred substantially all risks and rewards of ownership to another party without retaining control over the asset.

Financial assets are initially recognised in the statement of financial position at fair value plus transaction costs directly attributable to the purchase or issue of the asset (except for financial assets at fair value through profit or loss, whose transaction costs are recognised in profit or loss).

A financial asset is classified as "current" when the cash flows expected to be derived from the instrument are due within 12 months after the end of the reporting period.

*Subsequent measurement*

At initial recognition, the Antalis Group classifies financial assets into one of the four categories provided for in IAS 39 – Financial Instruments: Recognition and Measurement, depending on the purpose for which they were acquired. The assets are subsequently measured at amortised cost or fair value depending on their classification.

Amortised cost is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the amount payable at maturity.

The fair value of instruments quoted in an active market corresponds to their quoted market price. The fair value of instruments that are not quoted in an active market is determined using valuation techniques including recent arm's length market transactions, reference to a transaction that is substantially the same, or discounted cash flows and option pricing models, using data inputs based on observable market transactions wherever possible. If it is impossible to reliably estimate the fair value of an equity instrument it is stated at historical cost.

The categories of financial assets used by the Group are as follows:

- held-to-maturity investments: non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the intention and ability to hold until maturity. They are measured at amortised cost and any impairment losses are recognised through profit.

For the Group, held-to-maturity investments comprise security deposits, seller loans and certain financial loans;

- loans and receivables: non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They include short-term loans and trade receivables and are measured at amortised cost using the effective interest method. If they are impaired, an impairment loss is recognised through profit;
- financial assets at fair value through profit or loss: financial assets that are acquired or originated principally for the purpose of selling in the short term. They are marked to market and valuation gains and losses are recognised in profit or loss. This category includes cash and cash equivalents and certain non-consolidated investments;
- available-for-sale financial assets: non-derivative financial assets that are not classified in any of the other categories. They are marked to market and valuation gains and losses are recognised in equity. They include other non-consolidated investments and marketable securities. When available-for-sale financial assets are sold or impaired, cumulative changes in fair value previously recognised in equity are transferred to the income statement. The Group did not have any assets belonging within this category on its books at 31 December 2017.

A provision for impairment is recognised through the income statement if there is an objective indication of impairment, or if there is a risk that the Group will not be able to collect the contractual amounts due (principal plus interest) at the contractual payment dates. The amount of this provision is equal to the difference between the asset carrying amount and the value of estimated recoverable future cash flows, discounted using the initial effective interest rate.

## *B10 - Inventories*

Inventories are measured at the lower of cost and net realisable value. Net realisable value is based on their estimated market value under normal business conditions less costs to sell.

Inventories are measured using the "Weighted Average Cost" (WAC) method or the "First in-First out" (FIFO) method.

Inventories primarily include goods for resale, which are measured based on all purchase costs less any supplier discounts and rebates, and any other costs incurred in bringing the inventories to their present location and condition, chiefly duties and taxes and logistics and transportation costs. Borrowing costs are not included in the cost of inventories.

If net realisable value is less than carrying amount, an impairment loss provision is recognised for the difference. The Group may recognise impairment against obsolescent, damaged or slow-moving inventories.

## *B11 - Income tax*

Current tax is the estimated amount of income tax due on the taxable profit or loss for the period and includes prior-period adjustments.

Deferred tax assets and liabilities are determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes are calculated for all deductible or taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The following items do not give rise to deferred taxation:

- recognition of goodwill;
- temporary differences on investments in subsidiaries when these will not reverse in the foreseeable future.

Deferred tax assets and liabilities are only offset if they relate to the same tax consolidation group.

The levy based on French subsidiaries' "value added" (*cotisation sur la valeur ajoutée des entreprises* – CVAE) complies with the definition of an income tax provided in IAS 12 – Income Taxes, and is recorded in "Income tax benefit (expense)".

## *B12 - Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, demand deposits, certain highly liquid marketable securities that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value with maturities of three months or less, and bank overdrafts. In the statement of financial position, bank overdrafts appear under "Short-term debt" in current liabilities.

Short-term investments are marked to market at the end of each reporting period.

## *B13 - Derivative financial instruments and hedging*

The Group uses derivative instruments (interest rate swaps and collars, forward contracts and options on foreign currencies and raw materials) to hedge its exposure to risks from fluctuations in interest rates, exchange rates and raw materials prices arising as a result of its operating and financial activities. Derivatives are initially recognised at fair value and are subsequently remeasured at fair value at the end of each reporting period. Changes in fair value are recorded in profit or loss under either financial income or expenses, or current operating income and expenses, depending on the type of instrument, except for the following instruments that qualify for hedge accounting under IFRS:

- cash flow hedges: changes in the fair value of the effective portion of a derivative that is designated and qualifies as a cash flow hedge are recognised directly in equity. Amounts accumulated in equity are recycled to the income statement during the period in which the hedged item affects profit (for example, when a planned sale actually takes place) or when the Group no longer expects the hedged forecast transaction to occur. The gain or loss relating to the ineffective portion of the hedge is recognised in the income statement in financial income or expenses. When the forecast transaction that is hedged results in the recognition of a non-financial asset or liability, the cumulative fair value adjustments on the hedging instrument that were previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability concerned;
- fair value hedges: changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss under the same caption as any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk;
- hedges of net investments in foreign operations: any fair value gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. When the foreign operation is divested, gains and losses accumulated in equity are transferred to the income statement under the same caption as the disposal gain or loss.

### *B14 - Provisions for pension and other employee benefit obligations*

Antalis and its subsidiaries provide their employees with different types of supplementary employee benefit plans. The specific characteristics of these plans vary depending on the laws, regulations and practices applicable in each of the countries where the Group's employees work.

The plans that have been set up are either defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate organisation which frees the employer from all future legal or constructive obligations in the event that plan assets are not sufficient to cover the amounts due to the employees. Therefore, apart from the expense relating to the contributions paid to such organisations, no other related liability is carried in the Group's books.

Defined benefit plans are all post-employment benefit plans other than defined contribution plans. The Group has an obligation to set aside provisions for the future benefits due to its active employees and to pay the benefits of its retired employees. The actuarial risk and investment risk relating to these plans are borne in substance by the Group.

Pension and other post-employment benefit obligations are measured in accordance with the projected unit credit method. The amount of the related provision is calculated on an individual basis using assumptions in terms of life expectancy, employee turnover, increases in salaries, increases in annuities, increases in medical costs and discounting of future sums payable. The specific assumptions for each plan take account of the local economic and demographic circumstances.

According to Revised IAS 19, the rate used to discount employee benefit obligations should be determined by reference to market yields on corporate bonds issued in the monetary zone in question, with maturities similar to the corresponding obligations, and rated "high quality" by the established rating agencies.

Antalis uses the Markit iBoxx indices for the euro and sterling zones. These indices are calculated daily for quite a comprehensive range of bond maturities and ratings and each bond in the index basket complies with specific rating, maturity and liquidity criteria.

All bonds in the basket are equally price-weighted in returns. Markit updates all of the bonds in the index baskets every month based on any changes to residual maturities or to credit ratings.

Defined benefit plans are sometimes funded by external plan assets. The expected rate of return on the plan assets is calculated using the same discount rate as that used to measure pension benefit obligations and any difference between expected and actual returns is recognised in "Other comprehensive income".

The amount recognised in respect of defined benefit pensions and other long-term benefits is the present value of the projected benefit obligation at the end of the reporting period less the fair value of plan assets. If the result of this calculation is a net commitment, this is recognised as a liability. If the calculated amount is a surplus, the amount of the recognised asset is capped in line with the guidance provided under IFRIC 14 in respect of the limits on defined benefit assets.

Actuarial gains and losses arising on pension benefit obligations, defined as changes related to experience adjustments and actuarial assumptions, are recognised directly in "Other comprehensive income". Actuarial gains and losses arising on other long-term benefits are recognised immediately in profit or loss.

Past service costs within the meaning of Revised IAS 19 are also taken to the income statement:

- gains on changes to pension plans, as a result of a reduction in beneficiary rights or conversions to a defined contribution plan (settlements), are recognised in "Current operating income";
- gains resulting from restructuring measures which lead to staff reductions and therefore a reversal of provisions relating to pension benefit obligations for the employees concerned (curtailments), are recognised in other operating income and expenses.

Defined benefit plans can give rise to the recognition of provisions and mainly concern:

#### a) pension benefit obligations:

- pension annuity plans;
- lump-sum payments on retirement;
- other pension obligations and supplementary pensions.

#### b) other long-term benefits:

- long-service awards;
- early retirement plans.

#### c) other employee benefits:

- healthcare plans;
- employee incentive and/or profit-sharing plans.

### *B15 - Other provisions*

A provision is recognised when the Group has a present obligation (legal or constructive) arising from a past event, whose amount can be estimated reliably, and whose settlement is expected to result in an outflow of resources embodying economic benefits for the Group.

These mainly comprise provisions for restructuring and provisions for vacant premises.

Provisions are discounted where the effect of the time value of money is material. Discounting is calculated based on risk-free rates net of inflation for each geographical area concerned.

A restructuring provision is recognised when the Group has approved a detailed formal plan for the restructuring and has either started to implement the plan or has publicly announced its main features. Other provisions relate to contingencies and expenses that have been specifically identified.

### *B16 - Debt*

Interest-bearing debt is recognised at cost, which corresponds to the fair value of the amount received less directly attributable transaction costs. Debt is subsequently recognised at amortised cost. The difference between the cash received (less directly attributable transaction costs) and the redemption value is taken to profit based on the effective interest rate over the duration of the borrowings.

Debt is classified as a current liability unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

When a loan is recognised initially, any directly attributable transaction costs are deducted from the fair value if the borrowings are recognised at amortised cost and then factored into the effective interest rate.

Net debt is an important indicator for the Group. It is the sum of short- and long-term debt, less cash and cash equivalents, other marketable securities and certain investments accounted for as cash and cash equivalents. A breakdown is provided in Note 17, "Financial instruments".

The bonds issued by the Group to settle loans and liabilities are recognised either as debt or as reserves, depending on whether or not they may be qualified as equity instruments based on the criteria set out in IAS 32. This classification mainly depends on whether the issuer has an obligation to redeem the instrument in cash.

### *B17 - Trade and other payables*

Trade and other payables are initially recognised at fair value which in most cases corresponds to their nominal amount.

### *B18 - Operating income and expenses*

- The Group's sales arise mainly from sales of goods and services by subsidiaries, including sales made via the Group's e-commerce websites. Sales are measured at the fair value of the consideration received or receivable in this respect, net of sales tax, and less any trade or volume discount granted, goods returned and intragroup sales. Revenue is recognised in "sales" when the risk and rewards inherent to ownership of the goods have been transferred to the purchaser.
- Gross margin equals sales less the cost of goods and services sold, supplier rebates and cash discounts and the impact of movements in provisions on goods for resale inventories.
- Other selling, general and administrative expenses include all of the Group's logistics, general and sales and marketing costs, and include depreciation and amortisation. This line item includes:
  - communication and marketing expenditure;
  - product transportation costs;
  - distribution centre costs (rent and related costs and maintenance costs);
  - IT expenditure;
  - depreciation and amortisation;
  - provisions for bad debts;
  - Group head office costs;
  - other general expenses such as professional fees, travel costs, telecommunications and other ordinary operating costs, insurance, supplies, taxes other than income tax and subcontracting costs.

### *B19 - Operating income and current operating income*

Pursuant to Recommendation 2013-03 of the ANC (France's national accounting standards body) of 7 November 2013 (http://www.anc.gouv.fr/cms/accueil/normes-francaises/recommandations.html, in French only), the Group defines the two indicators that it discloses in its consolidated income statement as follows:

"Operating income" corresponds to all income and expenses that are not related to financing activities and income taxes.

"Current operating income" is equal to "Operating income" less "Other operating income and expenses, net" (see the definition in Note B20).

The Group considers "EBITDA" to be a meaningful indicator of its operating performance, including at the level of each of its operating segments.

"EBITDA" is equal to "Current operating income", excluding net changes in depreciation, amortisation and provisions related to operating activities.

This indicator is also used to calculate certain ratios (covenants), particularly those tested within the scope of the Group's main borrowing agreements.

### *B20 - Other operating income and expenses, net*

Other operating income and expenses presented separately from current operating income comprise:

- gains or losses on disposals of property, plant and equipment and intangible assets;
- impairment losses on goodwill, intangible assets and property, plant and equipment;
- restructuring expenses;
- additions to (reversals of) provisions for litigation; and
- more generally, other items whose unusual and infrequent nature mean that they affect the reading of the Group's economic performance when they are material.

### *B21 - Net financial income (loss)*

Net financial income (loss) includes the following two items:

Cost of net debt, which includes:

- income from the investment of cash and cash equivalents and net gains made on their sale;
- interest on debt calculated using the effective interest method, the financial expense arising on discounting non-current liabilities and the costs of early repayment of borrowings or of cancellation of credit facilities;
- foreign exchange gains and losses;
- changes in the fair value of hedging derivatives related to components of net debt.

Other financial income and expenses, which include:

- dividends;
- changes in the fair value of derivatives related to financial assets;
- bank charges and other financial fees and commissions.

### *B22 - Earnings per share*

Basic undiluted earnings per share are calculated by dividing net income attributable to owners by the average number of shares outstanding during the year. The Group has not issued any dilutive instruments.

### *B23 - Segment reporting*

Pursuant to IFRS 8, the operating segments reported correspond to the reporting basis used in the internal reports that are regularly reviewed by the Group's operating decision makers (the Chief Executive Officer assisted by members of the Executive Committee).

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the entity's chief operating decision maker, and for which discrete financial information is available. Each operating segment is tracked individually for internal reporting purposes based on performance indicators used for all segments.

The segments presented for the purpose of segment reporting correspond to operating segments or groups of operating

segments. These correspond to regions composed of countries in which Antalis does business through its distribution subsidiaries:

- The "Main European Geographies" segment includes Antalis' business activities in Germany, Austria, France, the UK and Ireland.
- The "Rest of Europe" segment includes Antalis' business activities in most other European countries in which the Group operates (namely Benelux countries, Spain and Portugal, Eastern Europe, Scandinavia and Switzerland).
- The "Rest of the World" segment includes Antalis' business activities in all the other countries in which the Group operates (namely Southern Africa, Chile and South-East Asia).

Management data used to assess a segment's performance is drawn up in accordance with IFRS as applied by the Group to prepare its consolidated financial statements.

Segment assets are the operating assets used by a segment in the context of its activities. They include attributable goodwill, property, plant and equipment and intangible assets as well as most current assets attributable to the segment (inventories and receivables).

Segment liabilities are liabilities which the Group considers are attributable to a segment in the context of its operating activities. They include provisions and most attributable current liabilities (trade payables and other operating liabilities).

Working capital shown for each segment represents attributable current assets less attributable current liabilities.

In addition to geographical segments, the Group also analyses its revenues and operating results by type of product distributed:

- Papers: This market includes the distribution of paper for publishing and corporate communication purposes to printers, graphic designers and publishers, and the distribution of office paper to private- and public-sector companies and to resellers.
- Packaging: In this business sector, the Group distributes packaging products and solutions used to package and protect goods during storage and transportation.
- Visual Communication: In this business sector, the Group distributes visual communication materials to digital printers and manufacturers of signage systems for advertising campaigns and for the interior decoration of professional and private spaces.

### *B24 - Statement of cash flows*

The statement of cash flows is prepared in accordance with IAS 7, using the indirect method based on consolidated operating income. Non-cash items are eliminated or offset and cash flows are broken down into three categories:

- cash flows from operating activities (including income taxes);
- cash flows from investing activities (including acquisitions and disposals of subsidiaries and property, plant and equipment and intangible assets);
- cash flows from financing activities, which most notably present the impact of changes in drawdowns on revolving credit facilities and the issue or repayment of loans. In accordance with the option proposed by IAS 7, the Group has chosen to also present outflows relating to the cost of net debt (mainly interest) in this category, considering it to be the most appropriate classification.

## Note 3
## Changes in scope of consolidation

### *Acquisitions*

#### 2017

The Group did not carry out any major acquisitions in 2017. The acquisitions completed in 2016 and described below added €25 million to sales and €2 million to current operating income for 2017.

#### 2016

In the fourth quarter of 2016, Antalis acquired a Peruvian packaging products distributor and a Norwegian entity specialised in visual communication supplies. The first of these operations comprised the acquisition of an initial 70% stake with an arrangement to acquire the remaining 30% subsequently (resulting in the recognition of a debt for a non-material amount at 31 December 2016). In late December, these transactions were rounded out by the acquisition of an Irish paper distributor.

The assets acquired by Antalis essentially comprise the working capital requirements and business goodwill of these new subsidiaries, representing annual sales of around €24 million. They had a negligible impact on sales and income for 2016 owing to the short period they were controlled.

Based on the terms of these transactions, goodwill of €4 million was recognised. The final allocation of the purchase price to assets and liabilities acquired, within 12 months of the acquisition date in accordance with IFRS 3R, did not result in any adjustments to the initial amount of the goodwill.

The impact of these acquisitions on the statement of financial position can be summarised as follows:

| *(€ millions)* | Acquisitions in 2016 |
|---|---|
| Purchase price of equity investments (i) | 5.9 |
| Fixed assets | 1.1 |
| Working capital requirements | 3.6 |
| Net debt | (1.6) |
| Other assets (liabilities), net | (0.8) |
| Net assets acquired (ii) | 2.3 |
| Calculation of net goodwill (i-ii) | 3.6 |

# Note 4
## Measurement of impairment losses

Goodwill and intangible assets with indefinite useful lives are tested for impairment on an annual basis, or more frequently if there is an indication that they may be impaired. Property, plant and equipment and other intangible assets with finite useful lives are only tested for impairment if there is an indication that an impairment loss should be recognised or reversed.

For impairment testing purposes, assets are allocated to cash-generating units (CGUs), defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other groups of assets. Goodwill is tested at the level of the CGUs likely to benefit from the synergies developed within the scope of the business combination resulting from the acquisition.

The impairment test compares the carrying amount of the CGU or group of CGUs (including any allocated goodwill) to their recoverable amount, which is the observable market price on an organised market. If no observable market data is available, the recoverable value is deemed to be the value in use which is determined based on estimates and assumptions. In light of the current highly volatile economic and financial environment, actual future results may differ significantly from forecasts.

Key assumptions used in impairment testing of goodwill:

- Cash flow projections taken from the four-year business plan which reflect expected changes in volumes, selling prices, direct costs and investments over the period, calculated using historical financial data and assumptions concerning market growth and earnings as well as trends forecast for the period in question in the medium- to long-term business plan. In certain cases, business plan forecasts have been revised downwards to reflect uncertainty over the market outlook related to the tough current economic climate.
- A terminal value calculated by extrapolating the most recent cash flows included in the business plan using a steady long-term growth rate for cash flows beyond the period covered by the plan that is considered appropriate for the market in which the CGU operates. The indefinite growth rates used to calculate the terminal values are determined conservatively in line with factors such as average inflation in the markets in which the CGU or group of CGUs generate their sales.
- Forecast discounted cash flows calculated by reference to a rate based on the Antalis Group's weighted average cost of capital, in the absence of a specific discount rate for the asset being tested. These discount rates are post-tax rates and they vary depending on the country or geographical area in which the CGU is located. They generally correspond to the risk-free rate plus a country-/sector-specific risk premium. Other risks are factored into the cash flow projections in the business plans. Discount rates for each monetary zone were determined based on yields on high quality corporate bonds rated BBB with a maturity of ten years.

Indefinite growth and discount rates used for impairment testing in the key geographical areas were as follows:

| Key assumptions used in impairment calculations | | 2017 | 2016 |
|---|---|---|---|
| Long-term growth rate[1] | | 0.00% | 0.00% |
| After-tax discount rate | France | 6.50% | 6.00% |
| | United Kingdom | 7.50% | 6.00% |
| | Germany | 5.00% | 5.00% |
| | South Africa | 14.00% | 12.00% |
| | Asia | 9.00% | 8.00% |
| | South America | 9.50% | 8.50% |
| | Poland | 8.50% | 7.50% |
| | Czech Republic | 7.50% | 6.50% |

*(1)* When carrying out impairment testing at end-2017, the Group reset the long-term growth rates used for the CGUs based on the markets in which they do business; more mature markets were attributed a lower rate of growth than more dynamic markets (within a range of 0.00% to 1.50%).

### Goodwill

In 2017, the impairment tests led the Group to book an impairment expense of €6 million against the value of the goodwill allocated to the South America CGU. This impairment mainly results from the annual review of discount rate assumptions used for this region, where the profitability and outlook for the Group's businesses remain among the most favourable for Antalis.

No goodwill impairment was recognised in 2016.

### Property, plant and equipment and intangible assets

As a result of the tests performed at end-2017, the Group booked an impairment expense of some €1.6 million against the Group's property, plant and equipment and other intangible assets. Impairment was also reversed in an amount of €1.4 million.

Impairment losses recognised in 2016 totalled €2 million.

### Testing sensitivity to key assumptions

Measurement of Group assets allocated to CGUs or a group of CGUs is subject to changes in the key assumptions used to calculate their value in use.

These include:

#### Sensitivity to the after-tax discount rate

At 31 December 2017, a 1% increase in the after-tax discount rate would generate additional impairment expense of €11 million, mainly on the value of goodwill allocated to the Poland and South America CGUs.

#### Sensitivity to the long-term growth rate

A 1% decline in the long-term growth rate (a 0% assumption is used for several CGUs) would generate additional impairment expense of €5 million on the two aforementioned CGUs.

Combined sensitivity to the after-tax discount rate and to the long-term growth rate

A 1% increase in the after-tax discount rate coupled with a 1% decline in the long-term growth rate would generate additional impairment expense of €17 million, which would include goodwill allocated to the Baltic countries, Finland and Russia CGUs, as well as goodwill allocated to the aforementioned Poland and South America CGUs.

#### Sensitivity to operating cash flow

At 31 December 2017, a 5% decline in operating cash flow in the Group's main CGUs over the period of the business plan would generate additional impairment expense of €4 million on the value of goodwill allocated to the Poland and South America CGUs.

#### Breakeven analysis

The following table analyses percentage changes in each of the key variables in isolation and presents the increases/decreases necessary for the estimated recoverable amount of the Group's main cash-generating units (CGUs) or groups of CGUs to be equal to their carrying amount if and when the estimated recoverable amount is greater than the carrying amount. Changes in each variable are only shown if they are realistic from an economic perspective:

| Breakeven for key assumptions | Test margin (€ millions) | Increase in discount rate needed for recoverable amount to be equal to carrying amount (points) | Decrease in long-term growth rate needed for recoverable amount to be equal to carrying amount (points)[1] | Decline in operating cash flow needed for recoverable amount to be equal to carrying amount (%) |
|---|---|---|---|---|
| Poland | 0.9 | +0.25 points | -0.7 points | -3% |
| Baltic countries, Finland, Russia | 4.4 | 1.0 point | -1.0 point | -12% |

*(1)* Note that the growth rate is set at 0% for these two CGUs.

## Note 5
## Goodwill and other intangible assets

### Goodwill

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Balance at 1 January | | |
| Gross amount | 245.7 | 242.1 |
| Accumulated impairment | (95.9) | (95.2) |
| CARRYING AMOUNT | 149.8 | 146.9 |
| First-time consolidated subsidiaries[1] | 0.2 | 4.3 |
| Translation adjustments | (2.9) | (1.4) |
| Impairment losses[2] | (6.0) | - |
| Balance at 31 December | | |
| Gross amount | 239.9 | 245.7 |
| Accumulated impairment | (98.8) | (95.9) |
| CARRYING AMOUNT | 141.1 | 149.8 |

*(1)* See Note 3.
*(2)* See Note 4.

Impairment losses are shown in the income statement under "Other operating expenses".

Goodwill can be analysed as follows by CGU as of 31 December:

| *(€ millions)* | 31/12/2017 | 31/12/2016 |
|---|---|---|
| France | 11.7 | 11.7 |
| United Kingdom | 25.0 | 25.9 |
| Germany/Austria - Industrial Packaging | 26.6 | 26.6 |
| Switzerland | 8.5 | 9.3 |
| Central and Eastern Europe | 12.6 | 11.9 |
| Baltic countries, Finland, Russia | 24.4 | 24.4 |
| Nordic countries | 2.5 | 2.6 |
| South America | 29.8 | 37.4 |
| CARRYING AMOUNT | 141.1 | 149.8 |

## Other intangible assets

| *(€ millions)* | Brands, licences & patents | Software | Other | Total |
|---|---|---|---|---|
| At 1 January 2016 | | | | |
| Gross amount | 14.7 | 127.1 | 15.3 | 157.1 |
| Accumulated amortisation and impairment | (7.4) | (90.7) | (10.9) | (109.0) |
| CARRYING AMOUNT | 7.3 | 36.4 | 4.4 | 48.1 |
| Capital expenditure[1] | - | 6.6 | 0.9 | 7.5 |
| Amortisation[2] | (1.8) | (10.5) | (0.5) | (12.8) |
| Impairment losses | - | (0.2) | - | (0.2) |
| Translation adjustments | (0.2) | (0.1) | 0.1 | (0.2) |
| Reclassifications and other movements | - | 0.1 | 0.2 | 0.3 |
| At 31 December 2016 | | | | |
| Gross amount | 14.2 | 132.5 | 15.9 | 162.6 |
| Accumulated amortisation and impairment | (8.9) | (100.2) | (10.8) | (119.9) |
| CARRYING AMOUNT | 5.3 | 32.3 | 5.1 | 42.7 |
| Capital expenditure[1] | - | 9.1 | 2.5 | 11.6 |
| Amortisation[2] | (1.3) | (9.9) | (0.6) | (11.8) |
| Impairment losses | - | (0.5) | - | (0.5) |
| Translation adjustments | (0.3) | - | - | (0.3) |
| Reclassifications and other movements | - | (1.4) | 1.4 | - |
| At 31 December 2017 | | | | |
| Gross amount | 13.8 | 138.6 | 18.7 | 171.1 |
| Accumulated amortisation and impairment | (10.1) | (109.0) | (10.3) | (129.4) |
| CARRYING AMOUNT | 3.7 | 29.6 | 8.4 | 41.7 |

*(1)* This item corresponds to acquisitions and internally-generated non-current assets in the respective amounts of €3.8 million and €7.8 million in 2017 (2016: €1.4 million and €6.1 million, respectively).

*(2)* The amortisation expense recorded in the income statement is shown in "Other selling, general and administrative expenses" for an amount of €11.9 million in 2017 and €12.9 million in 2016.

Capitalised research and development expenses are non-material on a Group-wide basis.

# Note 6
## Property, plant and equipment

| (€ millions) | Land | Buildings | Machinery & equipment | Other | Total |
|---|---|---|---|---|---|
| At 1 January 2016 | | | | | |
| Gross amount | 6.0 | 54.8 | 72.2 | 51.0 | 184.0 |
| Accumulated depreciation and impairment | - | (35.2) | (57.6) | (41.0) | (133.8) |
| CARRYING AMOUNT | 6.0 | 19.6 | 14.6 | 10.0 | 50.2 |
| Capital expenditure | - | 1.4 | 3.6 | 3.0 | 8.0 |
| Disposals | (0.1) | (0.1) | - | (0.3) | (0.5) |
| Depreciation(1) | - | (1.9) | (3.6) | (2.1) | (7.6) |
| Impairment losses | - | - | - | (1.8) | (1.8) |
| Reversals of impairment losses | - | - | - | 0.2 | 0.2 |
| Reclassifications | - | - | 1.2 | (1.1) | 0.1 |
| Changes in scope of consolidation | - | - | - | 1.1 | 1.1 |
| Translation adjustments | (0.6) | (0.3) | (0.3) | 0.3 | (0.9) |
| At 31 December 2016 | | | | | |
| Gross amount | 5.3 | 49.8 | 69.0 | 52.8 | 176.9 |
| Accumulated depreciation and impairment | - | (31.1) | (53.5) | (43.5) | (128.1) |
| CARRYING AMOUNT | 5.3 | 18.7 | 15.5 | 9.3 | 48.8 |
| Capital expenditure | - | 0.7 | 2.5 | 4.3 | 7.5 |
| Disposals(2) | (2.6) | (2.6) | - | - | (5.2) |
| Depreciation(1) | - | (1.5) | (3.0) | (2.8) | (7.3) |
| Impairment losses | - | (0.2) | (0.1) | (0.9) | (1.2) |
| Reversals of impairment losses | - | 0.9 | 0.6 | - | 1.5 |
| Reclassifications | - | (0.8) | (1.7) | 2.3 | (0.2) |
| Translation adjustments | (0.3) | (0.2) | (0.7) | (0.4) | (1.6) |
| At 31 December 2017 | | | | | |
| Gross amount | 2.4 | 41.7 | 60.0 | 58.8 | 162.9 |
| Accumulated depreciation and impairment | - | (26.7) | (46.9) | (47.0) | (120.6) |
| CARRYING AMOUNT | 2.4 | 15.0 | 13.1 | 11.8 | 42.3 |

*(1)* The depreciation expense recorded in the income statement in respect of ordinary items is shown in "Other selling, general and administrative expenses". Impairment losses and reversals are included in "Other operating income and expenses, net" and analysed in Note 4 "Measurement of impairment losses".

*(2)* Sale of the Dartford sites in the UK and a warehouse in Latvia (see Note 1).

Movements in property, plant and equipment held under finance leases were as follows:

| (€ millions) | Buildings | Machinery & equipment | Total |
|---|---|---|---|
| At 1 January 2016 | | | |
| Gross amount | 2.7 | 14.1 | 16.7 |
| Accumulated depreciation and impairment | (1.5) | (12.0) | (13.5) |
| CARRYING AMOUNT | 1.2 | 2.1 | 3.2 |
| Capital expenditure | - | 0.1 | 0.1 |
| Depreciation | (0.3) | (1.2) | (1.5) |
| Translation adjustments | - | 0.1 | 0.1 |
| Changes in scope of consolidation | - | 0.4 | 0.4 |
| At 31 December 2016 | | | |
| Gross amount | 2.7 | 14.4 | 17.1 |
| Accumulated depreciation and impairment | (1.8) | (12.9) | (14.7) |
| CARRYING AMOUNT | 0.9 | 1.5 | 2.4 |
| Capital expenditure | - | 0.1 | 0.1 |
| Depreciation | (0.3) | (0.6) | (0.9) |
| Translation adjustments | - | - | - |
| Changes in scope of consolidation | (0.5) | - | (0.5) |
| At 31 December 2017 | | | |
| Gross amount | 2.7 | 14.5 | 17.2 |
| Accumulated depreciation and impairment | (2.6) | (13.5) | (16.1) |
| CARRYING AMOUNT | 0.1 | 1.0 | 1.1 |

The characteristics of these leases were as follows at 31 December 2017:

| (€ millions) | Buildings | Machinery & equipment | Total |
|---|---|---|---|
| Disclosures concerning the Group's lease liabilities | | | |
| Nominal amount of liability at inception of the leases | 2.7 | 14.5 | 17.2 |
| At year-end: | | | |
| Residual amount of fixed lease payments | 0.1 | 1.0 | 1.1 |
| Residual amount of conditional lease payments | - | - | - |
| TOTAL RESIDUAL LEASE LIABILITIES | 0.1 | 1.0 | 1.1 |
| Maturities of residual lease liabilities at year-end | | | |
| Less than 1 year | 0.1 | 0.4 | 0.5 |
| 2 to 5 years | - | 0.6 | 0.6 |
| More than 5 years | - | - | - |
| TOTAL RESIDUAL LEASE LIABILITIES AT YEAR-END | 0.1 | 1.0 | 1.1 |
| Present value of lease liabilities | 0.1 | 1.0 | 1.1 |

# Note 7
## Financial assets

### Analysis of financial assets carried in the statement of financial position

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Non-current financial assets | 4.4 | 2.9 |
| Current financial assets | 3.6 | 1.3 |
| TOTAL FINANCIAL ASSETS | 8.0 | 4.2 |
| Gross amount | 8.7 | 4.9 |
| Provision for impairment in value | (0.7) | (0.7) |

### Movements in gross amount during the year

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| OPENING BALANCE | 4.9 | 4.7 |
| Increases | 4.2 | 0.9 |
| Decreases and disposals | (0.5) | (0.9) |
| Translation adjustments | 0.1 | 0.2 |
| CLOSING BALANCE | 8.7 | 4.9 |

### Maturity of non-current financial assets

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| 1 to 5 years | 2.1 | 1.5 |
| More than 5 years | 2.3 | 1.4 |
| CLOSING BALANCE | 4.4 | 2.9 |

### Analysis by type of financial asset at year-end

| | Non-current financial assets | | Current financial assets | |
|---|---|---|---|---|
| (€ millions) | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Held-to-maturity investments | 3.9 | 2.2 | 3.6 | 1.3 |
| Other deposits and guarantees | 3.9 | 2.2 | 3.6 | 1.3 |
| Financial assets recognised at fair value | 0.7 | 0.7 | - | - |
| Non-consolidated investments | 0.7 | 0.7 | - | - |
| CLOSING BALANCE | 4.6 | 2.9 | 3.6 | 1.3 |

## Note 8
## Inventories

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Raw materials and other supplies | 1.2 | 1.0 |
| Semi-finished and finished goods | 0.4 | 2.9 |
| Goods held for resale | 210.5 | 203.9 |
| CARRYING AMOUNT | 212.1 | 207.8 |
| Gross amount | 222.6 | 218.6 |
| Provision for impairment in value | (10.5) | (10.8) |

The Group recognised the following amounts in the income statement in relation to inventories:

| | | |
|---|---|---|
| Changes in inventories recognised in "Current operating income" | 11.7 | (8.4) |
| Under "Net additions to (reversals of) provisions": | | |
| - Additions to provisions for impairment in value of inventories | (0.9) | (1.4) |
| - Reversals of provisions for impairment in value of inventories | 0.6 | 0.9 |
| Under "Other operating income and expenses, net": | | |
| - Additions to provisions for impairment in value of inventories | (0.1) | (0.1) |
| - Reversals of provisions for impairment in value of inventories | 0.5 | 0.6 |

# Note 9
## Other assets

### Breakdown by type

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| OTHER NON-CURRENT ASSETS | 13.1 | 19.0 |
| Defined benefit pension plans with a net surplus | 9.1 | 16.9 |
| Tax credits and current tax receivables | 4.0 | 2.1 |
| TRADE RECEIVABLES | 400.5 | 411.4 |
| Gross amount | 418.3 | 431.7 |
| Provision for impairment in value | (17.8) | (20.3) |
| OTHER RECEIVABLES | 75.1 | 88.1 |
| Tax credits and current tax receivables | 4.7 | 6.5 |
| Indirect tax receivables | 5.8 | 3.5 |
| Receivables on disposals of non-current assets | - | 0.3 |
| Advances to suppliers | 3.4 | 3.2 |
| Other current receivables[1] | 61.2 | 74.6 |

(1) Most of this caption relates to accrued trade discounts receivable from Antalis' suppliers of paper for products distributed by the Group pursuant to the terms and conditions in force.

### Movements in provisions for impairment

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| (€ millions) | Trade receivables | Trade receivables |
| OPENING BALANCE | (20.3) | (22.2) |
| Net (additions to)/reversals of impairment provisions | 2.2 | 1.4 |
| Translation adjustments | 0.3 | 0.1 |
| Reclassifications | - | 0.4 |
| CLOSING BALANCE | (17.8) | (20.3) |
| Of which, current | (17.8) | (20.3) |

### Maturity of other assets (net)

| (€ millions) | Total | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| At 31 December 2017 | | | | |
| Other non-current assets | 13.1 | - | 1.8 | 11.3 |
| Trade receivables | 400.5 | 400.5 | - | - |
| Other receivables | 75.1 | 75.1 | - | - |
| At 31 December 2016 | | | | |
| Other non-current assets | 19.0 | - | 0.6 | 18.4 |
| Trade receivables | 411.4 | 411.4 | - | - |
| Other receivables | 88.1 | 88.1 | - | - |

# Note 10
## Cash and cash equivalents

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Cash on hand | 114.6 | 134.0 |
| Cash equivalents | 2.0 | 0.2 |
| CLOSING BALANCE | 116.6 | 134.2 |

Cash and cash equivalents at 31 December 2017 and at 31 December 2016 only include debit bank balances or liquid, risk-free marketable securities.

# Note 11
## Share capital

Changes in share capital over the past two years are described below.

*2017*
On 21 April 2017, the sole shareholder decided to reduce the Company's share capital by an amount of €426,000,000, i.e., from €639,000,000 to €213,000,000, by reducing the par value of the Company's shares from €9 to €3 and by recording a matching adjustment to accumulated losses.

*2016*
There were no changes in the share capital in 2016.

# Note 12
## Earnings per share

| 2017 | Net earnings (€ millions) | Weighted average number of shares during the year[1] | Earnings per share (in €) |
|---|---|---|---|
| **Net earnings attributable to owners** | **9.4** | **70,951,156** | **0.13** |
| Net earnings attributable to owners – diluted | 9.4 | 70,951,156 | 0.13 |

| 2016 | Net earnings (€ millions) | Weighted average number of shares during the year | Earnings per share (in €) |
|---|---|---|---|
| **Net earnings attributable to owners** | **5.1** | **71,000,000** | **0.07** |
| Net earnings attributable to owners – diluted | 5.1 | 71,000,000 | 0.07 |

*(1)* Excluding treasury shares held by the Group in connection with the liquidity agreement set up at the time of its listing on the Euronext Paris market.

# Note 13
## Cumulative translation adjustment

Translation adjustments recognised in "Other comprehensive income" can be analysed as follows:

| *(€ millions)* | US dollar | Pound sterling | Chilean peso | Other currencies[1] | Total |
|---|---|---|---|---|---|
| **At 1 January 2016** | **9.2** | **(34.9)** | **(20.6)** | **1.7** | **(44.6)** |
| Movements during the year | 0.8 | (15.4) | 6.9 | 0.2 | (7.5) |
| **At 31 December 2016** | **10.0** | **(50.3)** | **(13.7)** | **1.9** | **(52.1)** |
| Movements during the year | (4.2) | (4.0) | (3.8) | (3.5) | (15.5) |
| **At 31 December 2017** | **5.8** | **(54.3)** | **(17.5)** | **(1.6)** | **(67.6)** |

*(1)* In 2017, movements relate mainly to the Swiss franc.

# Note 14
## Provisions

### *Analysis by type of provision*

| | Current portion | | Non-current portion | |
|---|---|---|---|---|
| *(€ millions)* | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Restructuring costs | 1.4 | 3.6 | 0.5 | 0.6 |
| Claims and litigation | 0.1 | 1.0 | 4.9 | 4.1 |
| Pensions and other post-employment benefits[(1)] | 1.4 | 1.2 | 43.3 | 58.5 |
| Other provisions[(2)] | 3.0 | 5.5 | 6.5 | 7.3 |
| CLOSING BALANCE | 5.9 | 11.3 | 55.2 | 70.5 |

*(1)* Provisions for pensions and other post-employment benefits are analysed in detail in Note 15.

*(2)* This caption includes accrued rent due on miscellaneous premises and warehouses, partially or completely vacant.

### *Expected maturity of non-current provisions*

| | 31/12/2017 | | 31/12/2016 | |
|---|---|---|---|---|
| *(€ millions)* | 1 to 5 years | More than 5 years | 1 to 5 years | More than 5 years |
| Restructuring costs | 0.5 | - | 0.6 | - |
| Litigation and environmental contingencies | 3.5 | 1.4 | 2.8 | 1.3 |
| Pensions and other post-employment benefits | 5.0 | 38.3 | 2.8 | 55.7 |
| Other provisions | 5.7 | 0.8 | 5.1 | 2.2 |
| CLOSING BALANCE | 14.7 | 40.5 | 11.3 | 59.2 |

### *Movements in provisions in 2017*

| *(€ millions)* | Opening balance | Additions | Reversals (utilised provisions) | Reversals (surplus provisions) | Changes in scope of consolidation | Other | Closing balance |
|---|---|---|---|---|---|---|---|
| Restructuring costs | 4.2 | 5.2 | (7.4) | - | - | (0.1) | 1.9 |
| Litigation and environmental contingencies | 5.1 | - | (0.3) | - | - | 0.2 | 5.0 |
| Pensions and other post-employment benefits[(1)] | 59.7 | 4.8 | (9.0) | (2.3) | (0.7) | (7.8) | 44.7 |
| Other provisions | 12.8 | 1.3 | (4.5) | - | - | (0.1) | 9.5 |
| TOTAL | 81.8 | 11.3 | (21.2) | (2.3) | (0.7) | (7.8) | 61.1 |
| Impact on income statement captions | | | | | | | |
| Personnel expenses | - | 4.8 | - | (2.3) | - | - | - |
| Other selling, general and administrative expenses | - | 0.5 | - | - | - | - | - |
| Other operating expenses | - | 6.0 | - | - | - | - | - |

*(1)* Provisions for pensions and other post-employment benefits are analysed in detail in Note 15.

### *Movements in provisions in 2016*

| *(€ millions)* | Opening balance | Additions | Reversals (utilised provisions) | Reversals (surplus provisions) | Changes in scope of consolidation | Other | Closing balance |
|---|---|---|---|---|---|---|---|
| Restructuring costs | 4.6 | 6.7 | (7.1) | - | - | - | 4.2 |
| Litigation and environmental contingencies | 3.9 | 0.6 | (1.1) | - | - | 1.7 | 5.1 |
| Pensions and other post-employment benefits[(1)] | 59.3 | 5.5 | (9.8) | - | 0.4 | 4.3 | 59.7 |
| Other provisions | 11.3 | 6.1 | (3.8) | - | - | (0.8) | 12.8 |
| TOTAL | 79.1 | 18.9 | (21.8) | - | 0.4 | 5.2 | 81.8 |
| Impact on income statement captions | | | | | | | |
| Personnel expenses | - | 5.5 | - | - | - | - | - |
| Other selling, general and administrative expenses | - | 0.5 | - | - | - | - | - |
| Other operating expenses | - | 12.9 | - | - | - | - | - |

*(1)* Provisions for pensions and other post-employment benefits are analysed in detail in Note 15.

### *Claims and litigation*

#### Tax dispute in Chile

The merger of three different companies into GMS Productos Graficos Ltda (now known as Antalis Chile Ltda) in June 2006 generated goodwill of €11 million. This goodwill was amortised between 2007 and 2012, which resulted in tax savings of approximately €2 million.

The Chilean tax authorities consider that this amount is unsubstantiated and have refused to allow it to be deducted for tax purposes. A court decision handed down on 10 May 2016 upheld the tax authorities' position: in addition to the amount of principal being reassessed, interest, late payment penalties and inflation could add more than €3 million to the penalty.

Antalis Chile Ltda continues to maintain the legitimacy of the deductibility of these amounts and lodged an appeal against this decision on 31 May 2016. A provision of €3 million was nevertheless set aside in the financial statements at 31 December 2017, corresponding to management's best estimate of the risk, as determined in collaboration with the company's legal advisers and based on local practices.

### *Other provisions*

"Other provisions" includes the following at 31 December 2017:

- a provision of €4 million for accrued rent due on miscellaneous premises and warehouses, partially or completely vacant (2016: €7 million). These liabilities are reduced based on the assumption that future income will be generated by subletting these premises, when this is probable. These judgements are subject to uncertainty, particularly as regards changes in rental market conditions;
- estimated future site remediation costs in the UK for approximately €4 million, as in 2016.

The balance corresponds to different non-material amounts.

## Note 15
## Employee benefits

### *Obligations under defined benefit plans*

The Group's pension benefit obligations cover the payment of pensions, supplementary pensions and lump-sum payments on retirement.

The Group's main pension benefit obligations concern the United Kingdom, France and Switzerland. These countries represent 96% of the Group's total employee benefit obligations.

In the United Kingdom, the principal defined benefit obligations arise under four pension plans:

- the Arjo UK Group Pension Scheme, which covers certain employees of Antalis in the UK (depending on their location). It was closed to new entrants in 2005, and was replaced by a defined contribution plan. The scheme ceased to accrue benefits from 30 June 2014;
- the Antalis Pension Scheme (APS), which covers current employees of the UK subsidiaries of Antalis and Arjowiggins;
- the James McNaughton and Modo Merchants pension plans, which cover former employees (early retirees or retirees) of the subsidiaries of what was the James McNaughton group, which was acquired by Antalis in 2007.

In France, the main defined benefit plan is the retirement indemnities plan ("IFC").

In Switzerland, the main plan is the "Pensionskasse" covering Antalis' Swiss-based employees.

The pension plans for the Antalis Group's UK subsidiaries presented here are defined benefit plans. They are managed by trustees with whom the Group is in regular contact, particularly if plan assets are inadequate to cover the projected benefit obligations as determined using specific methods. Companies participating in these plans may be called on to make additional payments to make up any funding shortfall identified.

The trustees may also require participating companies to provide guarantees when they consider this appropriate and the Group has thus provided joint and several guarantees (see Note 29).

In accordance with IAS 19, provisions have been recorded to cover the full amount of the Group's obligations relating to the UK pension fund, determined using the actuarial assumptions described in this note. Any additional contributions are included in the annual calculation of the pension provision when they are made.

### *Significant events in 2017*

In early 2017, an agreement was signed with the beneficiaries of the "Pensionskasse" pension fund in Switzerland modifying the basis for converting savings into annuities. This change meets the definition of a plan amendment under IAS 19.

Accordingly, and pursuant to IAS 19.102 *et seq.*, past service cost was recognised in full in the income statement for the period for a total amount of €2 million. In line with the Group's accounting principles for similar items, it was classified as a deduction from personnel expenses within current operating income.

### Change in the projected benefit obligation

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| **Projected benefit obligation at start of year** | **441.6** | **437.6** |
| Service cost | 3.4 | 4.1 |
| Interest cost | 8.4 | 11.0 |
| Employee contributions | 1.4 | 1.5 |
| Curtailments/changes to plan | (2.3) | - |
| Settlements | (0.1) | - |
| Changes in scope of consolidation and transfers | (4.7) | (6.2) |
| Actuarial gains (losses) generated by changes in demographic assumptions | (3.1) | (0.5) |
| Actuarial gains (losses) generated by changes in financial assumptions | 3.2 | 71.1 |
| Actuarial gains (losses) based on historical experience | 10.9 | (5.3) |
| Benefits paid | (27.0) | (32.3) |
| Translation adjustments | (19.1) | (39.2) |
| **Projected benefit obligation at end of year** | **412.6** | **441.6** |
| *Breakdown by geographical area* | | |
| United Kingdom | 262.0 | 275.1 |
| Other European Union countries | 150.6 | 166.5 |

### Change in plan assets

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| **Fair value of plan assets at start of year** | **438.8** | **444.3** |
| Return on plan assets | 8.7 | 12.0 |
| Employer contributions | 9.0 | 10.1 |
| Employee contributions | 1.4 | 1.5 |
| Changes in scope of consolidation and transfers | (5.5) | (7.9) |
| Benefits paid | (27.0) | (32.3) |
| Administrative expenses and taxes | (0.7) | (0.8) |
| Actuarial gains (losses) | 12.0 | 56.8 |
| Translation adjustments | (19.2) | (44.9) |
| **Fair value of plan assets at end of year** | **417.5** | **438.8** |
| Actual return on plan assets | 4.94% | 16.90% |
| *Composition of plan assets (by type of investment)* | | |
| Equities | 43.17% | 46.13% |
| Bonds | 36.94% | 40.47% |
| Insurance policies | 3.50% | 1.57% |
| Other types of investment | 16.39% | 11.82% |

### Net amount recognised

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Financial surplus/(deficit) [1] | 4.8 | (2.8) |
| Unrecognised past service cost | n/a | n/a |
| Ceiling on amount of plan assets | (40.1) | (39.1) |
| **Net amount recognised** | **(35.3)** | **(41.9)** |
| *Breakdown by geographical area* | | |
| United Kingdom | (13.1) | (10.4) |
| Other European Union countries | (15.1) | (15.9) |
| Other countries | (7.1) | (15.7) |

*(1)* Financial surplus/(deficit) is defined as the difference between the fair value of plan assets and the projected benefit obligation.

### Reconciliation of the net amount recognised with the consolidated statement of financial position

| *(€ millions)* | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Provisions for pension and other employee benefit obligations (see Note 14) | (44.7) | (59.7) |
| Defined benefit pension plans with a net surplus (see Note 9) | 9.1 | 16.9 |
| Amounts for subsidiaries not subject to Revised IAS 19 | 0.3 | 0.9 |
| **NET AMOUNT RECOGNISED** | **(35.3)** | **(41.9)** |

### Analysis of amounts recognised in the statement of comprehensive income

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Actuarial (gains) and losses arising during the year [1] | (0.9) | 8.6 |
| Increase/(decrease) from impact of ceiling on the amount of plan assets | 1.3 | (6.4) |
| **Amounts recognised in the statement of comprehensive income** | **0.4** | **2.2** |

(1) The €1 million in actuarial gains generated in 2017 (2016: actuarial losses of €9 million) include €11 million in actuarial losses on the projected benefit obligation (2016: losses of €66 million) and €12 million in actuarial gains on plan assets (2016: actuarial gains of €57 million).

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Service cost | 3.4 | 4.1 |
| Interest cost | 8.4 | 11.0 |
| Return on plan assets | (8.7) | (12.0) |
| Interest on capped plan assets | 1.0 | 1.7 |
| Impact of curtailments/changes to plan | (2.3) | - |
| Impact of settlements | (0.1) | - |
| Actuarial (gains) and losses on other long-term benefits | (0.0) | (0.2) |
| Administrative expenses and taxes | 0.7 | 0.8 |
| **TOTAL NET (BENEFIT)/EXPENSE** | **2.4** | **5.5** |

### Average assumptions used

| (€ millions) | 2017 | 2016 |
|---|---|---|
| **To determine the benefit obligation at 31 December** | | |
| Discount rate including inflation | 1.94% | 2.01% |
| Expected rate of increase in salaries | 2.40% | 2.45% |
| Expected rate of return on plan assets | n/a | n/a |
| Rate of increase in pension benefits | 1.96% | 1.90% |
| Rate of inflation for medical costs | 8.00% | 8.75% |
| | | |
| **To determine the expense for the year** | | |
| Discount rate including inflation | 2.01% | 2.88% |
| Expected rate of increase in salaries | 2.45% | 2.42% |
| Expected rate of return on plan assets | n/a | n/a |
| Rate of increase in pension benefits | 1.90% | 1.84% |
| Rate of inflation for medical costs | 8.75% | 8.25% |

### Breakdown of average assumptions used by geographical area

| 2017 | United Kingdom | Other EU countries | Other countries |
|---|---|---|---|
| Discount rate including inflation | 2.53% | 1.30% | 0.76% |
| Expected rate of increase in salaries | 3.20% | 2.03% | 1.05% |
| Rate of increase in pension benefits | 2.72% | 1.75% | n/a |
| Rate of inflation for medical costs | n/a | n/a | 8.00% |

| 2016 | United Kingdom | Other EU countries | Other countries |
|---|---|---|---|
| Discount rate including inflation | 2.68% | 1.30% | 0.74% |
| Expected rate of increase in salaries | 3.26% | 2.38% | 1.03% |
| Rate of increase in pension benefits | 2.69% | 1.75% | n/a |
| Rate of inflation for medical costs | n/a | n/a | 8.75% |

### Sensitivity of assumptions

*On all employee benefit obligations*

| (€ millions) | Benchmark discount rate -0.50% | Benchmark discount rate | Benchmark discount rate +0.50% |
|---|---|---|---|
| Benefit obligation at 31 December 2017 | 452.3 | 412.6 | 375.6 |
| Service cost for 2018 | 3.3 | 3.1 | 2.9 |

*On UK employee benefit obligations*

| (€ millions) | Benchmark inflation rate 0.50% | Benchmark inflation rate | Benchmark inflation rate +0.50% |
|---|---|---|---|
| Benefit obligation at 31 December 2017 | 245.7 | 262.0 | 279.0 |
| Service cost for 2018 | - | - | - |

A 1% increase/decrease in medical costs would not have a material impact on Antalis' benefit obligations at 31 December 2017 or on the service cost for 2018.

*Estimated contributions for 2018*
The amount of contributions payable by the Antalis Group in respect of pension benefit obligations for 2018 is estimated at €8.2 million, of which €6.1 million relates to the UK.

*Impact of the application of IFRIC 14*
In accordance with IFRIC 14, as of 31 December 2017:

- The Group booked an additional provision for an onerous obligation on the McNaughton Papers and Modo Merchants defined benefit pension plans in the UK for which no surplus will accrue to the employer. Based on the present value of the projected funding requirements for the two pension plan deficits, €33.3 million was booked for McNaughton Papers and €4.3 million for Modo Merchants.

- Changes introduced at the end of 2012 to the Irish Staff Pension mean that a plan surplus may no longer be recognised. A €1.5 million ceiling was therefore recognised in respect of the assets in this plan at end-2017.

*Discount rates*
Discount rates for each monetary zone were determined based on yields at 31 December 2017 on high quality corporate bonds rated AA or above, with maturities that correspond to the average maturities of the Group's obligations in each zone.

# Note 16
## Debt

### *16a - Breakdown of debt by maturity*

| *(€ millions)* | Less than 1 year | 1 to 5 years | Total |
|---|---|---|---|
| Short-term bank borrowings and overdrafts | 3.1 | - | 3.1 |
| Other bank borrowings[(1)] | 190.4 | - | 190.4 |
| Finance lease obligations | 0.5 | 0.6 | 1.1 |
| Factoring liabilities[(2)] | 164.4 | - | 164.4 |
| Other financial liabilities | 4.8 | 0.4 | 5.2 |
| **DEBT AT 31 DECEMBER 2017** | **363.2** | **1.0** | **364.2** |
| Short-term bank borrowings and overdrafts | 2.7 | - | 2.7 |
| Other bank borrowings | 1.9 | 233.5 | 235.4 |
| Finance lease obligations | 1.5 | 0.9 | 2.4 |
| Factoring liabilities[(2)] | 143.3 | - | 143.3 |
| Other financial liabilities | 4.1 | 0.6 | 4.7 |
| **DEBT AT 31 DECEMBER 2016** | **153.5** | **235.0** | **388.5** |

(1) The maturity shown for borrowings under the syndicated credit facility does not take into account the extended maturity through to end-2021 negotiated by the Group after the end of the reporting period (see Note 1). At the reporting date, the maturity of this facility from a legal standpoint was still 31 December 2018.

(2) Most of the factoring programmes finalised in 2015 had maturities equal to or greater than the payment milestones under the syndicated credit facility, whose maturity was extended through 31 December 2018. Despite the initial long-term nature of the lenders' commitment, the factored liabilities corresponding to the sale of receivables were recognised under current liabilities in accordance with the accounting policies applicable to this type of financing.

### *16b - Breakdown of debt by interest rate*

| *(€ millions)* | Below 3% | Between 3% and 4% | Between 4% and 5% | More than 5% | Total |
|---|---|---|---|---|---|
| Short-term bank borrowings and overdrafts | 3.1 | - | - | - | 3.1 |
| Other bank borrowings | 0.2 | - | 190.2 | - | 190.4 |
| Finance lease obligations | - | 0.1 | 0.7 | 0.3 | 1.1 |
| Factoring liabilities | 157.9 | 6.5 | - | - | 164.4 |
| Other financial liabilities | 5.2 | - | - | - | 5.2 |
| DEBT AT 31 DECEMBER 2017 | 166.4 | 6.6 | 190.9 | 0.3 | 364.2 |
| Short-term bank borrowings and overdrafts | 0.1 | 0.3 | - | 2.3 | 2.7 |
| Other bank borrowings | - | - | 233.5 | 1.9 | 235.4 |
| Finance lease obligations | 0.1 | 0.9 | 1.0 | 0.4 | 2.4 |
| Factoring liabilities | 143.3 | - | - | - | 143.3 |
| Other financial liabilities | 4.7 | - | - | - | 4.7 |
| DEBT AT 31 DECEMBER 2016 | 148.2 | 1.2 | 234.5 | 4.6 | 388.5 |

In 2017, the full cost of bank debt and factoring liabilities represented a weighted implicit rate of around 5.3% of the average amounts drawn (including the amortisation of capitalised borrowing costs).

### *16c - Analysis of debt by main currencies*

| *(€ millions)* | EUR | GBP | USD | Other | Total |
|---|---|---|---|---|---|
| Short-term bank borrowings and overdrafts | 0.1 | - | - | 3.0 | 3.1 |
| Other bank borrowings | 190.1 | - | 0.1 | 0.2 | 190.4 |
| Finance lease obligations | 0.7 | - | - | 0.4 | 1.1 |
| Factoring liabilities | 81.8 | 51.2 | - | 31.4 | 164.4 |
| Other financial liabilities | 4.7 | - | 0.5 | - | 5.2 |
| DEBT AT 31 DECEMBER 2017 | 277.4 | 51.2 | 0.6 | 35.0 | 364.2 |
| Short-term bank borrowings and overdrafts | 0.1 | - | 2.6 | - | 2.7 |
| Other bank borrowings | 233.5 | - | 1.9 | - | 235.4 |
| Finance lease obligations | 1.0 | - | - | 1.4 | 2.4 |
| Factoring liabilities | 56.7 | 57.8 | - | 28.8 | 143.3 |
| Other financial liabilities | 1.9 | - | 0.7 | 2.1 | 4.7 |
| DEBT AT 31 DECEMBER 2016 | 293.2 | 57.8 | 5.2 | 32.3 | 388.5 |

#### Change in contractual terms of use applicable to credit and liquidity lines

The syndicated credit facility, which is the Group's main bank financing, was restructured in 2015. The restructuring included a reduction in the authorised borrowing limit to €310 million, resulting from:

- the payment of €200 million out of the proceeds of the factoring programme set up in the first quarter of 2015; and
- the contractual repayment of €5 million on 31 December 2015.

New factoring programs provided Antalis with two distinct sources of secure funding as the maturities of most of the factoring agreements were aligned with the 31 December 2018 syndicated credit facility payment milestone.

However, both the factoring agreements and the credit facilities still require Antalis to comply with a certain number of conditions and covenants, especially ratios that are tested on a regular basis.

Under the main factoring agreement, the frequency of tests of compliance with the two main covenants and the ratios tested were aligned with those applicable to the syndicated credit facility.

| Test date | Leverage ratio[1] | Interest coverage ratio[2] |
|---|---|---|
| 31 December 2017 | ≤ 3.20 | ≥ 2.35 |
| 31 March 2018 | ≤ 3.95 | ≥ 2.40 |
| 30 June 2018 | ≤ 3.05 | ≥ 2.40 |
| 30 September 2018 | ≤ 4.10 | ≥ 2.45 |

*(1)* Consolidated net debt/EBITDA.

*(2)* Consolidated current operating income/net interest expense.

Since the two agreements making up the bulk of its debt mature at 31 December 2018, the Group began to take steps to refinance them during 2017. As indicated in Note 1, this culminated in the signature of two agreements at the end of March 2018 which extended the maturity of the syndicated credit facility through to 31 December 2021, as well as the maturity of the factoring programmes in the main countries concerned. The agreement secured with the lenders of the syndicated credit facility also revised several terms and conditions applicable to the financing, including provisions for:

- more collateral;
- revised conditions for interest payable on amounts drawn down, a portion of which is now gradually capitalised;
- an immediate €25 million reduction in the authorised amount under the credit facility, applying to both the tranches repayable at maturity and the revolving tranche;
- contractual repayments of €10 million per year;
- maintenance of the two main covenants based on ratios revised as from the 30 June 2018 test date.

# Note 17
## Financial instruments

### *17a - Breakdown of statement of financial position captions by IAS 39 financial instrument category*

| | | 31/12/2017 | | Valuation by category of instrument | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€ millions)* | *Note* | Carrying amount | Fair value | Financial assets at fair value through profit or loss | Available-for-sale financial assets | Loans and receivables carried at amortised cost | Held-to-maturity investments | Financial liabilities carried at amortised cost | Derivative instruments |
| Non-current financial assets | *7* | 4.4 | 4.4 | 0.6 | - | 1.2 | 2.6 | - | - |
| Other non-current assets | *9* | 13.1 | 13.1 | - | - | 13.1 | - | - | - |
| Trade receivables | *9* | 400.5 | 400.5 | - | - | 400.5 | - | - | - |
| Other receivables | *9* | 75.1 | 75.1 | - | - | 75.1 | - | - | - |
| Current financial assets | *7* | 3.6 | 3.6 | - | - | 2.0 | 1.6 | - | - |
| Cash and cash equivalents | *10* | 116.6 | 116.6 | 116.6 | - | - | - | - | - |
| | | | | | | | | | |
| Long-term debt | *16* | 1.0 | 1.0 | - | - | - | - | 1.0 | - |
| Short-term debt | *16* | 363.2 | 363.2 | - | - | - | - | 363.2 | - |
| Trade payables | *19* | 386.0 | 386.0 | - | - | - | - | 386.0 | - |
| Other payables | *19* | 121.7 | 121.7 | - | - | - | - | 121.7 | - |

| | | 31/12/2016 | | Valuation by category of instrument | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€ millions)* | *Note* | Carrying amount | Fair value | Financial assets at fair value through profit or loss | Available-for-sale financial assets | Loans and receivables carried at amortised cost | Held-to-maturity investments | Financial liabilities carried at amortised cost | Derivative instruments |
| Non-current financial assets | *7* | 2.9 | 2.9 | 0.7 | - | 0.7 | 1.5 | - | - |
| Other non-current assets | *9* | 19.0 | 19.0 | - | - | 19.0 | - | - | - |
| Trade receivables | *9* | 411.4 | 411.4 | - | - | 411.4 | - | - | - |
| Other receivables | *9* | 88.1 | 88.1 | - | - | 88.1 | - | - | - |
| Current financial assets | *7* | 1.3 | 1.3 | - | - | 0.6 | 0.7 | - | - |
| Cash and cash equivalents | *10* | 134.2 | 134.2 | 134.2 | - | - | - | - | - |
| | | | | | | | | | |
| Long-term debt | *16* | 235.0 | 235.0 | - | - | - | - | 235.0 | - |
| Short-term debt | *16* | 153.5 | 153.5 | - | - | - | - | 153.5 | - |
| Trade payables | *19* | 378.4 | 378.4 | - | - | - | - | 378.4 | - |
| Other payables | *19* | 122.8 | 122.8 | - | - | - | - | 122.8 | - |

### Methods and assumptions used to measure financial instruments

The best indicator of the fair value of a contract is the price that would be agreed upon by a buyer and a seller acting under arm's length conditions. This is generally the transaction price at the trade date. The contract is subsequently measured using observable market data that provide the most reliable indicator of fair value.

The fair value of derivative instruments is determined as follows:

- interest rate swaps are measured by discounting contractual cash flows to present value;
- options are measured using option pricing models such as the Black & Scholes method that use quoted prices from an active market and/or prices supplied by outside financial institutions;
- forward currency contracts are measured by discounting the differential future cash flows to present value;
- swaps and forward contracts traded over the counter: future cash flows are discounted to present value;
- options are measured using mathematical option pricing models.

The fair value of debt is measured using the amortised cost method.

Trade receivables and payables are measured at their carrying amount. Discounting "Trade payables" and "Trade receivables" balances to present value does not materially impact their fair value due to the very short payment and settlement terms applied.

The information used for the financial instruments recorded in fair value in assets/liabilities is provided by external counterparties.

## *17b - Treasury management - Financial instruments*

### Analysis of debt

Consolidated debt represented a gross amount of €364.2 million at 31 December 2017 (€388.5 million at 31 December 2016). Net debt was €247.6 million at end-2017 (€254.3 million at end-2016) and is carried in the following statement of financial position captions:

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Debt | 364.2 | 388.5 |
| Cash and cash equivalents | (116.6) | (134.2) |
| NET DEBT | 247.6 | 254.3 |

Analyses by maturity and by currency are provided in Note 16.

## *Note 17c - Risk management - interest rate risk, foreign exchange risk, equity price risk, commodity price risk, credit risk and liquidity risk*

### Fair value of financial instruments

In order to hedge against fluctuations in interest rates, exchange rates and commodity prices, the Group uses derivatives. Some of these qualify for hedge accounting as cash flow hedges. The Group had only contracted currency hedges for non-material amounts as of 31 December 2017.

### Risk management

*Interest rate risk*

The Group manages the finances of each subsidiary, along with the related interest rate risk, on a centralised basis tailored to each individual entity.

The Group is exposed to interest rate risk on its debt as its primary sources of financing are at floating rates of one, two or three months in the currency concerned (Euribor for the euro and Libor for the US dollar and pound sterling). Where appropriate, derivatives are used to manage this exposure (mainly swaps and collars), however there were no such hedges in force at 31 December 2017 or 31 December 2016.

Gross debt can be broken down between fixed and floating rate debt as follows:

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Floating rate debt | 354.5 | 376.8 |
| Fixed rate debt | 9.7 | 11.7 |
| DEBT | 364.2 | 388.5 |

*Interest rate sensitivity analysis*

The interest rate sensitivity analysis included all floating rate flows from any non-derivative and derivative instruments and it was assumed that the amounts of debt and financial instruments at 31 December 2017 and at 31 December 2016 are constant over the year. For the purposes of the analysis, all other variables, particularly exchange rates, are deemed to remain constant.

At end-2017 and end-2016, a 0.5% increase in interest rates at the end of the reporting period would have decreased equity and profit or loss (pre-tax impact) by around €2 million. A corresponding decrease would not have had any material impact.

*Foreign exchange risk*

Antalis' exposure to foreign exchange risk concerns subsidiaries outside of the eurozone whose trade receivables and payables may not be denominated in their domestic currencies, especially subsidiaries in Asia, South Africa and certain Central European countries which set up their own currency hedges.

The Antalis holding company is only exposed to foreign exchange risk on the management fees it bills to its subsidiaries which it hedges by selling currency forward. The principal exposures hedged for the holding company are positions in the following combinations of currencies: EUR/GBP, EUR/USD, EUR/CZK, EUR/PLN, EUR/ZAR, USD/ZAR. Antalis does not use hedge accounting to measure its positions and all changes in fair value are recognised in profit or loss.

Currency hedges contracted by Antalis and the amounts recycled from equity to profit or loss in relation to such hedges were non-material for the Group as a whole at 31 December 2017.

*Foreign currency sensitivity analysis*

Foreign currency sensitivity analyses at 31 December 2017 focused on fluctuations in EUR/GBP, as this is the currency combination to which the Group has the most currency risk exposure. The Group's exposure to fluctuations in other currency combinations was deemed too dispersed to be broken down.

For the purposes of the analysis, all other variables, particularly interest rates, are deemed to remain constant.

*Exposure to fluctuations in the EUR/GBP exchange rate at 31 December 2017*

| *(€ millions)* | | | | 10% increase in GBP against the euro | | | 10% decrease in GBP against the euro | | |
|---|---|---|---|---|---|---|---|---|---|
| Type of asset/liability | Nominal amount | Currency of financial instruments | Functional currency of entity concerned | Impact on fair value | Impact on profit or loss | Impact on equity | Impact on fair value | Impact on profit or loss | Impact on equity |
| Financial receivables | 66.9 | GBP | EUR | 6.7 | 6.7 | - | (6.7) | (6.7) | - |
| Trade receivables | - | GBP | EUR | - | - | - | - | - | - |
| Debt | 89.5 | GBP | EUR | (9.0) | (9.0) | - | 9.0 | 9.0 | - |
| Trade payables | - | GBP | EUR | - | - | - | - | - | - |
| Derivatives | - | GBP | EUR | - | - | - | - | - | - |
| TOTAL | | | | (2.3) | (2.3) | - | 2.3 | 2.3 | - |

*Exposure to fluctuations in the EUR/GBP exchange rate at 31 December 2016*

| *(€ millions)* | | | | 10% increase in GBP against the euro | | | 10% decrease in GBP against the euro | | |
|---|---|---|---|---|---|---|---|---|---|
| Type of asset/liability | Nominal amount | Currency of financial instruments | Functional currency of entity concerned | Impact on fair value | Impact on profit or loss | Impact on equity | Impact on fair value | Impact on profit or loss | Impact on equity |
| Financial receivables | 66.3 | GBP | EUR | 6.6 | 6.6 | - | (6.6) | (6.6) | - |
| Trade receivables | - | GBP | EUR | - | - | - | - | - | - |
| Debt | 130.0 | GBP | EUR | (13.0) | (13.0) | - | 13.0 | 13.0 | - |
| Trade payables | - | GBP | EUR | - | - | - | - | - | - |
| Derivatives | - | GBP | EUR | - | - | - | - | - | - |
| TOTAL | | | | (6.4) | (6.4) | - | 6.4 | 6.4 | - |

*Equity price risk*
The Group has extremely limited exposure to equity risk.

*Credit risk*
Credit risk represents the risk that a customer or creditor will breach a contractual obligation and cause the Group to incur a financial loss. This risk primarily arises in relation to marketable securities and trade receivables.

*Counterparty risks on investments and derivatives*
The Group's financial investments are either used solely to invest excess cash drawn down under bank credit facilities or to put up collateral for its subsidiaries. These investments primarily correspond to demand or term deposits for currencies bearing interest (USD, GBP), money market investments with the Group's banking partners for non-interest bearing currencies (especially the euro) and very limited investments in units in money market funds. The financial institutions that manage the investments have a long-term rating of at least A+ issued by Standard & Poor's or a government guarantee, and the Group uses the same counterparties for its derivative instruments.

However it did not hold any such instruments at 31 December 2017.

The Group's policy is only to grant financial guarantees to wholly-owned subsidiaries.

*Customer credit risk*
In 2012, Antalis negotiated a framework credit risk insurance policy with a credit risk insurance provider and the French, UK and German subsidiaries entered into bilateral agreements with the same insurer. Antalis' other subsidiaries negotiate local credit risk insurance policies.

Customer credit risk is assessed at the level of each sub-group based on the size of each sub-group's portfolio of trade receivables. The data in the following table is presented before the elimination of inter-company transactions and there is no material impairment of receivables or customer risk within the Group.

The Group's policy is to classify receivables as past due when payment is still outstanding 30 days after the invoice settlement date. Provisions for past due receivables are recorded on a case-by-case basis taking into account past experience with the customer concerned and the amount outstanding.

Statistical provisions may also be recorded for all receivables based on their age.

At 31 December 2017, the Group's trade receivables represented a net value of €400.5 million (end-2016: €411.4 million). This corresponds to a gross amount of €418.3 million (end-2016: €431.7 million) and a €17.8 million provision for impairment in value (end-2016: €20.3 million, representing a provision rate of 4.3% of the consolidated gross trade receivables portfolio (4.7% at end-2016).

Consequently, the cost of bad debts as a proportion of the trade receivables portfolio taken as a whole was down slightly on 2016.

| | | | Past due | | | | |
|---|---|---|---|---|---|---|---|
| *(€ millions)* | Balance at 31/12/2017 | Not yet due | 0-30 days | 31-60 days | 61-90 days | > 90 days | Disputed receivables |
| Trade receivables | 418.3 | 354.8 | 39.3 | 5.6 | 1.6 | 3.4 | 13.6 |
| Provisions for impairment of trade receivables | (17.8) | - | - | - | (1.1) | (3.1) | (13.6) |
| Trade receivables, net | 400.5 | 354.8 | 39.3 | 5.6 | 0.5 | 0.3 | - |
| Net receivables as a % of gross receivables | 95.7% | 100.0% | 100.0% | 100.0% | 31.3% | 8.8% | 0.0% |
| Net receivables as a % of total receivables portfolio | | 88.6% | 9.8% | 1.4% | 0.1% | 0.1% | 0.0% |

At 31 December 2017, 11.4% of total outstanding net receivables were past due and not covered by a provision for impairment, compared with 10.4% at end-2016.

*Liquidity risk*
In order to meet its commitments and maintain its liquidity, the Group has its own resources that are independent of the Sequana group. Most of these sources of funding are described by type of agreement and business in Notes 16 and 17b. At 31 December 2017, the Group also had cash instruments totalling €117 million (see Note 10) and net cash and cash equivalents of €114 million. The bulk of these instruments are centralised under the cash pooling agreements between Antalis and most of its subsidiaries. The portion of these instruments attributable to subsidiaries operating in countries where local regulations restrict the capacity of their parent company to benefit from these instruments is non-material. As indicated in Note 10, they mainly comprise debit bank balances or highly-liquid, risk-free instruments.

At 31 December 2017, the Group's confirmed but unused credit facilities corresponded to an additional cash generation potential of €127 million (see Note 29), primarily the undrawn revolving portion of Tranche C of the syndicated credit facility.

Given the various sources of funding available to Antalis and the current terms of use applicable to these sources, the Group considers that it is able to maintain its liquidity.

### Maturities of cash flows relating to financial liabilities

The following table analyses the maturities of the future cash outflows for financial liabilities from the last drawdown dates, with principal and interest payments given separately.

At 31 December 2017, given the financing conditions described in Notes 16 and 17b, the maturities of future cash outflows break down as follows:

| *(€ millions)* | Type of financial liability | | | | | |
|---|---|---|---|---|---|---|
| Annual cash flow | Bank borrowings | Short-term borrowings | Factoring liabilities | Finance lease obligations | Other | Total |
| **Cash flows due within one year** | | | | | | |
| Interest for the period | (10.5) | - | (3.7) | - | - | (14.2) |
| Principal | (190.4) | (3.1) | (164.4) | (0.5) | (4.8) | (363.2) |
| **Cash flows due between one and two years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | (0.4) | (0.4) | (0.8) |
| **Cash flows due between two and three years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | (0.2) | - | (0.2) |
| **Cash flows due between three and four years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - |
| **Cash flows due between four and five years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - |
| **Cash flows due in more than five years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - |
| **Total** | | | | | | |
| Accumulated interest | (10.5) | - | (3.7) | - | - | (14.2) |
| Principal | (190.4) | (3.1) | (164.4) | (1.1) | (5.2) | (364.2) |

At 31 December 2016, given the financing conditions as of that date, the maturities of future cash outflows broke down as follows:

| *(€ millions)* | Type of financial liability | | | | | |
|---|---|---|---|---|---|---|
| Annual cash flow | Bank borrowings | Short-term borrowings | Factoring liabilities | Finance lease obligations | Other | Total |
| **Cash flows due within one year** | | | | | | |
| Interest for the period | (13.0) | - | (3.0) | (0.2) | - | (16.2) |
| Principal | (1.9) | (2.7) | (143.3) | (1.5) | (4.1) | (153.5) |
| **Cash flows due between one and two years** | | | | | | |
| Interest for the period | (11.7) | - | - | - | - | (11.7) |
| Principal | (233.5) | - | - | (0.4) | (0.6) | (234.5) |
| **Cash flows due between two and three years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | (0.2) | - | (0.2) |
| **Cash flows due between three and four years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | (0.2) | - | (0.2) |
| **Cash flows due between four and five years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | (0.1) | - | (0.1) |
| **Cash flows due in more than five years** | | | | | | |
| Interest for the period | - | - | - | - | - | - |
| Principal | - | - | - | - | - | - |
| **Total** | | | | | | |
| Accumulated interest | (24.7) | - | (3.0) | (0.2) | - | (27.8) |
| Principal | (235.4) | (2.7) | (143.3) | (2.4) | (4.7) | (388.5) |

# Note 18
## Deferred taxes

### *18a - Breakdown by period of reversal*

| *(€ millions)* | Less than 1 year[1] | More than 1 year | Total |
|---|---|---|---|
| Position at 31 December 2017 | | | |
| Deferred tax assets | 1.2 | 6.4 | 7.6 |
| Deferred tax liabilities | - | (0.8) | (0.8) |
| NET POSITION AT YEAR-END | 1.2 | 5.6 | 6.8 |
| Position at 31 December 2016 | | | |
| Deferred tax assets | 1.2 | 6.8 | 8.0 |
| Deferred tax liabilities | - | (0.6) | (0.6) |
| NET POSITION AT YEAR-END | 1.2 | 6.2 | 7.4 |

*(1)* Offsetting entries between deferred tax assets and liabilities are allocated first to deferred taxes that reverse in less than one year.

### *18b - Deferred tax assets – movements during the year*

| *(€ millions)* | Provision for employee benefits | Loss carryforwards | Other items and offsets[1] | Total |
|---|---|---|---|---|
| At 1 January 2016 | 7.4 | 4.2 | (3.7) | 7.9 |
| (Expense) income for the year | 0.3 | 0.7 | (0.2) | 0.8 |
| Other comprehensive income (loss) | (0.9) | - | - | (0.9) |
| Translation adjustments | 0.1 | - | 0.1 | 0.2 |
| Other movements, net | - | 4.3 | (4.3) | - |
| AT 31 DECEMBER 2016 | 6.9 | 9.2 | (8.1) | 8.0 |
| (Expense) income for the year | (0.5) | (0.5) | 3.0 | 2.0 |
| Other comprehensive income (loss) | (1.5) | - | - | (1.5) |
| Changes in scope of consolidation | (0.2) | - | - | (0.2) |
| Translation adjustments | (0.2) | (0.1) | (0.1) | (0.4) |
| Other movements, net | 0.3 | (0.4) | (0.2) | (0.3) |
| AT 31 DECEMBER 2017 | 4.8 | 8.2 | (5.4) | 7.6 |

*(1)* Offsets between deferred tax assets and liabilities are recorded at tax group level.

### *18c - Deferred tax liabilities – movements during the year*

| *(€ millions)* | Provision for employee benefits | Property, plant and equipment | Tax depreciation and provisions | Other items and offsets[1] | Total |
|---|---|---|---|---|---|
| At 1 January 2016 | (1.0) | 0.1 | (1.0) | (0.4) | (2.3) |
| (Expense) income for the year | - | 0.1 | - | 1.6 | 1.7 |
| Other movements, net | - | (0.5) | (0.2) | 0.7 | - |
| AT 31 DECEMBER 2016 | (1.0) | (0.3) | (1.2) | 1.9 | (0.6) |
| (Expense) income for the year | - | 0.3 | - | (0.9) | (0.6) |
| Translation adjustments | 0.1 | - | - | 0.1 | 0.2 |
| Other movements, net | 0.1 | (0.3) | 0.1 | 0.4 | 0.3 |
| AT 31 DECEMBER 2017 | (0.9) | (0.3) | (1.1) | 1.5 | (0.8) |

*(1)* Offsets between deferred tax assets and liabilities are recorded at tax group level.

### *18d - Current and deferred taxes on gains and losses recognised in other comprehensive income*

| *(€ millions)* | Actuarial gains and losses | Fair value of financial instruments | Total |
|---|---|---|---|
| At 31 December 2017 | (1.5) | - | (1.5) |
| At 31 December 2016 | (0.9) | - | (0.9) |

### *18e - Analysis of current tax losses and tax credits for which no deferred tax assets have been recognised*

Group tax loss carryforwards excluding specific regimes applicable to asset disposals may be broken down by country as follows:

| | Expiry (in base tax amounts) | | | | | |
|---|---|---|---|---|---|---|
| *(€ millions)* | Less than 1 year | Between 1 and 4 years | More than 4 years | Unlimited | Total taxable base | Estimated potential savings |
| Current tax losses (by originating country) | | | | | | |
| At 31 December 2017 | | | | | | |
| France | - | - | - | 0.6 | 0.6 | 0.2 |
| Germany | - | - | - | 33.4 | 33.4 | 10.0 |
| United Kingdom | - | - | - | 37.2 | 37.2 | 6.3 |
| The Netherlands | 11.2 | 30.3 | 41.4 | - | 82.9 | 20.7 |
| Czech Republic | 1.2 | 2.7 | 1.1 | - | 5.0 | 1.0 |
| Spain | - | - | - | 19.3 | 19.3 | 4.8 |
| Poland | 4.2 | 10.5 | 3.6 | - | 18.3 | 3.5 |
| Belgium | - | - | - | 36.1 | 36.1 | 9.2 |
| Denmark | - | - | - | 14.3 | 14.3 | 3.1 |
| Turkey | - | - | - | - | - | - |
| Brazil | - | - | - | 8.8 | 8.8 | 3.0 |
| Other countries | 1.3 | 6.5 | 8.0 | 23.2 | 39.0 | 8.9 |
| TOTAL AT 31 DECEMBER 2017 | 17.9 | 50.0 | 54.1 | 172.9 | 294.9 | 70.7 |
| At 31 December 2016 | | | | | | |
| France | - | - | - | 31.0 | 31.0 | 10.7 |
| Germany | - | - | - | 33.0 | 33.0 | 9.9 |
| United Kingdom | - | - | - | 34.7 | 34.7 | 5.9 |
| The Netherlands | 24.8 | 24.1 | 38.6 | - | 87.5 | 21.9 |
| Czech Republic | 1.4 | 3.3 | 0.4 | - | 5.1 | 1.0 |
| Spain | - | - | - | 20.5 | 20.5 | 5.1 |
| Poland | 5.6 | 10.7 | 3.2 | - | 19.5 | 3.7 |
| Belgium | - | - | - | 34.3 | 34.3 | 11.7 |
| Denmark | - | - | - | 20.5 | 20.5 | 4.5 |
| Turkey | - | 0.9 | - | - | 0.9 | 0.2 |
| Brazil | - | - | - | 8.5 | 8.5 | 2.9 |
| Other countries | 2.8 | 6.6 | 6.3 | 20.7 | 36.4 | 8.2 |
| TOTAL AT 31 DECEMBER 2016 | 34.6 | 45.6 | 48.5 | 203.2 | 331.9 | 85.7 |

# Note 19
## Other liabilities

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| TRADE PAYABLES | 386.0 | 378.4 |
| OTHER PAYABLES | 121.7 | 122.8 |
| Current tax payables | 5.6 | 3.6 |
| Indirect tax payables | 34.0 | 34.1 |
| Employee-related liabilities | 39.2 | 40.6 |
| Payables arising on acquisition of assets | 2.5 | 2.2 |
| Other payables(1) | 40.4 | 42.3 |

(1) Especially amounts owed for trade discounts granted to Group customers as part of its distribution business.

### *Maturity of other liabilities*

| (€ millions) | Total | Less than 1 year | Between 1 and 5 years | More than 5 years |
|---|---|---|---|---|
| At 31 December 2017 | | | | |
| Trade payables | 386.0 | 386.0 | - | - |
| Other payables | 121.7 | 121.7 | - | - |
| At 31 December 2016 | | | | |
| Trade payables | 378.4 | 378.4 | - | - |
| Other payables | 122.8 | 122.8 | - | - |

# Note 20
## Personnel expenses

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Personnel expenses | | |
| Wages and salaries | (208.2) | (212.5) |
| Employee and employer social security contributions | (52.5) | (54.3) |
| Costs of temporary staff | (8.2) | (9.5) |
| Other components of compensation | (7.1) | (7.2) |
| Impact of provisions for pension benefit obligations | 0.6 | (3.5) |
| TOTAL | (275.4) | (287.0) |

Total compensation paid to corporate officers in 2017 represents €0.64 million.

# Note 21
## Other selling, general and administrative expenses

| (€ millions) | 2017 | 2016 |
|---|---|---|
| External expenses(1) | (220.5) | (227.9) |
| Depreciation and amortisation of property, plant and equipment and intangible assets | (19.1) | (20.4) |
| Net (additions to) reversals of provisions(2) | (0.1) | (0.6) |
| Other recurring income (expense) from operations | (1.5) | 3.8 |
| TOTAL | (241.2) | (245.1) |

(1) As indicated in Note 2B18, this caption includes all of the Group's logistics, general, sales and marketing costs, as well as subcontracting costs.

(2) Excluding the net impact of provisions for pension benefit obligations included in personnel expenses (see Note 20 above) and excluding the net impact of provisions for inventories presented at the level of gross margin in accordance with the calculation method described in Note 2B18.

# Note 22
## Other operating income and expenses

| (€ millions) | 2017 | 2016 |
|---|---|---|
| **Other operating income** | | |
| Gains on disposal of property, plant and equipment and intangible assets[1] | 6.0 | 1.9 |
| Other revenues | 0.5 | - |
| Sub-total | 6.5 | 1.9 |
| **Other operating expenses** | | |
| Impairment losses on goodwill[2] | (6.0) | - |
| Impairment losses on intangible assets and property, plant and equipment[2] | (0.1) | (2.0) |
| Net restructuring expenses[3] | (17.3) | (21.1) |
| IPO and refinancing costs[4] | (9.6) | (2.3) |
| Other items, net | - | (3.3) |
| Sub-total | (33.0) | (28.7) |
| **TOTAL** | **(26.5)** | **(26.8)** |

*(1)* Sale & leaseback arrangements in the UK and Latvia (see Note 1).
*(2)* See Notes 1, 4 and 6 for a breakdown of impairment losses recognised.
*(3)* These expenses mainly concern restructuring costs in the UK and in Nordic and Benelux countries.
*(4)* Consulting fees, commissions and expenses incurred in connection with the operations described in Note 1.

# Note 23
## Net financial income (loss)

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Net interest expense | (14.9) | (15.3) |
| Other income and expenses included in cost of debt[1] | (7.2) | (7.6) |
| Net foreign exchange gains (losses) | (0.4) | (2.5) |
| **Cost of net debt** | **(22.5)** | **(25.4)** |
| Other banking charges and financial commissions | (2.9) | (2.8) |
| **Other financial income and expenses, net** | **(2.9)** | **(2.8)** |
| **NET FINANCIAL LOSS** | **(25.4)** | **(28.2)** |

*(1)* This caption includes fees incurred to arrange financing agreements which are capitalised and then gradually included in the amortised cost of the related liability, representing an expense of €2.3 million for both 2017 and 2016. It also includes borrowing and factoring fees.

# Note 24
## Foreign exchange gains and losses

Foreign exchange gains and losses recognised in the income statement can be analysed as follows:

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Sales and other operating income (loss) | (0.5) | 0.9 |
| Purchases and other operating expenses | 1.6 | - |
| Cost of net debt | (0.4) | (2.5) |
| **FOREIGN EXCHANGE GAINS (LOSSES)** | **0.7** | **(1.6)** |

The exchange rates of the main currencies used by the Group are as follows:

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Closing rate | | |
| Pound sterling | 0.89 | 0.86 |
| Chilean peso | 737.29 | 704.95 |
| Swiss franc | 1.07 | 1.17 |
| US dollar | 1.20 | 1.05 |
| Average rate | | |
| Pound sterling | 0.88 | 0.82 |
| Chilean peso | 732.33 | 742.42 |
| Swiss franc | 1.11 | 1.09 |
| US dollar | 1.13 | 1.11 |

# Note 25
## Income tax

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Current taxes | (5.8) | (6.5) |
| Deferred taxes | 1.4 | 2.4 |
| INCOME TAX BENEFIT (EXPENSE) | (4.4) | (4.1) |

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Operating income | 39.3 | 37.6 |
| Net financial loss | (25.4) | (28.2) |
| Pre-tax income from continuing operations | 13.9 | 9.4 |
| Standard tax rate in France[1] | 34.4% | 34.4% |
| Effective tax rate for the Group | 31.7% | 43.6% |
| Theoretical tax expense (i) | (4.8) | (3.2) |
| Actual tax expense (ii) | (4.4) | (4.1) |
| DIFFERENCE (ii-i) | 0.4 | (0.9) |
| This difference can be analysed as follows: | | |
| Difference between the standard rate in France and the rates applicable in other tax jurisdictions | 3.1 | 2.6 |
| Permanent differences related to impairment losses recognised on goodwill | (1.6) | - |
| Impact of non-taxation of asset disposals | 0.6 | - |
| Other permanent differences | (1.1) | (1.7) |
| Recognition/(non-recognition) of deferred tax assets[2] | (4.9) | (5.3) |
| Tax saving on unrecognised prior-year tax losses | 2.5 | 3.2 |
| Other items[3] | 1.8 | 0.4 |
| DIFFERENCE | 0.4 | (0.9) |

*(1)* The French finance law passed at the end of 2016 includes a provision that lowers this rate as from 2016.

*(2)* Tax losses for the period and deductible temporary differences that could not be recognised as deferred tax assets represented a negative tax impact of €3 million, as in 2016.

*(3)* In 2017, as in 2016, this caption includes a negative €1 million corresponding to the levy based on companies' "value added" (CVAE) (see Note 2B26).

# Note 26
## Analysis of cash flows

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Depreciation, amortisation and provisions | | |
| Impairment losses on goodwill | 6.0 | - |
| Depreciation and amortisation of property, plant and equipment and intangible assets, net | 19.2 | 23.2 |
| Net additions to (reversals of) other provisions | (12.2) | (3.0) |
| **NET ADDITIONS TO DEPRECIATION, AMORTISATION AND PROVISIONS** | **13.0** | **20.2** |
| Disposal (gains) and losses | | |
| Proceeds from disposals of property, plant and equipment and intangible assets | (6.0) | (1.9) |
| Other disposals | (0.5) | - |
| **DISPOSAL (GAINS) AND LOSSES** | **(6.5)** | **(1.9)** |
| Change in operating working capital | | |
| Inventories | (10.6) | 9.0 |
| Trade receivables | 10.3 | 11.6 |
| Trade payables | 14.5 | (26.0) |
| Other receivables | (1.6) | 1.0 |
| Other payables | (3.9) | (12.0) |
| **CHANGE IN OPERATING WORKING CAPITAL** | **8.7** | **(16.4)** |
| Net impact of changes in scope of consolidation[1] | | |
| Acquisition in Ireland | (1.7) | - |
| Acquisition in Norway | (2.1) | - |
| Other acquisitions and disposals | 0.7 | (2.1) |
| **NET IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION** | **(3.1)** | **(2.1)** |

(1) The majority of the price for the two European acquisitions carried out in late 2016 and described in Note 3 was paid in 2017, while the Peruvian acquisition was paid in 2016.

# Note 27
## Segment information

### *27a - Segment analysis of the 2017 income statement*

| (€ millions) | Main European Geographies | Rest of Europe | Rest of the World | Total |
|---|---|---|---|---|
| **Sales** | **1,203.0** | **944.6** | **229.8** | **2,377.4** |
| Gross margin | 273.1 | 245.0 | 64.3 | 582.4 |
| EBITDA | 41.9 | 32.8 | 9.7 | 84.4 |
| Current operating income | 34.0 | 26.4 | 5.4 | 65.8 |
| Operating income (loss) | 25.4 | 14.9 | (1.0) | 39.3 |

### Reconciliation of 2017 EBITDA

| (€ millions) | Main European Geographies | Rest of Europe | Rest of the World | Total |
|---|---|---|---|---|
| **Current operating income** | **34.0** | **26.4** | **5.4** | **65.8** |
| Less depreciation and amortisation | 7.5 | 8.5 | 3.1 | 19.1 |
| Less additions to provisions, net of reversals | 0.4 | (2.1) | 1.2 | (0.5) |
| **EBITDA** | **41.9** | **32.8** | **9.7** | **84.4** |

## 27b - Segment analysis of the 2016 income statement

| (€ millions) | Main European Geographies | Rest of Europe | Rest of the World | Total |
|---|---|---|---|---|
| **Sales** | **1,258.0** | **973.5** | **227.0** | **2,458.5** |
| Gross margin | 287.2 | 248.7 | 60.6 | 596.5 |
| EBITDA | 45.1 | 33.4 | 9.7 | 88.2 |
| Current operating income | 36.3 | 22.5 | 5.6 | 64.4 |
| Operating income | 21.6 | 9.5 | 6.4 | 37.6 |

### Reconciliation of 2016 EBITDA

| (€ millions) | Main European Geographies | Rest of Europe | Rest of the World | Total |
|---|---|---|---|---|
| **Current operating income** | **36.3** | **22.5** | **5.6** | **64.4** |
| Less depreciation and amortisation | 8.9 | 8.7 | 2.8 | 20.4 |
| Less additions to provisions, net of reversals | (0.1) | 2.2 | 1.3 | 3.4 |
| **EBITDA** | **45.1** | **33.4** | **9.7** | **88.2** |

## 27c - Other segment disclosures at 31 December 2017

| (€ millions) | Main European Geographies | Rest of Europe | Rest of the World | Holding companies and eliminations | Total |
|---|---|---|---|---|---|
| **Assets and liabilities** | | | | | |
| Non-current assets | 105.5 | 75.2 | 48.8 | 20.7 | 250.2 |
| Working capital requirements | 46.3 | 87.6 | 41.5 | 8.2 | 183.6 |
| Provisions | 39.3 | 12.0 | 5.0 | 4.8 | 61.1 |
| **Cash flow** | | | | | |
| Expenditure on acquisitions of property, plant and equipment and intangible assets | 2.5 | 5.7 | 3.0 | 7.9 | 19.1 |
| Depreciation and amortisation for the period, net of reversals | 3.6 | 5.0 | 2.2 | 8.3 | 19.1 |
| Additions to provisions for impairment losses | 1.0 | - | 6.7 | - | 7.7 |
| Reversals of provisions for impairment losses | - | (1.5) | - | - | (1.5) |
| Other additions to (reversals of) provisions | (6.1) | (3.9) | (0.4) | (1.7) | (12.1) |
| **DEPRECIATION, AMORTISATION AND PROVISIONS, NET** | **(1.5)** | **(0.4)** | **8.5** | **6.6** | **13.2** |

## 27d - Other segment disclosures at 31 December 2016

| (€ millions) | Main European Geographies | Rest of Europe | Rest of the World | Holding companies and eliminations | Total |
|---|---|---|---|---|---|
| **Assets and liabilities** | | | | | |
| Non-current assets | 116.5 | 77.8 | 57.1 | 19.8 | 271.2 |
| Working capital requirements | 64.9 | 86.7 | 43.4 | 12.4 | 207.4 |
| Provisions | 45.8 | 23.2 | 5.2 | 7.6 | 81.8 |
| **Cash flow** | | | | | |
| Expenditure on acquisitions of property, plant and equipment and intangible assets | 4.1 | 4.2 | 1.8 | 5.4 | 15.5 |
| Depreciation and amortisation for the period, net of reversals | 4.9 | 5.2 | 2.0 | 8.3 | 20.4 |
| Additions to provisions for impairment losses | 2.0 | - | - | - | 2.0 |
| Reversals of provisions for impairment losses | - | - | (0.3) | - | (0.3) |
| Other additions to (reversals of) provisions | (5.1) | 1.3 | 0.3 | 0.5 | (3.0) |
| **DEPRECIATION, AMORTISATION AND PROVISIONS, NET** | **1.8** | **6.5** | **6.5** | **8.8** | **19.1** |

### *Breakdown of sales by geographical area*

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| United Kingdom & Ireland | 619.3 | 663.3 |
| France | 271.0 | 278.6 |
| Germany & Austria | 312.7 | 316.1 |
| Rest of Europe | 944.6 | 973.5 |
| Rest of the World | 229.8 | 227.0 |
| TOTAL | 2,377.4 | 2,458.5 |

### *Breakdown of sales by business sector*

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Papers | 1,654.5 | 1,745.8 |
| Packaging | 501.6 | 484.7 |
| Visual Communication | 221.3 | 228.0 |
| TOTAL | 2,377.4 | 2,458.5 |

## Note 28
## Related-party transactions

Related parties that control or exercise significant influence over the Antalis Group are Sequana, which is the Group's majority shareholder, and Bpifrance Participations, which is Sequana's majority shareholder and a minority shareholder of Antalis.

Other related parties are entities controlled by Sequana and mainly include the subsidiaries of the Arjowiggins group, one of Antalis' strategic Papers suppliers.

Non-consolidated investments and associates are not material for the Group. Transactions with related parties are generally carried out on an arm's length basis.

The table below shows the impact of related-party transactions on the main consolidated income and cash flow statement items:

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| Sales | 5.8 | 8.7 |
| Purchases and other selling, general and administrative expenses[(1)] | (167.2) | (183.7) |
| Dividends paid | (8.0) | (8.0) |

*(1)* This caption primarily includes the cost of paper purchased from Arjowiggins group subsidiaries. It also includes certain amounts charged by Sequana, particularly under the lease of the Group's head office premises and under a service agreement providing Antalis with specific legal and financial assistance. Amounts charged under these agreements represent a total annual expense of around €4 million.

# Note 29
## Off-balance sheet commitments

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| UNUSED CREDIT FACILITIES | 127.1 | 86.2 |
| COMMITMENTS GIVEN | 338.2 | 351.7 |
| Guarantees of UK pension benefit obligations(1) | 176.7 | 163.6 |
| Other guarantees, deposits and sureties given(2) | 134.4 | 168.0 |
| Commitments to purchase property, plant and equipment, intangible assets and other items | 4.9 | 0.4 |
| Forward purchases of goods for resale and commodities | 22.2 | 19.7 |
| COMMITMENTS RECEIVED | 22.7 | 19.7 |
| Forward sales of goods for resale and commodities | 22.2 | 19.7 |
| Other commitments received | 0.5 | - |

(1) This item notably concerns a guarantee given by Antalis in relation to the pension benefit funding obligations for past and present employees of their UK subsidiaries that are members of the Antalis Pension Scheme (APS). The amount of these guarantees is capped at the lower of 113% of the fund's buyout deficit as estimated at 31 December each year, or GBP 125 million (€140 million at end-2017), of which GBP 36 million (€40 million) are counter-guarantees given by Sequana. The ceiling for this guarantee was reduced from GBP 125 million to GBP 85 million (€96 million) in an amended agreement signed in March 2018. The buyout deficit represents the theoretical amount of the deficit value to be used in the event of the transfer of all of the funds' obligations to an insurance company. No additional guarantees above these amounts may be given to these pension funds without the approval of the Board of Directors of Sequana. Based on the pension fund regulations, the contribution requirements for employer entities, the guarantees given to the trustees by the participating entities and the counter-guarantees given by Sequana, the overall amount of the guarantees currently provided by the Group remains capped at GBP 85 million. It also includes guarantees given by Antalis International and its UK subsidiaries concerning their pension benefit obligations for past and present employees under three other smaller pension schemes (Arjo UK Group Pension Scheme, James McNaughton Paper Group Limited Pension and Insurance Scheme and Modo Merchants Pension Scheme). At 31 December 2017, these guarantees amounted to €32 million.

(2) This item includes the guarantees given by or on behalf of Group subsidiaries within the scope of their commitments under various agreements they have entered into in the normal course of business. These correspond mainly to warehouse or office leases as well as procurement and service agreements related to such areas as logistics. This caption also includes pledges of trade receivables put up as collateral for Antalis' syndicated credit facility until it set up factoring programmes (see Notes 16 and 17).

### *Maturities of off-balance sheet commitments at 31 December 2017*

| (€ millions) | Total | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Unused credit facilities | 127.1 | 127.1 | - | - |
| Commitments given | 338.2 | 62.0 | 79.3 | 196.9 |
| Commitments received | 22.7 | 22.7 | - | - |

### *Maturities of off-balance sheet commitments at 31 December 2016*

| (€ millions) | Total | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Unused credit facilities | 86.2 | 13.4 | 72.8 | - |
| Commitments given | 351.7 | 34.5 | 73.1 | 244.1 |
| Commitments received | 19.7 | 19.7 | - | - |

### Operating leases: future minimum payments (principal)

| (€ millions) | Total | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| At 31 December 2017 | 155.5 | 42.4 | 91.3 | 21.8 |
| At 31 December 2016 | 139.9 | 39.7 | 90.4 | 9.8 |

These operating leases mainly concern warehouses.

At 31 December 2017, future minimum payments under operating leases broke down as €91 million at fixed rates and €64 million at floating rates, compared with €97 million and €43 million, respectively, at end-2016.

Total lease payments recorded in the 2017 income statement amounted to €55 million (2016: €56 million), including €35 million for leased warehouses (2016: €30 million), €11 million for other property leasing arrangements (2016: €11 million), and €9 million for rental costs (2016: €15 million).

### Collateral posted in respect of financing agreements

- In accordance with the obligations under its syndicated credit facility and to secure its existing borrowing commitments, in 2015 Antalis granted a pledge on the shares of certain subsidiaries to the lender banks, in addition to existing pledges, notably on the trade receivables of subsidiaries that are not a party to the factoring agreements.
- These were secured by collateral typically put up for such agreements pursuant to the applicable laws.

### Other operating contingent liabilities

To the best of the Company's knowledge, no Group company has omitted to report any material commitments.

## Note 30
## Headcount

| *Number of employees* | 2017 | 2016 |
|---|---|---|
| **Breakdown by geographical area** | | |
| France | 570 | 604 |
| United Kingdom & Ireland | 1,207 | 1,214 |
| Germany & Austria | 477 | 494 |
| Rest of Europe | 2,111 | 2,208 |
| Rest of the World | 1,196 | 1,106 |
| TOTAL | 5,561 | 5,626 |

## Note 31
## Statutory Auditors' fees

The fees charged to the Group by the Company's Statutory Auditors over the past two financial years are summarised in the following table:

| | PricewaterhouseCoopers Audit | | | | Constantin Associés (Deloitte network) | | | |
|---|---|---|---|---|---|---|---|---|
| | Amount | | % | | Amount | | % | |
| *(€ millions, net of taxes)* | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| **Audit** | | | | | | | | |
| Statutory audit engagement, audit and certification of the individual company and consolidated financial statements | 0.8 | 0.2 | *88.9%* | *100.0%* | 0.3 | - | *100.0%* | *0.0%* |
| Non-audit services | 0.1 | - | *11.1%* | *0.0%* | - | - | *0.0%* | *0.0%* |
| TOTAL | 0.9 | 0.2 | *100.0%* | *100.0%* | 0.3 | - | *100.0%* | *0.0%* |

Statutory audit fees include €0.4 million in fees relating to the listing of Antalis International shares on the Euronext market and the planned high-yield issue.

Non-audit services provided in relation to Antalis International in 2017 primarily relate to a review of the financial statements at 31 March 2017 carried out within the scope of the planned high-yield issue.

# Note 32
## Scope of consolidation

| | Country | % ownership interest | % control |
|---|---|---|---|
| ANTALIS INTERNATIONAL SA | France | Parent company | |
| ANTALIS ABITEK LTDA | Chile | 100 | 100 |
| ANTALIS AB | Sweden | 100 | 100 |
| ANTALIS AG | Switzerland | 100 | 100 |
| ANTALIS AS | Estonia | 100 | 100 |
| ANTALIS A/S | Denmark | 100 | 100 |
| ANTALIS A/S | Norway | 100 | 100 |
| ANTALIS, AS | Slovakia | 100 | 100 |
| ANTALIS ASIA PACIFIC PTE LTD | Singapore | 100 | 100 |
| ANTALIS AUSTRIA GMBH | Austria | 100 | 100 |
| ANTALIS AUSTRALIA PTY LIMITED | Australia | 100 | 100 |
| ANTALIS BOLIVIA SRL | Bolivia | 100 | 100 |
| ANTALIS BOTSWANA (PTY) LIMITED | Botswana | 100 | 100 |
| ANTALIS BV | The Netherlands | 100 | 100 |
| ANTALIS BULGARIA EOOD | Bulgaria | 100 | 100 |
| ANTALIS CADORIT AB | Sweden | 100 | 100 |
| ANTALIS CHILE LTDA | Chile | 100 | 100 |
| ANTALIS DO BRAZIL PRODUTOS PARA A INDUSTRIA GRAFICA LTDA | Brazil | 100 | 100 |
| ANTALIS GMBH | Germany | 100 | 100 |
| ANTALIS GROUP HOLDINGS LIMITED | United Kingdom | 100 | 100 |
| ANTALIS GROUP (PRIVATE UNLIMITED COMPANY) | United Kingdom | 100 | 100 |
| ANTALIS HOLDINGS LIMITED | United Kingdom | 100 | 100 |
| ANTALIS HOLDING SARL | Luxembourg | 100 | 100 |
| ANTALIS HUNGARY KFT | Hungary | 100 | 100 |
| ANTALIS IBERIA SA | Spain | 100 | 100 |
| ANTALIS INVESTMENTS SARL | Luxembourg | 100 | 100 |
| ANTALIS IRELAND LIMITED | Ireland | 100 | 100 |
| ANTALIS JAPAN CO LTD | Japan | 100 | 100 |
| ANTALIS LIMITED | United Kingdom | 100 | 100 |
| ANTALIS NV/SA | Belgium | 100 | 100 |
| ANTALIS OVERSEAS HOLDINGS LIMITED | United Kingdom | 100 | 100 |
| ANTALIS OY | Finland | 100 | 100 |
| ANTALIS PACKAGING ITALIA SRL | Italy | 100 | 100 |
| ANTALIS PARTICIPATIONS | France | 100 | 100 |
| ANTALIS PERU SA | Peru | 100 | 100 |
| ANTALIS POLAND SPOLKA ZOO | Poland | 100 | 100 |
| ANTALIS PORTUGAL SA | Portugal | 100 | 100 |
| ANTALIS SA | Romania | 100 | 100 |
| ANTALIS FRANCE | France | 100 | 100 |
| ANTALIS RESSOURCES ET SERVICES | France | 100 | 100 |
| ANTALIS SOUTH AFRICA PTY LTD | South Africa | 100 | 100 |

| | Country | % ownership interest | % control |
|---|---|---|---|
| ANTALIS SRO | Czech Republic | 100 | 100 |
| ANTALIS VERPACKUNGEN GMBH | Germany | 100 | 100 |
| ANTALIS VERPACKUNGEN GMBH | Austria | 100 | 100 |
| ANTALIS 2000 A/S | Denmark | 100 | 100 |
| ANTALIS (HONG KONG) LIMITED | Hong Kong | 100 | 100 |
| ANTALIS (MALAYSIA) SDN BHD | Malaysia | 100 | 100 |
| ANTALIS (PROPRIETARY) LTD | South Africa | 100 | 100 |
| ANTALIS (SHANGHAI) TRADING CO. LIMITED | China | 100 | 100 |
| ANTALIS (SINGAPORE) PTE LTD | Singapore | 100 | 100 |
| ANTALIS (THAILAND) LIMITED | Thailand | 90 | 90 |
| ANTALOGNE 2 | France | 100 | 100 |
| AS ANTALIS | Latvia | 100 | 100 |
| BRANOPAC CZ SRO | Czech Republic | 100 | 100 |
| DONINGTON PACKAGING SUPPLIES LIMITED | United Kingdom | 100 | 100 |
| ESPACOL LTDA | Colombia | 100 | 100 |
| GMS DISTRIBUIDORA GRAFICA SA | Chile | 100 | 100 |
| GST GRAPHIC SERVICE TEAM LTDA | Brazil | 99.88 | 99.88 |
| INTERPAPEL SA | Mexico | 100 | 100 |
| INVERSIONES ANTALIS HOLDINGS LIMITADA | Chile | 100 | 100 |
| JAMES MCNAUGHTON GROUP LIMITED | United Kingdom | 100 | 100 |
| ANTALIS MACRON GMBH | Germany | 100 | 100 |
| MAP MERCHANT GROUP LIMITED | United Kingdom | 100 | 100 |
| MAP MERCHANT HOLDINGS BV | The Netherlands | 100 | 100 |
| MAP MERCHANT HOLDINGS GMBH | Germany | 100 | 100 |
| MAP MERCHANT SWEDEN AB | Sweden | 100 | 100 |
| OOO MAP MERCHANT RUSSIA | Russia | 100 | 100 |
| OY MAP MERCHANT AB | Finland | 100 | 100 |
| PARKSIDE PACKAGING LIMITED | United Kingdom | 100 | 100 |
| SIMGE ANTALIS | Turkey | 100 | 100 |
| TFM INDUSTRIAL SA | Peru | 70 | 70 |
| UAB ANTALIS | Lithuania | 100 | 100 |
| ZAO MAP UKRAINE | Ukraine | 100 | 100 |
| 1st CLASS PACKAGING LIMITED | United Kingdom | 100 | 100 |

# STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

**Antalis International**

A French joint stock company (*société anonyme*)
8, rue de Seine
92100 Boulogne-Billancourt
France

For the year ended 31 December 2017

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

To the Shareholders of Antalis International SA,

## Opinion

In compliance with the engagement entrusted to us by your sole shareholder, we have audited the accompanying consolidated financial statements of Antalis International SA for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for opinion

### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements section of our report.

### Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

### Emphasis of matter

Without qualifying our opinion, we draw your attention to Note 1 "Significant events of the year and subsequent events" and Note 16 "Debt" to the consolidated financial statements, which describe the agreements in principle signed with the Group's lenders on 29 March 2018 to secure its refinancing arrangements until 31 December 2021 and which state that the full legal documentation of these agreements will be completed during the second quarter of 2018.

### Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

***Recoverable amount of goodwill (see Notes 2B, 4 and 5 to the consolidated financial statements)***

### Description of risk

At 31 December 2017, goodwill represented a net amount of €141 million out of total assets of €1,058 million.

Antalis recognised various amounts of goodwill on external growth transactions carried out over the period. Goodwill corresponds to the difference between (i) the acquisition price plus the amount of any non-controlling interests in the acquired targets measured either at their fair value ("full" goodwill method), or on the basis of the Group's share in the fair value of the identifiable net assets acquired ("partial" goodwill method), and (ii) the fair value of the identifiable assets acquired and liabilities assumed. As indicated in Notes 2B3 and 2B6, it is allocated to cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies developed through the combination, representing the lowest operational level at which the Group monitors the rate of return on investments.

Goodwill is not amortised but is tested for impairment at least once a year at the year-end or more frequently if there is an indication of impairment.

The objective of the impairment test is to ensure that the carrying amount of the tested assets is not higher than their recoverable amount.

The recoverable amount is determined by management by discounting the estimated future cash flows of the activities

to which goodwill is allocated. The measurement of these cash flows relies on numerous estimates and assumptions, including revenue growth rates, the operating margin rate and the discount rate, which can, particularly in the segments in which Antalis operates, fluctuate over time and vary significantly from actual future performance.

We deemed the measurement of the recoverable amount of goodwill to be a key audit matter due to the significant amounts at stake and the high degree of judgement and estimation required from management in a highly volatile economic and financial environment.

### How our audit addressed this risk

We examined the methodology used by management to determine the recoverable amount of goodwill, and assessed its compliance with current accounting standards.

We also performed a critical assessment of the implementation of this methodology and, in particular, carried out the following procedures:

- validated the consistency of the cash-generating units with the cash flow projections;
- gained an understanding of the process for preparing the Antalis four-year business plan as defined by management and presented to the Board of Directors on 13 December 2017;
- obtained the tests prepared by management and reconciled the value of the assets tested with the underlying accounting data;
- compared the cash flows used in the tests with the four-year business plan defined by management and presented to the Board of Directors on 13 December 2017;
- conducted, with the help of our valuation experts, a critical assessment of the methods used to calculate the recoverable amount and assessed the discount rates used;
- assessed the projected future cash flows, in particular the revenue growth rates, based on our knowledge of the relevant business segment and the economic and financial environment in which Antalis operates, and compared them with market data when available.

Lastly, we examined the disclosures provided in the notes to the consolidated financial statements, in particular the information concerning the analyses of the sensitivity of the recoverable amount to variations in the main assumptions used.

## Verification of the information pertaining to the Group presented in the management report

As required by law and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

## Report on other legal and regulatory requirements

*Appointment of the Statutory Auditors*

We were appointed as the Statutory Auditors of Antalis International by decision of the sole shareholder:

- on 21 July 2006 for PricewaterhouseCoopers Audit;
- on 11 May 2017 for Constantin Associés.

As at 31 December 2017, PricewaterhouseCoopers Audit and Constantin Associés were in the twelfth year and the first year of total uninterrupted engagement, respectively, and the first year since the securities of the Group were admitted to trading on a regulated market.

## Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

## Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

### *Objective and audit approach*

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for

the purpose of expressing an opinion on the effectiveness of the internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

## Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit.

We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, 27 April 2018
The Statutory Auditors

**Constantin Associés**
Member of Deloitte Touche Tohmatsu Limited
Thierry Quéron

**PricewaterhouseCoopers Audit**
Stéphane Basset

# Parent company financial statements for the year ended 31 December 2017

The parent company financial statements for the year ended 31 December 2015 and the related Statutory Auditors' report are incorporated by reference into this report.

## STATEMENT OF FINANCIAL POSITION

### *Assets*

| *(€ millions) (amounts shown net)* | *Notes* | 31/12/2017 | 31/12/2016 |
|---|---|---|---|
| Property, plant and equipment and intangible assets | *3* | 29.5 | 30.1 |
| Investments | *4* | 665.5 | 698.4 |
| Total fixed assets | | 695.0 | 728.5 |
| Operating receivables[1] | | 30.4 | 34.5 |
| Other receivables[1] | *5* | 84.5 | 76.2 |
| Cash on hand | | 15.4 | 18.9 |
| Total current assets | | 130.3 | 129.6 |
| Accrual accounts | | 1.5 | 1.5 |
| Unrealised translation losses | | 7.6 | 7.0 |
| TOTAL ASSETS | | 834.4 | 866.6 |
| (1) Of which, due in less than one year | | 114.9 | 110.7 |

### *Equity and liabilities*

| *(€ millions)* | *Notes* | 31/12/2017 | 31/12/2016 |
|---|---|---|---|
| Share capital | | 213.0 | 639.0 |
| Additional paid-in capital | | 50.9 | 50.9 |
| Legal reserve | | 14.6 | 14.6 |
| Other reserves | | 40.4 | 48.5 |
| Retained earnings | | (5.3) | 9.2 |
| Net income (loss) for the year | | 12.0 | (440.6) |
| Regulated provisions | | 21.8 | 23.2 |
| Equity | *6* | 347.4 | 344.8 |
| Provisions for contingencies and losses | *17* | 7.8 | 8.5 |
| Debt | *7* | 196.8 | 237.3 |
| Trade payables | | 32.2 | 20.4 |
| Tax and social security liabilities | | 1.8 | 6.4 |
| Other payables (a) | *8* | 248.3 | 249.1 |
| Total payables[1] | | 479.1 | 513.2 |
| Unrealised translation gains | | 0.1 | 0.1 |
| TOTAL EQUITY AND LIABILITIES | | 834.4 | 866.6 |
| (1) Of which, due in less than one year | | 479.1 | 275.9 |

(a) Mainly Group current accounts.

# INCOME STATEMENT

| (€ millions) | Notes | 2017 | 2016 |
|---|---|---|---|
| Sales | | 63.4 | 63.6 |
| Other operating income (loss) | | (0.3) | 1.2 |
| **Total operating income** | | **63.1** | **64.8** |
| Purchases consumed | | (32.7) | (25.9) |
| Taxes other than income taxes | | (1.3) | (1.5) |
| Personnel expenses | | (4.6) | (12.5) |
| Depreciation, amortisation and provisions | | (8.3) | (8.2) |
| Other operating expenses | | (11.0) | (4.9) |
| **Total operating expenses** | | **(57.9)** | **(53.0)** |
| **Operating income** | *9* | **5.2** | **11.8** |
| Financial income | | 84.1 | 83.8 |
| Financial expenses | | (72.7) | (529.9) |
| **Net financial income (loss)** | *10* | **11.4** | **(446.1)** |
| **Income (loss) before non-recurring items and tax** | | **16.6** | **(434.3)** |
| Non-recurring income | | 40.5 | 3.9 |
| Non-recurring expenses | | (45.1) | (9.8) |
| **Net non-recurring income (expense)** | *11* | **(4.6)** | **(5.9)** |
| **Income (loss) before tax** | | **12.0** | **(440.2)** |
| Income tax benefit (expense) | *12* | - | (0.4) |
| **NET INCOME (LOSS)** | | **12.0** | **(440.6)** |

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

# Note 1
## Significant events of the year and subsequent events

*Antalis International IPO*
In February 2017 the Sequana Group announced its plan to distribute to its shareholders a minority stake in Antalis International. This dividend would result in all Antalis International's' shares being listed on the Euronext Paris regulated market. The corresponding IPO prospectus prepared for this purpose was approved by the French financial markets authority (*Autorité des marchés financiers* – AMF) on 19 May 2017 under number 17-212.

Having also received approval from Sequana's shareholders at the General Meeting, the distribution of 18.3% of Antalis' share capital took place on 12 June 2017. Antalis International, which was converted at the time of the distribution into a joint stock corporation (*société anonyme*), has therefore been listed on the Euronext Paris market since that date.

The direct and indirect costs incurred by Antalis to complete the listing represented a total expense of around €7 million for the period.

*Employee transfers and related service agreement*
In April 2017, the Company signed an agreement with its subsidiary Antalis Ressources et Services pursuant to which all head office employees, representing employees in the Antalis Group's corporate departments, were transferred to Antalis Ressources et Services with effect from 31 May 2017. At this date, a service agreement was signed by the two companies and most of the costs relating to Antalis Ressources et Services employees have since been rebilled to Antalis International. This agreement has no impact on the service agreement between the Company and most of its other subsidiaries, which remains in force under the same terms.

*Sale of Arjowiggins Creative Papers to Arjowiggins*
On 13 April 2017, the Company sold to Arjowiggins all of its shares in Arjowiggins Creative Papers, which employs personnel at the head office of the Creative Papers division. This transaction did not have a material impact on the Group's results.

*Authorisation to reduce the Company's share capital*
On 21 April 2017, Antalis' sole shareholder decided to reduce the share capital of Antalis International from €639 million to €213 million by reducing the par value of its shares from €9 to €3.

*Refinancing of the Group*
Ahead of the maturity of its main financing agreements at the end of 2018 and in line with its IPO, at the end of first-half 2017 Antalis launched a plan aimed at refinancing its syndicated credit facility.

This plan initially took the form of a high-yield bond issue offered at end-June for €325 million but was withdrawn in early July owing to unfavourable market conditions.

The costs incurred in connection with this aborted issue resulted in the recognition of a €2.5 million expense within non-recurring expenses.

The Group continued to seek alternative means of securing its refinancing, which finally led to the signature on 29 March 2018 of an agreement in principle with the lenders of its syndicated credit facility to extend the maturity of the facility through to 31 December 2021. The agreement also revised certain terms and conditions. At the same time, an agreement was signed in respect of the primary factoring programme for European subsidiaries, which also provides the Group with an important source of financing. Its maturity is now aligned with the syndicated credit facility. The legal formalities for these agreements will be completed during the second quarter of 2018. Antalis has therefore secured financing for its liquidity needs and its growth strategy for the next four years.

The costs incurred in connection with the Group's refinancing resulted in the recognition of a total expense of almost €5 million for the Company in the period.

Subsequent events

There have been no material changes in the Group's financial or commercial position since 31 December 2017, other than those mentioned above.

# Note 2
## Summary of significant accounting policies

The parent company financial statements are prepared in accordance with French generally accepted accounting principles based on the General Chart of Accounts as set out in ANC Regulation No. 2016-07 of 4 November 2016 issued by the French accounting standards authority (*Autorité des Normes Comptables*). The Company also prepares consolidated financial statements in accordance with IFRS (International Financial Reporting Standards).

The basic method used to value items recorded in the accounting books is the historical cost method.

The usual accounting conventions have been applied in compliance with the principle of prudence and:

- the going concern principle;
- the consistency principle; and
- the accrual basis principle.

### Accounting policies

*Intangible assets*
Intangible assets are measured at acquisition cost (purchase price plus any ancillary expenses), or at their contributed net carrying amount.

Software is amortised on a straight-line basis, pro rata over a period of one, three or eight years.

IT projects excluding software are amortised on a straight-line basis over eight years (ARIES and SAP projects), or on a straight-line basis over five years (other projects).

The portion of personnel expenses relating to time spent by Antalis International employees on IT projects meeting the capitalisation criteria has been included within assets since 1 January 2006. Independent consultancy fees (along with ancillary expenses such as travel and other miscellaneous costs) incurred on these IT projects are also capitalised as part of the cost of the asset.

*Property, plant and equipment*
Property, plant and equipment are stated at cost (purchase price plus any ancillary expenses), or at their contributed net carrying amount.

Straight-line depreciation is considered to be representative of economic depreciation for property, plant and equipment.

Useful lives are as follows:

- Buildings: 20 years
- Technical facilities: 10 years
- Fixtures and fittings: 10 years
- General facilities: 8 to 10 years
- Office and IT equipment: 3 to 5 years
- Office furniture: 8 to 10 years

*Investments in subsidiaries and associates*

Investments in subsidiaries and associates are initially stated at cost. Where appropriate, acquisition fees are included in the cost of these items.

At regular intervals, and particularly at the date of any inventory, the entity determines the value in use of its investments. If the value in use of an investment is less than its cost, a provision for impairment is recognised. If the value in use of an investment exceeds its cost, no unrealised capital gains are booked.

The value in use of investments in subsidiaries and associates is determined based on enterprise value net of debt, whereas that of operating entities is determined by management based on the present value of future cash flows and, where appropriate, on independent valuation reports. The value in use of non-operating entities equals their net book assets.

If value in use calculated as described above is less than the value of the investment in a subsidiary's net assets, a provision for impairment is booked for the difference in these amounts. If value in use once again exceeds the carrying amount, the provision is written back accordingly.

Related acquisition fees are capitalised with the investments concerned within assets and are subject to accelerated tax depreciation over a period of five years.

Movements in provisions are included within financial income and expenses.

*Cash pooling agreement*

The Company and most of its subsidiaries are parties to a framework agreement pursuant to which cash surpluses are regularly invested with the parent company and pooled in order to meet the Group's day-to-day financing requirements. The resulting current account lending and borrowing positions may be settled at any time. Since the introduction of factoring programmes, certain subsidiaries may carry significant cash surpluses and are constantly lenders with regard to the Company. The cash pooling agreement sets out the interest terms applicable to current account positions based on several different inputs (key lending rates, borrowing costs, etc.).

*Treasury shares*

A liquidity agreement has been set up with Oddo & Cie to improve the liquidity of the Antalis International share and share price stability without distorting the workings of the market. Treasury shares acquired within the scope of the liquidity agreement are recognised at cost within investments and a provision for impairment is booked if their carrying amount is less than the average share price during the last month prior to the reporting date. Any gain or loss on the disposal of treasury shares is recognised in non-recurring income or expense.

*Tax regime*

Between 2002 and 2016, the Company was a member of Sequana's tax consolidation group. Any impacts arising from tax consolidation as permitted by the 1988 French finance law were recognised at the level of Sequana, the parent company of the consolidated group. Antalis International continued to calculate and account for its income tax on a stand-alone basis.

The tax group was modified on 1 January 2013 to allow the taxable earnings of the tax group's French companies (primarily Antalis France) to be directly reallocated to the Company in its capacity as intermediate holding company and head of a sector- specific group.

Sequana's distribution of 18% of its shares held in Antalis in June 2017 led to the exit of Antalis International and of its French subsidiaries from Sequana's tax group with retroactive effect at 1 January. In this regard Sequana filed an advance ruling request with the tax authorities seeking confirmation that the provisions of Articles 223 E and 223 L of the French General Tax Code duly apply to this particular case and thereby allow it to form a tax group composed of Antalis International and Antalis France effective as of 1 January 2017. Pending the authorities' response, the new tax group composed of Antalis International and its French subsidiaries is to be effective as from 1 January 2018.

*Measurement and recognition of financial instruments*

To protect itself against fluctuations in interest and exchange rates, the Company uses interest rate and currency swaps eligible for hedge accounting. The instruments are accounted for using the "net swap" method whereby the Company recognises net interest on the swap separately from interest on the loan.

*Application of ANC Regulation No. 2015-05 of 2 July 2015*

Regulation No. 2015-05 published by the ANC on 2 July 2015 on forward financial instruments and hedging transactions came into force on 1 January 2017. This regulation modifies ANC Regulation No. 2014-03 on the General Chart of Accounts.

The first-time application of this regulation at that date represents a change in accounting policy. The impact on the Company is limited and mainly concerns the recognition of foreign exchange gains and losses on trade receivables and payables. These are now included in operating income as opposed to financial income (loss) previously.

*Estimates and inputs requiring judgement*

The preparation of the parent company financial statements requires management to make certain estimates, evaluations and assumptions that they deem to be both realistic and reasonable. In order to limit uncertainty, these valuations and estimates are reviewed and analysed regularly based on actual data and experience, as well as on other factors deemed relevant in the light of current economic circumstances.

In recent years the highly volatile economic and financial environment has made forecasting for the various businesses especially difficult and actual results may differ from the estimates and related assumptions used. The estimates and assumptions used by the Company may have a material impact on the measurement of financial assets in the financial statements.

# Note 3
## Intangible assets and property, plant and equipment

| *(€ millions)* | 31/12/2016 | Acquisitions | Disposals | Inter-account transfers | 31/12/2017 |
|---|---|---|---|---|---|
| Intangible assets | 91.4 | - | - | 7.6 | 99.0 |
| Intangible assets in progress | 2.9 | 7.8 | - | (7.6) | 3.1 |
| Other property, plant and equipment | 3.4 | - | - | - | 3.4 |
| Total gross amount | 97.7 | 7.8 | - | - | 105.5 |
| Amortisation of intangible assets | (64.2) | (8.4) | - | - | (72.6) |
| Depreciation of other property, plant and equipment | (3.4) | - | - | - | (3.4) |
| Accumulated depreciation and amortisation | *(67.6)* | *(8.4)* | - | - | *(76.0)* |
| CARRYING AMOUNT | 30.1 | (0.6) | - | - | 29.5 |

# Note 4
## Investments

| *(€ millions)* | 31/12/2016 | Increase | Decrease | 31/12/2017 |
|---|---|---|---|---|
| Investments in subsidiaries and associates (see Note 16) | 1,730.9 | 7.5 | (42.6) | 1,695.8 |
| Loans and receivables due from subsidiaries and associates | 18.4 | 0.4 | (2.2) | 16.6 |
| Other | 0.2 | 1.8 | (1.7) | 0.3 |
| GROSS AMOUNT | 1,749.5 | 9.7 | (46.5) | 1,712.7 |
| Impairment of investments in subsidiaries and associates | (1,050.4) | (29.6) | 34.5 | (1,045.5) |
| Impairment of loans and receivables due from subsidiaries and associates | (0.7) | (1.6) | 0.6 | (1.7) |
| *Total impairment* | *(1,050.1)* | *(31.2)* | *(35.1)* | *(1,047.2)* |
| CARRYING AMOUNT | 698.4 | (21.5) | (11.4) | 665.5 |

"Other" essentially concerns treasury shares held by the Company within the scope of the liquidity agreement with Oddo Corporate Finance (see Note 1). At 31 December 2017, the Company held 131,212 treasury shares with a historical value of €0.3 million. Since the average price of these treasury shares at end-December 2017 was greater than their historical cost, no provision was recognised for impairment losses.

### *Movements in investments in 2017*

| *(€ millions)* | |
|---|---|
| **Carrying amount at 31 December 2016** | **698.4** |
| **Investments in subsidiaries and associates** | |
| *Equity interests acquired:* | |
| • Antalis Poland Spolka ZOO (Poland) | 4.7 |
| • Antalis Ressources et Services (France) | 1.3 |
| • Antalis Simge (Turkey) | 1.4 |
| • Other | 0.1 |
| *Disposal of investments:* | - |
| • James McNaughton Ltd (UK) | (42.6) |
| **Loans and receivables due from subsidiaries and associates** | |
| • Antalis Simge (Turkey) | (2.0) |
| • Other | 0.2 |
| **Other investments** | |
| Acquisition of treasury shares | 1.8 |
| Disposal of treasury shares | (1.6) |
| Return of guarantee deposit | (0.1) |
| **Movements in provisions for impairment of investments in in subsidiaries and associates:** | |
| • Antalis SRO (Czech Republic) | (6.8) |
| • Antalis Poland Spolka ZOO (Poland) | (3.6) |
| • Antalis Proprietary Ltd (South Africa) | (8.4) |
| • Antalis Botswana Pty Ltd (Botswana) | (2.5) |
| • Antalis Simge (Turkey) | (1.4) |
| • Map Merchant Holdings BV (Netherlands) | (6.8) |
| • Antalis GmbH (Germany) | 6.8 |
| • Antalis France (France) | 6.6 |
| • Antalis SA (Romania) | 5.1 |
| • Antalis AB (Sweden) | 5.1 |
| • Antalis Asia Pacific (Singapore) | 6.7 |
| • Antalis Hungary Kft (Hungary) | 4.0 |
| **Movements in provisions for impairment of loans and receivables due from subsidiaries and associates:** | |
| • Antalis Austria GmbH (Austria) | (0.2) |
| • Map Merchant OOO (Russia) | (0.6) |
| • Antalis do Brasil Produtos (Brazil) | (0.1) |
| **Carrying amount at 31 December 2017** | **665.5** |

In addition to the adjustment of provisions for impairment of investments at end-2017, the year was also marked by the following transactions:

- 27 April: Increase in the share capital of Antalis Poland Spolka ZOO (Poland) in an amount of PLN 20 million.
- 26 September: Reduction in the share capital of James McNaughton Ltd (UK) in an amount of GBP 33 million.

In accordance with the principle outlined in the section on investments in Note 2, the value of operating subsidiaries and associates is estimated by discounting future cash flows to present value. This method is based around certain assumptions for which the Company needs to use its judgement by factoring in various different inputs. Changes in the values of these inputs from one period to another can result in considerable volatility in the resulting valuations, as has been the case over the past few years.

# Note 5
## Other receivables

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Amounts owed by suppliers, accrued credit notes | 0.7 | 2.5 |
| Tax and social security receivables | 4.1 | 2.3 |
| Group current accounts | 79.7 | 71.4 |
| TOTAL | 84.5 | 76.2 |

### *Maturity of other receivables*

| (€ millions) | Total | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| At 31 December 2017 | | | | |
| Amounts owed by suppliers, accrued credit notes | 0.7 | 0.7 | 0 | 0 |
| Tax and social security receivables | 4.1 | 4.1 | 0 | 0 |
| Group current accounts | 79.7 | 79.7 | 0 | 0 |
| TOTAL | 84.5 | 84.5 | 0 | 0 |
| At 31 December 2016 | | | | |
| Amounts owed by suppliers, accrued credit notes | 2.5 | 2.5 | 0 | 0 |
| Tax and social security receivables | 2.3 | 2.3 | 0 | 0 |
| Group current accounts | 71.4 | 71.4 | 0 | 0 |
| TOTAL | 76.2 | 76.2 | 0 | 0 |

### *Change in current account receivables*

| (€ millions) | 31/12/2016 | Increase | Decrease | Change | 31/12/2017 |
|---|---|---|---|---|---|
| Group current accounts | 141.2 | 0 | 0 | 11.2 | 152.4 |
| GROSS AMOUNT | 141.2 | 0 | 0 | 11.2 | 152.4 |
| Impairment | (70.7) | (2) | 0 | 0 | (72.7) |
| CARRYING AMOUNT | 70.5 | (2) | 0 | 11.2 | 79.7 |

# Note 6
## Statement of changes in equity

| (€ millions) | Number of shares issued | Share capital | Additional paid-in capital | Reserves: Legal reserves | Reserves: Tax-regulated reserves | Reserves: Other reserves | Retained earnings | Net income (loss) for the year | Regulated provisions | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Equity at 1 January 2016** | **71,000,000** | **639.0** | **50.9** | **13.9** | **0.5** | **51.9** | **(77.9)** | **91.8** | **24.0** | **794.1** |
| Allocation of 2015 net income | - | - | - | 0.7 | - | 4.0 | 87.1 | (91.8) | - | - |
| Dividends distributed | - | - | - | - | - | (8.0) | - | - | - | (8.0) |
| Net loss for 2016 | - | - | - | - | - | - | - | (440.5) | - | (440.5) |
| Other changes in the period | - | - | - | - | - | - | - | - | (0.8) | (0.8) |
| **Equity at 31 December 2016** | **71,000,000** | **639.0** | **50.9** | **14.6** | **0.5** | **48.0** | **9.2** | **(440.6)** | **23.2** | **344.8** |
| Allocation of 2016 net loss | - | - | - | - | - | - | (440.6) | 440.6 | - | - |
| Reduction in share capital[1] | - | (426.0) | - | - | - | - | 426.0 | - | - | - |
| Dividends distributed | - | - | - | - | - | (8.0) | - | - | - | (8.0) |
| Net income for 2017 | - | - | - | - | - | - | - | 12.0 | - | 12.0 |
| Other changes in the period | - | - | - | - | - | - | - | - | (1.4) | (1.4) |
| **Equity at 31 December 2017** | **71,000,000** | **213.0** | **50.9** | **14.6** | **0.5** | **39.9** | **(5.3)** | **12.0** | **21.8** | **347.4** |

(1) See Note 1.

# Note 7
## Debt

### *Debt at 31 December 2017*

| (€ millions) | Total | Due in 1 year or less | Due in more than 1 year |
|---|---|---|---|
| Syndicated credit facility[1] | 192 | 192 | - |
| Short-term bank borrowings and overdrafts | 0.1 | 0.1 | - |
| Other | 4.7 | 4.7 | - |
| **TOTAL** | **196.8** | **196.8** | **-** |

(1) The maturity shown for the syndicated credit facility does not take into account the extended maturity through to end-2021 negotiated by the Group after the end of the reporting period (see Note 1). At the reporting date, the maturity of this facility from a legal standpoint was still 31 December 2018.

### *Debt at 31 December 2016*

| (€ millions) | Total | Due in 1 year or less | Due in more than 1 year |
|---|---|---|---|
| Syndicated credit facility | 237.3 | - | 237.3 |
| **TOTAL** | **237.3** | **-** | **237.3** |

# Note 8
## Other payables

### *Other payables at 31 December 2017*

| *(€ millions)* | Total | Due in 1 year or less | Due in more than 1 year |
|---|---|---|---|
| Payable to customers, accrued credit notes | 0.1 | 0.1 | - |
| Group current accounts[1] | 248.2 | 248.2 | - |
| TOTAL | 248.3 | 248.3 | - |

(1) See Note 14.

### *Other payables at 31 December 2016*

| *(€ millions)* | Total | Due in 1 year or less | Due in more than 1 year |
|---|---|---|---|
| Payable to customers, accrued credit notes | 0.1 | 0.1 | - |
| Group current accounts[1] | 249.0 | 249.0 | - |
| TOTAL | 249.1 | 249.1 | - |

(1) See Note 14.

# Note 9
## Operating income (loss)

Operating expenses primarily include overheads relating to the Antalis International holding company, namely payroll costs relating to employees at the Group's head office, including executive management and employees in corporate departments (legal, HR, finance, etc.) as well as marketing, purchasing and IT departments, part of which falls under head office functions. Since May 2017, these costs have been rebilled to the Company by Antalis Ressources et Services, which is the new employer of these staff (see Note 1).

Operating income results chiefly from rebilling the large majority of the aforementioned costs to Group subsidiaries under a "management fee" service agreement. In the context of head office trade negotiations with suppliers considered strategic to the Group's distribution business, the Company bills these suppliers listing fees which represent a significant portion of its sales. In the consolidated financial statements, this income item is accounted for as a deduction from amounts purchased from these suppliers by subsidiaries.

# Note 10
## Net financial income (loss)

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Dividends received | 14.1 | 8.3 |
| Interest income receivable from third parties | - | - |
| Interest income receivable from Group entities | 10.6 | 10.1 |
| Interest expense payable to third parties | (13.1) | (9.2) |
| Interest expense payable to Group entities | (2.8) | (5.2) |
| Reversals of provisions for impairment of investments and loans | 34.5 | 15.7 |
| Additions to provisions for impairment of investments and loans | (32.5) | (462.4) |
| Reversals of provisions for foreign exchange gains and losses | (0.6) | 6.8 |
| Additions to provisions for foreign exchange gains and losses | - | (7.0) |
| Fees on borrowings | - | (2.0) |
| Foreign exchange gains | 24.9 | 42.8 |
| Foreign exchange losses | (23.7) | (44.0) |
| **Net financial income (loss)** | **11.4** | **(446.1)** |

# Note 11
## Net non-recurring income (expense)

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Income on disposals of non-current assets | 0.7 | 1.0 |
| Carrying amount of non-current assets sold | (7.0) | (3.8) |
| Reversals of provisions for contingencies and losses[1] | 1.4 | 0.8 |
| Additions to provisions for contingencies and losses[1] | (0.2) | (1.5) |
| Reversals of accelerated tax depreciation and amortisation | 2.6 | 2.0 |
| Additions to accelerated tax depreciation and amortisation | (1.2) | (1.3) |
| Debt write-offs granted | - | (3.3) |
| Other non-recurring income | 0.1 | 0.2 |
| Other non-recurring expenses[2] | (1.0) | - |
| **Net non-recurring expense** | **(4.6)** | **(5.9)** |

(1) Includes the €7 million loss on the disposal of James McNaughton Ltd (see Note 4).
(2) Concerns the indemnity in respect of the lease of the Levallois site and the BIC seller's warranty.

# Note 12
## Income tax

| (€ millions) | 2017 | 2016 |
|---|---|---|
| Income (loss) before tax | 12.0 | (440.2) |
| Income tax | - | (0.4) |
| **NET INCOME (LOSS)** | **12.0** | **(440.6)** |

In light of the Company's stand-alone taxable results in 2017 (close to break-even), income tax due is not material. In 2016, income tax expense was calculated based on the tax consolidation group existing at that date (see Note 2).

# Note 13
## Compensation of corporate officers

Total compensation paid to corporate officers in 2017 as from the date of the Company's IPO represents €0.6 million.

# Note 14
## Related companies

Related parties that control or exercise significant influence over the Antalis Group are Sequana, which is Antalis International's' majority shareholder, and Bpifrance Participations, which is Sequana's majority shareholder and a minority shareholder of Antalis. The Company's financial statements are fully consolidated by Sequana.

Other related parties are entities controlled by Sequana and mainly include the subsidiaries of the Arjowiggins group, one of Antalis' strategic Papers suppliers.

Transactions with related parties are generally carried out on an arm's length basis.

The table below shows the impact of related-party transactions on the main income statement and statement of financial position items:

| *(€ millions)* | 2017 | 2016 |
|---|---|---|
| **Assets and liabilities** | | |
| Loans | 15.0 | 17.7 |
| Operating receivables | 16.7 | 27.7 |
| Other receivables[1] | 79.7 | 71.4 |
| Operating payables | 20.9 | 11.2 |
| Other payables[1] | 248.2 | 249 |
| **Income statement** | | |
| Net financial income | 7.8 | 4.9 |
| Income from investments in subsidiaries and associates | 14.1 | 8.3 |

(1) Mainly cash current accounts with Antalis Group subsidiaries.

# Note 15
## Off-balance sheet commitments

| (€ millions) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| COMMITMENTS GIVEN | 291.9 | 287.2 |
| Guarantees of UK pension benefit obligations(1) | 176.7 | 163.6 |
| Joint guarantees and other first call guarantees given(2) | 115.2 | 123.6 |

(1) This item notably concerns guarantees given by Antalis in relation to the pension benefit funding obligations for past and present employees of UK subsidiaries that are members of the Antalis Pension Scheme (APS). The amount of these guarantees is capped at the lower of 113% of the fund's buyout deficit as estimated at 31 December each year, or GBP 125 million (€140 million at end-2017), of which GBP 36 million (€40 million) are counter-guaranteed by Sequana. The ceiling for these guarantees was reduced from GBP 125 million to GBP 85 million (€96 million) in an amendment signed in March 2018. The buyout deficit represents the theoretical amount of the deficit value to be used in the event of the transfer of all of the funds' obligations to an insurance company. No additional guarantees above these amounts may be given to these pension funds without the approval of the Board of Directors of Sequana. Based on the pension fund regulations, the contribution requirements for employer entities, the guarantees given to the trustees by the participating entities and the counter-guarantees given by Sequana, the overall amount of the guarantees currently given by the Group remains capped at GBP 85 million.

(2) This item also includes guarantees given by Antalis International and its UK subsidiaries concerning the pension benefit obligations for past and present employees under three other smaller pension schemes (Arjo UK Group Pension Scheme, James McNaughton Paper Group Limited Pension and Insurance Scheme and Modo Merchants Pension Scheme). At 31 December 2017, these guarantees amounted to €32 million.

(3) This item includes the guarantees set up on behalf of Group subsidiaries within the scope of their commitments under various agreements they have entered into in the normal course of business. These correspond mainly to warehouse or office leases as well as procurement and service agreements related to such areas as logistics.

### Collateral posted in respect of financing agreements

In accordance with the obligations under its syndicated credit facility and to secure its existing borrowing commitments, in 2015 Antalis International granted a pledge on the shares of certain subsidiaries to the lender banks, in addition to existing pledges.

# Note 16
## Treasury management – Financial instruments

The authorised borrowing limit for Antalis' syndicated credit facility is €310 million following the payment of €200 million out of the proceeds of the factoring programme set up for certain subsidiaries in 2015 and the contractual repayment of €5 million on 31 December 2015.

New factoring programs now provide the Antalis Group with two distinct sources of secure funding as the maturities of most of the factoring agreements were aligned with the 31 December 2018 syndicated credit facility payment milestone. However, both the factoring agreements and the credit facilities still require Antalis to comply with a certain number of conditions and covenants, especially ratios that are tested on a regular basis.

Under the main factoring agreement signed in 2015, the frequency of tests of compliance with the two main covenants and the ratios tested were aligned with those applicable to the syndicated credit facility.

Based on tests carried out in 2017, the Group complied with all of the covenants applicable to the different agreements.

Since the two agreements making up the bulk of its debt mature at 31 December 2018, the Group began to take steps to refinance them during 2017. As indicated in Note 1, this culminated in the signature of two agreements at the end of March 2018 which extended the maturity of the syndicated credit facility through to 31 December 2021, as well as the maturity of the factoring programmes in the main countries concerned. The agreement secured with the lenders of the syndicated credit facility also revised several terms and conditions applicable to the financing, including provisions for:

- more collateral;
- revised conditions for interest payable on amounts drawn down, a portion of which is now gradually capitalised;
- an immediate €25 million reduction in the authorised amount under the credit facility, applying to both the tranches repayable at maturity and the revolving tranche;
- contractual repayments of €10 million per year;
- maintenance of two main covenants based on ratios revised as from the 30 June 2018 test date.

# Note 17
## Provisions

| *(€ millions)* | 31/12/2016 | Additions | Reversals (utilised provisions) | Reversals (surplus provisions) | 31/12/2017 |
|---|---|---|---|---|---|
| Foreign exchange risk | 7.0 | 7.5 | (7.0) | - | 7.5 |
| Lease indemnities – Levallois site | 0.3 | 0.2 | (0.5) | - | - |
| BIC seller's warranty | 1.2 | - | (0.9) | - | 0.3 |
| TOTAL | 8.5 | 7.7 | (8.4) | - | 7.8 |

At 31 December 2017, provisions for contingencies and losses relating to Antalis International chiefly include provisions for foreign exchange losses. At end-2016, they included a provision for a dispute (now reversed) for €1.2 million and outstanding lease payments in respect of the Group's former head office (now expired).

Given the transfer of the Company's employees as described in Note 1, provisions for long-service awards were reversed in full in 2017 for a non-material amount. Off-balance sheet commitments relating to retirement indemnities were also transferred to the new employer.

## Note 18 List of subsidiaries and associates at 31 December 2017

| (€ millions) | Share capital | Equity other than capital before allocation of net income (loss) | % ownership | Carrying amount of investment | | Outstanding loans and advances granted by the Company | Guarantees given by the Company | 2017 net sales | 2017 net income (loss) | Dividends received by the Company during the year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | | | | | | |
| **A) Detailed disclosures for investments with a carrying amount in excess of 1% of the Company's share capital** | | | | | | | | | | | |
| 1 - Subsidiaries (more than 50%-owned by the Company) | | | | | | | | | | | |
| Antalis South Africa (Pty) Ltd (South Africa) | - | 4.6 | 74.90 | 0.6 | - | - | - | 70.8 | 0.8 | - | |
| Antalis NV/SA (Belgium) | 6.0 | - | 53.88 | 57.1 | 3.1 | - | - | 71.9 | (1.0) | - | |
| Antalis SRO (Czech Republic) | 5.7 | - | 100.00 | 22.7 | 8.4 | - | - | 40.7 | (1.1) | - | |
| Antalis McNaughton Ireland (Ireland) | 3.5 | 3.4 | 100.00 | 21.8 | 21.8 | - | - | 44.2 | 1.8 | 0.5 | |
| Antalis Poland Spolka ZOO (Poland) | 15.2 | (3.0) | 100.00 | 62.0 | 20.2 | - | - | 102.4 | (3.4) | - | |
| Antalis Portugal SA (Portugal) | 5.0 | (2.3) | 100.00 | 8.4 | 8.4 | - | - | 23.1 | 0.3 | - | |
| Antalis AG (Switzerland) | 8.5 | 9.3 | 100.00 | 82.0 | 82.1 | - | - | 141.0 | 6.4 | 6.4 | |
| Inversiones Antalis Holdings Ltda (Chile) | 25.4 | 43.8 | 59.13 | 16.7 | 16.7 | - | - | - | (0.9) | - | |
| Antalis GmbH (Germany) | 4.7 | 13.5 | 100.00 | 66.8 | 39.2 | - | - | 157.5 | 4.6 | - | |
| Antalis France (France) | 29.4 | 28.2 | 100.00 | 288.9 | 74.4 | - | - | 280.2 | 0.5 | - | |
| Antalis 2000 A/S (Denmark) | 0.3 | (0.2) | 100.00 | 1.1 | - | - | - | - | - | - | |
| Antalis Group Holdings Ltd (UK) | 676.3 | (481.0) | 100.00 | 676.3 | 182.3 | - | - | - | (0.1) | - | |
| Antalis Proprietary Ltd (South Africa) | - | 25.6 | 100.00 | 25.0 | 5.4 | - | - | - | - | - | |
| Antalis Asia Pacific Pte Ltd (Singapore) | 30.7 | 0.9 | 100.00 | 31.4 | 26.7 | - | - | 7.6 | 1.6 | - | |
| Antalis Packaging Italia SRL (Italy) | 0.1 | 0.4 | 100.00 | 2.4 | 1.3 | - | - | 12.2 | 0.3 | - | |
| Antalis do Brasil Produtos (Brazil) | 10.9 | (11.4) | 99.99 | 15.4 | - | 0.4 | - | 24.2 | (2.2) | - | |
| Map Merchant Holdings BV (Netherlands) | - | 77.2 | 100.00 | 160.9 | 50.7 | - | - | - | 36.7 | - | |
| SC Antalis SC Romania (Romania) | 9.2 | (0.2) | 99.44 | 13.1 | 13.1 | - | - | 18.6 | 0.3 | - | |
| Antalis Hungary Kft (Hungary) | 8.1 | (2.1) | 100.00 | 13.8 | 8.5 | - | - | 23.4 | 0.9 | - | |
| Antalis Botswana Pty Ltd (Botswana) | - | 1.0 | 99.99 | 6.1 | - | - | - | 1.8 | - | - | |
| AS Antalis (Latvia) | 2.3 | 4.8 | 90.70 | 6.6 | 6.6 | - | - | 17.4 | 0.3 | 0.9 | |
| Antalis AB (Sweden) | 4.1 | 0.3 | 100.00 | 25.8 | 25.8 | 5.7 | - | 62.2 | (0.2) | - | |

| *(€ millions)* | Share capital | Equity other than capital before allocation of net income (loss) | % ownership | **Carrying amount of investment** Gross | Net | Outstanding loans and advances granted by the Company | Guarantees given by the Company | 2017 net sales | 2017 net income (loss) | Dividends received by the Company during the year | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Antalis UAB (Lithuania) | 0.7 | 1.9 | 51.09 | 4.8 | 1.7 | - | - | 18.7 | 0.1 | 0.1 | |
| Antalis AS (Estonia) | 0.5 | 12.3 | 100.00 | 14.9 | 14.9 | - | - | 27.6 | 1.0 | 0.2 | |
| Antalis Austria GmbH (Austria) | 5.0 | (8.4) | 100.00 | 27.2 | 8.6 | 3.6 | - | 20.8 | (0.6) | - | |
| Antalis A/S (Denmark) | 0.9 | - | 100.00 | 22.0 | 22.0 | - | - | - | - | - | |
| Antalis Bulgaria EOOD (Bulgaria) | 0.7 | (1.4) | 100.00 | 1.2 | - | - | - | 4.5 | (0.3) | - | |
| Branopac CZ SRO (Czech Republic) | - | 2.8 | 100.00 | 3.3 | 3.3 | - | - | 10.7 | 0.8 | 0.2 | |
| Branopac PACKING CZ SRO (Czech Republic) | - | - | 100.00 | 0.1 | 0.1 | - | - | 0.2 | - | - | |
| Antalis Abitek Ltda (Chile) | 3.8 | 4.1 | 100.00 | 1.4 | 1.4 | - | - | 14.4 | 0.5 | - | |
| Antalis Simge (Turkey) | 5.0 | 1.9 | 100.00 | 12.3 | - | 1.3 | - | 18.5 | 0.5 | - | |
| TFM Industrial SA (Peru) | 0.6 | 0.3 | 100.00 | 2.3 | 2.3 | - | - | 7.3 | 0.4 | - | |
| Antalis Ressources et Services (France) | 1.3 | - | 100.00 | 1.3 | 1.3 | - | - | 9.4 | (1.0) | - | |
| ANTALOGNE2 (France) | | | 100.00 | - | - | - | - | - | - | - | |
| Antalis Investments Sàrl (Luxembourg) | | | 100.00 | - | - | - | - | - | - | - | |
| **2 - Associates (10%- to 50%-owned by the Company)** | | | | | | | | | | | |
| **3 - Other investments (less than 10%-owned by the Company)** | | | | | | | | | | | |

**B) Aggregate data concerning other subsidiaries and associates:**

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1 - Subsidiaries not included in section A:** | | | | | | | | | | | |
| a) French companies | | | | - | - | | | | | | |
| b) Foreign companies | | | | | | | | | | | |
| **2 - Associates not included in section A:** | | | | | | | | | | | |
| a) French companies | | | | - | - | | | | | | |
| b) Foreign companies | | | | - | - | | | | | | |
| TOTAL | | | | 1,695.8 | 650.3 | | | | | | |

# FIVE-YEAR FINANCIAL SUMMARY

| *(€ millions, except employee and per-share data)* | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| **I - Capital at year-end** | | | | | |
| Share capital | 213.0 | 639.0 | 639.0 | 639.0 | 700.0 |
| Number of ordinary shares outstanding | 71,000,000 | 71,000,000 | 71,000,000 | 71,000,000 | 77,776,190 |
| **II - Results of operations (€ millions)** | | | | | |
| Sales | 63.4 | 63.6 | 66.9 | 60.3 | 56.3 |
| Income before tax and non-cash expenses (depreciation, amortisation and provisions) | 16.3 | 14.8 | 16.6 | 24.2 | 27.1 |
| Income tax benefit | - | 0.3 | - | - | 2.2 |
| Income (loss) after tax and non-cash expenses (depreciation, amortisation and provisions) | 12.0 | (440.5) | 91.8 | 33.0 | (292.7) |
| Dividends distributed | 8.0 | 4.0 | 8.0 | 8.0 | 8.0 |
| **III - Per share data (in €)** | | | | | |
| Income after tax but before non-cash expenses (depreciation, amortisation and provisions) | 0.23 | 0.20 | 0.23 | 0.34 | 0.32 |
| Income (loss) after tax and non-cash expenses (depreciation, amortisation and provisions) | 0.17 | (6.20) | 1.29 | 0.46 | (3.76) |
| Net dividend per share | 0.11 | 0.06 | 0.11 | 0.11 | 0.10 |
| **IV - Employee data** | | | | | |
| Average number of employees during the year | 39 | 94 | 76 | 74 | 76 |
| Total payroll | 3.1 | 8.4 | 7.6 | 6.4 | 6.4 |
| Total employee benefits | 1.6 | 4.1 | 3.5 | 3.2 | 3.1 |

# STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.*

Antalis International
A French joint stock company (*société anonyme*)
8, rue de Seine
92100 Boulogne-Billancourt
France

*Statutory Auditors' report on the financial statements*
For the year ended 31 December 2017

To the Shareholders of Antalis International SA,

## Opinion

In compliance with the engagement entrusted to us by your sole shareholder, we have audited the accompanying financial statements of Antalis International for the year ended 31 December 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

## Basis for opinion

*Audit framework*
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the financial statements" section of our report.

*Independence*
We conducted our audit engagement in compliance with the independence rules applicable to us for the period from 1 January 2017 to the date of our report and in particular we did not provide any non-audit services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

*Emphasis of matter*
Without qualifying our opinion, we draw your attention to:

- Note 2 to the financial statements, which describes the impact of the first-time application of ANC (the French accounting standard-setter) Regulation No. 2015-05 of 2 July 2015 on financial instruments.
- Note 1 "Significant events of the year and subsequent events" and Note 16 "Treasury Management – Financial instruments" to the financial statements, which describe the agreements in principle signed with the Group's lenders on 29 March 2018 to secure its refinancing arrangements until 31 December 2021 and which state that the full legal documentation of these agreements will be completed during the second quarter of 2018.

## Justification of assessments – Key audit matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Measurement of investments in subsidiaries and associates (Notes 2, 4 and 18 to the financial statements)

*Description of risk*
At 31 December 2017, investments in subsidiaries and associates totalled a net amount of €650.3 million, after accumulated impairment losses of €1045.5 million and out of total assets of €834.4 million.

Investments are carried in the statement of financial position at cost plus acquisition fees. If the value in use is less than the carrying amount, a provision for impairment is booked for the difference in these amounts. If the value in use then subsequently rises above the carrying amount, the provision is reversed.

As indicated in Note 2, value in use is determined based on the enterprise value, net of debt. The enterprise value of non-operating entities equals their net book assets, whereas that of operating entities is determined by management based on the present value of future cash flows and, where appropriate, on independent valuation reports. These values rely on numerous estimates and assumptions, including revenue growth rates, operating margins and the discount rate, which can, particularly in the segments in which Antalis operates, fluctuate over time and vary significantly from actual future performance.

Measurements are carried out periodically, especially during the inventory.

We deemed the measurement of the value in use of investments to be a key audit matter due to the significant amounts at stake and the high degree of judgement and estimation required from management in a highly volatile economic and financial environment.

*How our audit addressed this risk*
We examined the methodology used by management to determine the value in use of these investments, and assessed its compliance with current accounting standards.

We also performed a critical assessment of the implementation of this methodology and, in particular, carried out the following procedures:

- gained an understanding of process for preparing the Antalis four-year business plan as defined by management and presented to the Board of Directors on 13 December 2017;
- obtained the tests prepared by management and reconciled the value of the securities tested, as well as the amount of net debt at December 31, 2017, with the underlying accounting data;
- compared the cash flows used in the tests with the four-year business plan defined by management;
- reconciled the net assets of non-operating companies with the underlying accounting data;
- conducted, with the help of our valuation experts, a critical assessment of the methods used to calculate the value in use and assessed the discount rates used.
- assessed the projected future cash flows, in particular the revenue growth rates, based on our knowledge of the relevant business segment and the economic and financial environment in which Antalis operates, and compared them with market data when available.

Lastly, we examined the related disclosures provided on investments in subsidiaries and associates in the notes to the financial statements.

## Verification of the management report and of the other documents provided to the shareholders

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French law.

*Information given in the management report with respect to the Company's financial position and the financial statements*
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

*Report on corporate governance*
We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code.

Concerning the information given in accordance with the requirements of Article L.225-102-1 of the French Commercial Code relating to compensation and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by Antalis International from companies controlling it or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information given in accordance with the requirements of Article L.225-37-5 of the French Commercial Code relating to items that the Company deems liable to have an impact in the event of a public cash or exchange offer, we verified the consistency of said information with the underlying documents provided to us. Based on this work, we have no matters to report with regard to this information.

*Other information*
In accordance with French law, we have verified that the required information concerning the acquisition of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

## Report on other legal and regulatory requirements

- Appointment of the Statutory Auditors

We were appointed as the Statutory Auditors of Antalis International by decision of the sole shareholder:

- on 21 July 2006 for PricewaterhouseCoopers Audit;

- on 11 May 2017 for Constantin Associés.

As at 31 December 2017, PricewaterhouseCoopers Audit and Constantin Associés were in the twelfth year and the first year of total uninterrupted engagement, respectively, and the first year since the securities of the Company were admitted to trading on a regulated market.

- Responsibilities of management and those charged with governance for the financial statements

Management is responsible for preparing financial statements presenting a true and fair view in accordance with French accounting principles, and for implementing the internal control procedures it deems necessary for the preparation of financial statements free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless it expects to liquidate the company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems relating to accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

## Responsibilities of the Statutory Auditors relating to the audit of the financial statements

*Objective and audit approach*
Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually

or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgement throughout the audit.

They also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

*Report to the Audit Committee*

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit programme implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that in our professional judgement, were of most significance in the audit of the financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine, 27 April 2018

The Statutory Auditors

**Constantin Associés**
Member of Deloitte Touche Tohmatsu Limited
Thierry Quéron

**PricewaterhouseCoopers Audit**
Stéphane Basset

## ALLOCATION OF NET INCOME

The Company ended 2017 with net income of €12,028,514.14.

The Annual General Meeting of 23 May 2018 resolved to allocate net income as follows:

| Net income for the year | €12,028,514.14 |
|---|---|
| Retained earnings/accumulated losses | €(5,309,328.89) |
| Legal reserve | €335,959.26 |
| Net income available for distribution | €6,383,225.99 |
| Dividend per share | €0.08 |
| Total dividend distributed(1) | €5,680,000.00 |
| Retained earnings | €703,225.99 |

(1) Total dividend calculated on the 71,000,000 shares comprising the share capital.

Using the delegation granted to it by the Annual General Meeting to decide on the date and, more generally, the methods for paying dividends, the Board of Directors set the dividend distribution date at 19 June 2018 at its meeting of 23 May 2018.

Pursuant to Article L. 225-210 of the French Commercial Code, the aforementioned dividend was not paid on the 170,320 treasury shares held at the dividend payment date and the corresponding amounts were therefore allocated to "retained earnings". The total dividend paid on 19 June 2018 came to €5,666,374.40 and an amount of €716,851.59 was allocated to retained earnings.

French law No. 2017-1837 of 30 December 2017 (2018 finance law) introduced changes to dividend taxation. When paid to individuals resident in France for tax purposes, dividends are subject to either (i) a one-time levy at a fixed rate of 12.8%, or (ii) taxation based on the progressive scale following a 40% deduction, at taxpayers' discretion. This option should be chosen when filing tax returns and at the latest before the tax return cut-off date. Social security taxes are also levied on dividends at a rate of 17.2%.

Pursuant to Article 243*bis* of the French Tax Code, the dividends paid by the Company over the last three years were as follows:

| Year | Number of shares carrying dividend rights | Total dividend paid (€) |
|---|---|---|
| 2014 | 71,000,000 | - |
| 2015 | 71,000,000 | 4,000,000(2) |
| 2016 | 71,000,000 | - |

(2) The entire dividend was paid to Sequana, which at that time was the sole shareholder of Antalis International, a legal entity not eligible for the 40% deduction provided for in Article 158-3.2 of the French Tax Code.

The Company has also carried out the following exceptional distributions of reserves out of "Other reserves":

- €7,992,000 on 28 July 2014;
- €4,000,000 on 29 July 2015;
- €4,000,000 on 3 August 2015;
- €4,000,000 on 1 July 2016;
- €8,000,000 on 3 May 2017.

# 5 RISK FACTORS



# Risk factors

Investors are requested to review all of the information presented in this document, including the following section on risk factors, prior to taking a decision to acquire Antalis shares or any other financial instruments issued by Antalis. The risks described are those risks existing at the present time which, in the opinion of Group management and in the event that they crystallise, may have a material adverse impact on Antalis' business, financial position, results or development prospects. Investors should bear in mind that as of the date on which this document was filed, other unidentified risks or risks not deemed by management as constituting a material potential risk to Antalis' business, financial position, results or development prospects may also exist.

The Company has carried out a review of the risks that could have a material adverse impact on its activity, financial situation or results (or its ability to achieve its objectives) and considers that there are no material risks other than those presented below.
The Group has taken measures to contain certain risks and to enhance its risk management procedures. The internal control procedures deployed throughout the Group are described at the end of this chapter.

The risks to which the Group is exposed mainly comprise market risks, financial risks and legal risks. Where possible, the Group insures or hedges all or a portion of these risks.

## Business sector and market-related risks

### *Risks associated with economic conditions and with the paper, packaging and visual communication markets*

Demand for the Group's products and services depends chiefly on advertising and communication investment and on demand from private businesses and government organisations.

Demand for printing and office papers is particularly sensitive to changes in the economic environment. Paper volumes have declined since 2008 due both to the structural decline in demand linked to increased computerisation and the tough business environment. This situation has created new consumer patterns: a reduction by businesses of marketing and communication expenditure against a backdrop of economic crisis, and a reduction in paper usage due to the widespread use of electronic tools and the internet. With the appearance of these new tools in the personal and professional environment, new consumer habits have formed, favouring e-mail and online advertising and communication. These consumption trends are maintained by the increasing ownership and use of personal computers and tablets.

Furthermore, greater awareness of environmental issues has reduced the physical printing of electronic documents (particularly emails), leading to lower demand for office paper.

The structural shrinkage in the paper market is expected to continue in the next few years, though with a less pronounced decline in the office papers segment than in the printing papers segment. Should the decline continue, and should the Group be unable to adapt to new consumer habits to differentiate itself from its competitors and to develop in the packaging and visual communication business sectors, such a trend could have a material adverse impact on the Group.

Demand on the market for the distribution of packaging products and solutions is also linked to changes in gross domestic product and domestic and international trade in the countries in which the Group operates. The development of international trade has resulted in the increasing complexity of assembly lines due to the relocation of production units and the increase in imports of consumer goods. The surge in online sales in the last few years has also generated substantial requirements for packaging products. A slowdown in economic activity, in international trade and in online sales is liable to have a material adverse impact on the Group, its activity, its financial situation, its results, its development or its outlook.

Demand on the market for the distribution of visual communication media is also sensitive to changes in the economic environment and to the level of businesses' advertising and communication expenditure. In the area of interior and exterior decoration, demand is mainly driven by the need for increasingly bespoke products. A slowdown in economic activity and a change in the trend of demand are also liable to have a material adverse impact on the Group, its activity, its financial situation, its results, its development or its outlook.

The Group is particularly vulnerable to the economic situation in Europe, where it generated 90% of its sales in 2017. Any reversal of the economic situation in Europe or any slowdown, could have a material adverse impact on the Group.

### *Risks related to the imminent Brexit*

On 23 June 2016, the United Kingdom organised a referendum on whether or not the UK wished to remain in the European Union (the "Brexit" referendum) and a majority of people voted to leave. On 29 March 2017, the British Government invoked Article 50 of the Lisbon Treaty, signalling its intention to officially leave the EU. Negotiations are currently in progress between the UK and the European Union to determine the nature of their future relations, including trade relations, the freedom to provide services in the EU and similar agreements. The impacts of Brexit will depend on the agreements that the UK negotiates with a view to keeping access to EU markets, either following a transition period, or on a more permanent basis.

Brexit may negatively impact the UK's economic and market conditions at EU and global level and may also accentuate instability in the international financial and currency markets, including volatility in the sterling-euro exchange rate. Brexit may also lead to legal uncertainty and to divergent legislation as the UK determines which EU rules it intends to keep or replace.

Uncertainty over future applicable legislation, regulations and treaties arising from these negotiations, including financial regulations, tax conventions, agreements on free-trade and intellectual property rights, legislation and regulations concerning logistics and supply chains, the environment, security, health and hygiene, labour relations, and any regulations likely to apply to the Group and its subsidiaries, may increase the Group's costs, restrict its access to financing within

the UK, lead to a slowdown in business and, more generally, reduce direct foreign investment into the UK.

Above all, Brexit could have an impact on the activities carried on by the Group in the United Kingdom, particularly as regards its main British subsidiary, Antalis Ltd, which could face a contraction of local demand, which it could mitigate by increasing its market share, improving its product mix or adjusting its costs base. If such actions proved insufficient to offset the decline in sales, this could adversely impact its gross margin and its results.

Moreover, a concerted decline in the value of sterling against the euro over time, or changes to free-trade agreements, may push up the prices of goods that the Group imports for resale. The Group might not be in a position to pass on all such increases in its sale prices, which could have an adverse impact on its gross margin and its results.

Finally, the depreciation of the pound sterling against the euro has an adverse exchange rate impact on the contribution of the United Kingdom to the Group's consolidated income statement, which could worsen if that depreciation increased, particularly since, that country has been the biggest contributor in terms of the Group's sales and EBITDA for several years, accounting for more than a quarter of the Group's consolidated sales in 2017. In addition, the Group's retirement benefit obligations mainly relate to plans benefiting UK staff. The Group's British subsidiaries also represent substantial amounts on the Group's consolidated statement of financial position and off-balance sheet commitments, particularly due to the relative weight of the pension obligations (see Notes 9, 15, and 29 of the notes to the consolidated financial statements appearing in Chapter 4), so that the exchange rate between the pound sterling and the euro also has a material impact on the changes in consolidated equity.

Each of these effects of Brexit, and any others that cannot be anticipated, could have a material adverse impact on the Group's activity.

### *Risks associated with the competitive environment*

The market for the wholesale distribution of papers, packaging products and visual communication media is very competitive and includes international, regional and local players.

In the wholesale paper distribution sector, the Group's main competitors are other distributors whose activity is exclusively similar to the Group's, distributors integrated with producers, paper producers, resellers of office supplies and major equipment manufacturers. The paper distribution sector became very concentrated in Europe from the year 2000 onwards, and that concentration continued in Austria, France and Switzerland in 2016 and early 2017. The Group's competitors generally have a strong presence in a few target regions. Antalis estimates it has around 19% of Europe's paper distribution market in terms of volume and is ranked No. 1 or No. 2 in most countries (see Chapter 1, page 13 *et seq.*).

Some of the Group's competitors may benefit from financial resources that are significantly greater than those of the Group.

It may be the strategy of distributors to pass on increases in the external costs of marketed products in their product sale prices. However, some of the Group's competitors might abandon this strategy, deciding not to maintain their margins in order to gain market share, which could have a material adverse impact on the Group's market share and results and on its ability to retain customers in the future.

The overcapacities in the Papers sector, associated with the decline in volumes of printing and office papers, and the difficult economic circumstances of the last few years, have encouraged certain paper manufacturers, including some of the Group's suppliers, to increase direct sales of certain categories of products to end customers, to the detriment of distributors. This trend became more pronounced in 2014 in Germany, Benelux and France, the main paper distribution markets in Europe. End customers might decide to obtain more supplies directly from manufacturers, which would reduce the outlets for and intensify competition between distributors. The Group's market position is essential in this context. The Group has enhanced and cemented its relations with its strategic suppliers while continuing to leverage the key differentiating factors that set it apart from its competitors, benefiting from its extensive range of high value-added products and solutions and its highly efficient supply chain.

New entrants on the Group's markets could take advantage of the development of new internet communication tools to target some of the Group's customers and thus capture some of its market share. The Group considers that competition from other online trade suppliers could intensify, whether directly or in the marketplace. If the Group failed to develop its online trade distribution channel at an appropriate pace, this competition could result in pressure on the Group's sale prices and a loss of market share. Faced with this threat from new entrants, the Group has developed its internet sales websites since the beginning of the millennium. E-commerce represents a significant and growing proportion of the Group's sales (13.1% of the Group's consolidated sales in 2017).

These various sources of competition force the Group to constantly step-up its competitiveness in order to convince its customers of the quality and added value of its products and associated services. The Group also has to regularly develop new products and services in order to maintain or improve its competitive position. In spite of its efforts, the Group's customers may not recognise the quality and added value of its offering, particularly in comparison with that of its competitors.

Finally, the plans to diversify the Group's activities in new markets for the professional distribution of packaging products and solutions and visual communication media could be affected and slowed down due to competitors already being present on those new markets. Those markets are still very fragmented and the Group is to a large extent competing with local or regional players who have built strong relationships and established local roots. Only a few groups have international coverage.

### *Risks associated with the development of new technologies and changing consumption habits*

The Group's growth and strategies particularly rely on enhancement of the product ranges and high added value services that it has been able to develop. The Group's long-term success depends in part on its ability to identify and integrate market trends and its customers' consumer habits in order to constantly improve and adapt its offers of products and services, and to withstand strong competitive pressure.

The Group considers that certain markets that it addresses would embrace the emergence of new technologies or new processes and it will need to adapt to those new technologies and new processes. Furthermore, existing technologies will have to evolve substantially. These factors could have an impact on production methods or on the quality of products, as well as on the ability of the Group to adapt to new products or markets. This particularly concerns the market for the distribution of visual communication media, where the development of flat screens could replace the cardboard, papers or plastic media marketed by the Group for point-of-sale (POS) advertising and could have a material adverse impact on the Group. In order to remain at all times at the forefront of the sector by anticipating its customers' expectations, the Group must constantly improve its offer of products and services and its logistical know-how. This could

result in an increase in its operating costs or in the necessity to incur significant investment expenses in order to develop new technologies, without any assurance of their profitability. The Group might also have to incur substantial costs to implement such new technologies.

## Risks relating to the Group's activity

### *Risks related to a failure in the Company's information and telecommunication systems*

The Group's activities particularly depend on the effectiveness of its information and telecommunications systems, which support the Group's operational and support functions and its logistical organisation. Failure of, or a significant breakdown in information and telecommunication systems could prevent the Group from processing and preparing customer orders and invoices, or from handling calls from customers or suppliers. If customers could not access price lists and obtain information about product availability, this could affect the Group's sales. The Group also relies on the development of EDI messages to its suppliers and customers to exchange information and process some of its orders.

The Group's competitiveness particularly relies on efficient logistics with delivery on "D + 1" or even on the same day in certain large cities where the Group operates warehouses. Consequently, the Group is exposed to a risk of disruption in its strategic and operating information systems.

Furthermore, the performance and reliability of the Group's websites are crucial in the context of the Group's strategy to develop e-commerce. The Group might be affected by events outside its control (for example, cyber attacks) which are liable to cause interruptions or prolonged slowdowns of its websites or of the servers on which they are hosted. More specifically, service interruptions or slowdowns affecting the Group's websites might reduce their level of use and thus the level of the Group's sales.

To manage this risk, the Group has drawn up contingency plans, set up an in-house team and contracted specialised external service providers to ensure that their information systems and websites work smoothly.

### *Risks of dependency on certain suppliers*

In order to optimise its purchasing terms, the Group has organised its purchases with a limited number of strategic suppliers. The Group has put a dedicated team in place to deal with strategic suppliers, whose primary purpose is to negotiate purchasing terms.

The Group's eleven largest suppliers represented about 53% of its total purchases in 2017 in terms of value. No supplier represented more than 20% in value of the Group's purchases in 2017. Sequana Group subsidiary, Arjowiggins, through its own subsidiaries, accounted for around 8% in value of the Group's purchases in 2017, mainly in the Group's Papers business, particularly in the ranges of recycled papers and creative papers, where the Group sources its products almost exclusively from Arjowiggins. The Group cannot guarantee that its relationships will be maintained or renewed in the future, or that they will be maintained or renewed on equivalent economic and financial terms. Consequently, any lasting breakdown of supplies or significant price increase on the part of the Group's strategic suppliers, including Arjowiggins, and any deterioration or alteration in the relationships with those suppliers, change in their commercial strategy or failure by any of the Group's strategic suppliers, would be liable to have a material adverse impact on the Group.

Thanks to its international presence the Group benefits from a very substantial portfolio of suppliers which could, if necessary, enable it to replace all or part of the products obtained from a defaulting supplier.

In addition, the Group markets certain products under its own brands, and in this context would have more flexibility to make changes to procurement for its products.

The Group's businesses have been granted payment terms by their suppliers that allow them to optimise their working capital. The ability to maintain the payment terms granted by the Group's suppliers is contingent on the level of coverage provided to suppliers by the credit insurance companies and/or on the assessment made by suppliers' credit analysts of the associated risk. This assessment is chiefly based on the economic environment and on the Group's commercial and financial performance. It also considers the businesses' liquidity outlook and timing of repayments. The position of the activities of Arjowiggins or of its parent company, Sequana, can also influence this assessment. Any uncertainty with regard to any of these parameters, such as, for example, the current dispute between Sequana and the BAT group, could adversely affect the risk analyses, and, de facto, the payment terms granted by the suppliers.

A significant and lasting reduction in these payment terms would be liable to have a rapid and materially adverse impact on the Group's liquidity and on its ability to comply with the covenants in its financing agreements (see page 149 "Risks associated with the relative extent of the Group's debts and with restrictive covenants in financing agreements").

### *Risks associated with the international nature of the Group's activities*

The Group is present in certain countries where the political, economic and legal systems are less predictable than in countries with institutional structures that have long been established and which, in some cases, are subject to common rules. In 2017, 90% of the Group's sales were generated in Europe and 10% in the rest of the world.

Consequently, the Group's operations are subject to the local economic, fiscal, monetary, regulatory, operational and political conditions of the countries in which the Group operates. Political, economic or legislative changes affecting the systems in force could have a material adverse impact on the Group's operations in those countries, and consequently on the income generated by the investments made by the Group in its operations in those countries, and on the value of those investments. Investments or supplies in those countries might also be exposed to other risks and uncertainties (for example an unfavourable tax regime, commercial restrictions, inflation, monetary fluctuations or nationalisation). Moreover, currency restrictions in certain emerging countries may prevent the Group from transferring profits or selling on investments made in these countries. Although currently no exchange controls significantly affect the Group in the countries in which it is established, it is not certain that those countries will not introduce such controls in the future.

Furthermore, the Group's activities are sensitive to macro-economic conditions on the markets in which the Group operates.

### *Risks associated with staff retirement benefit commitments*

Some of the Group's employees located abroad (particularly in the United Kingdom and in Switzerland) are registered with funded defined benefits pension schemes. The bodies responsible for protecting the rights of beneficiaries sometimes require a guarantee from employers to secure the funding of these plans.

#### United Kingdom

In particular, the Group's UK pension plans are regularly reviewed in liaison with their independent trustees in order to bring them into line with local regulations.

The most important pension fund in existence within the Group is the Antalis Pension Scheme ("APS").

The participating companies fund the pension scheme in line with a funding plan reviewed every two years with the trustees. Their contributions are based on beneficiary risk and the return on plan assets. The measurement of the funding obligation for UK pension schemes in terms of funded plan assets can depend on the fund's position as well as the ability of the employer(s) (or their guarantors, where applicable) to meet their obligations. The obligations of the companies participating in the APS have, since 2010, been secured by joint and several guarantees from Antalis and Sequana in favour of the trustees responsible for the management of the APS. The amount of these guarantees is capped at the lower of 113% of the fund's buyout deficit as estimated at 31 December each year, or 125 million pounds sterling (€140 million), of which 36 million pounds sterling (€40 million at 31 December 2017) are counter-guarantees given by Sequana. The guarantee ceiling was reduced from 125 million pounds sterling to 85 million pounds sterling (about €96 million) in an amendment signed in March 2018. The buy-out-deficit is determined annually on a unilateral basis by actuaries appointed by the fund trustees. It represents the theoretical amount of the deficit that would be retained in the event of the assignment of all the obligations of the fund to an insurance company (see Note 15 to the consolidated financial statements in Chapter 4, "Financial statements" of this document).

In the case of the APS, the expiry date of these guarantees, which are renewable, is 8 January 2024.

In the United Kingdom there are three other smaller pension funds where the obligations of the participating company (Antalis Ltd) are guaranteed by Antalis, in a maximum amount of 29 million pounds sterling (€33 million as at 31 December 2017).

#### Switzerland

The employees of the Group's Swiss subsidiary (Antalis AG) have the benefit of a savings plan supplemented by the employer (Pensionskasse), where the rights are converted into annuities upon the retirement of employees. Those employees therefore have the benefit of an implied guaranteed return which thus amounts to a defined benefits plan within the meaning of IFRS. The assets are invested with an insurer and are jointly managed by the employer and by staff representative bodies.

At 31 December 2017, the amount of the consolidated net obligation under the defined benefits scheme was valued at €35 million under IFRS (see Note 15 to the consolidated financial statements).

When the amounts owed in respect of benefits upon retirement become due and payable, if the securities put in place or the insurance policies concluded to cover those pension obligations proved to be insufficient or the management of the assets proved to be inadequate, the Group could be obliged to make significant payments in respect of pension benefits.

### *Risks associated with changes to assumptions used for determining the book value of certain assets and liabilities*

Goodwill represents the additional amount paid by the Group upon a business combination, by reference to the fair value of the net assets identifiable on the acquisition date.

At 31 December 2017, the Group's goodwill amounted to €141 million, or 13% of the Group's consolidated balance sheet prepared on that date.

The details of that amount per country and per activity are as follows (see Note 5 to the consolidated financial statements in Chapter 4, "Financial statements"):

| *(€ millions)* | 31.12.2017 | 31.12.2016 |
|---|---|---|
| France | 11.7 | 11.7 |
| United Kingdom | 25.0 | 25.9 |
| Germany/Austria – Industrial packaging | 26.6 | 26.6 |
| Switzerland | 8.5 | 9.3 |
| Central and Eastern Europe | 12.6 | 11.9 |
| Baltic States, Finland, Russia | 24.4 | 24.4 |
| Nordic Countries | 2.5 | 3 |
| South America | 29.8 | 37.4 |
| **Total goodwill** | **141.1** | **149.8** |

In accordance with IFRS, the Group carries out impairment tests on its goodwill at least once a year, the value of tangible and intangible fixed assets only being tested in the event of evidence of loss of value. Based on tests carried out in 2017, the Group recognised impairment totalling €6 million on the value of the goodwill allocated to the South American businesses.

Note 4 to the consolidated financial statements in Chapter 4, "Financial statements" of this document, describes the parameters used by the Group to assess the recoverable value of its assets, such as the discount rate or the operating assumptions used in the preparation of business plans. Similarly, the Group's obligations in respect of defined benefit pension plans are estimated using the actuarial inputs set out in Note 15 to the consolidated financial statements.

At 31 December 2017, deferred tax assets on the Group's consolidated statement of financial position amounted to €8 million. These deferred tax assets are accounted for in the Group's statement of financial position in an amount that the Group considers itself able to recover within a reasonable period, and in any event, before the potential expiry of losses as regards the portion of the deferred tax assets associated with tax loss carryforwards.

### *Risks associated with transportation carried out by third parties*

The Group operates almost all of its central and regional warehouses as a tenant, and subcontracts the majority of the transport used to deliver its products to its customers, with the partial exception of the United Kingdom, as it does not own a fleet of vehicles. Deliveries to customers could be delayed for various reasons such as the insolvency of a service provider, strikes or any other event outside the Group's control. If the

Group's subcontractors failed to deliver the Group's products to its customers in good time, the Group might not be in a position to find alternative transport solutions, and would thus be unable to deliver the logistical service required by its customers.

### *Risks associated with natural disasters*

Disasters affecting the Group's warehouses (for example, fires or earthquakes) would be liable to have a material adverse impact on the Group's ability to supply its customers.

The Group distributes its products from 123 central distribution centres ("CDC") and regional distribution centres ("RDC"). Although the majority of the warehouses have alarm and fire detection systems, the loss of a single warehouse or supply centre as a result of a fire or any other major incident could have a substantial effect on the availability of products for the Group's customers. Due to the fact that the Group's activity is heavily dependent on its warehouses, any natural disaster (for example a snowstorm, tornado, forest fire or flood) affecting any of these warehouses and preventing deliveries would have a material adverse impact on the Group.

### *Risks associated with leases*

Only rarely does the Group own the distribution centres that it uses in the context of its activities.

The Group's success particularly relies on its ability to develop and manage a network of distribution centres that are adequate for its needs and meet its customers' expectations. The Group could be exposed to the risk of non-renewal of its leases or of renewal on terms that are less favourable for the Group, or it could experience difficulties with its landlords when renewing its leases. It is possible that the Group might not be able to extend these agreements and that it might be obliged to abandon the sites or renew the lease agreements on unfavourable terms.

In general, the Group enters into medium/long-term lease agreements (of six to nine years) for its distribution centres. Some of these lease agreements contain very restrictive termination conditions for the Group and it might be impossible for the Group to terminate them without incurring substantial expense or waiting for a long notice period.

## RISKS RELATING TO THE GROUP

### *Risks associated with the relative extent of the Group's debts and restrictive covenants in financing agreements*

#### Risks associated with the Group's debts

At 31 December 2017, the total amount of the Group's debt was €364 million and its net debt after taking available cash into account was €248 million (see Notes 16 and 17 to the consolidated financial statements, appearing in Chapter 4, "Financial statements" of this document). Consolidated equity amounted to €125 million.

The Group's debt could have negative consequences, such as:

- to require the Group to devote a significant part of the cash flow from its operating activities to paying interest on and repaying its debt, thus reducing its ability to allocate available cash to finance its organic growth and make investments, and to other general business requirements. In this respect, agreements were signed at the end of March 2018 regarding the Group's refinancing (see the "Liquidity risk" section of this chapter for a description of the main provisions) the primary consequence of which will be to push up the margin applicable to drawings on the syndicated credit facility;
- to increase the Group's vulnerability to a slowdown in the business or in economic conditions;
- to limit the Group's ability to make investments intended for its organic growth;
- to limit, or even prevent, dividend payments;
- to limit the Group's ability to carry out its external growth policy; and
- to limit the ability of the Group and its subsidiaries to borrow additional funds or to raise capital in the future, and to increase the cost of such additional financing.

Furthermore, the Group's ability to honour its obligations, to pay interest on its borrowings or to repay them in accordance with their terms and conditions, will depend on its future operational performance and could be affected by many factors, some of which are outside the Group's control (economic circumstances, financial market conditions, regulatory developments, etc.).

In the event that it lacks liquidity to service its debt, the Group might be obliged to reduce or defer acquisitions or investments, to sell assets, to refinance its debt or to seek additional financing, and this could have an adverse impact on its gross margin or financial position. The Group might not be in a position to refinance its debt or to obtain additional financing on satisfactory terms.

The Group is also exposed to the risks of fluctuations in interest rates, insofar as the majority of its debt is subject to variable interest rates.

#### Risks associated with restrictive covenants in financing agreements

The syndicated credit facility requires the Group to comply with covenants, in particular financial covenants, and specific ratios. These covenants concern two ratios, which are tested quarterly: the leverage ratio (consolidated net debt/EBITDA) and the interest coverage ratio (consolidated current operating income/consolidated net interest).

Under the contractual terms and conditions applicable at 31 December 2017, covenants for 2017 and 2018 were as follows:

| Test date | Leverage ratio[1] | Interest coverage ratio |
|---|---|---|
| 31/03/2017 | ≤ 4.30 | ≥ 2.30 |
| 30/06/2017 | ≤ 3.30 | ≥ 2.35 |
| 30/09/2017 | ≤ 4.55 | ≥ 2.35 |
| 31/12/2017 | ≤ 3.20 | ≥ 2.35 |
| 31/03/2018 | ≤ 3.95 | ≥ 2.40 |
| 30/06/2018 | ≤ 3.05 | ≥ 2.40 |
| 30/09/2018 | ≤ 4.10 | ≥ 2.45 |

(1) The EBITDA used as the denominator of the leverage ratio tested is that of the last 12 months preceding the test date, adjusted if necessary by the impact of changes in perimeter occurring during the period in question.

Furthermore, the maximum annual amount of intangible and tangible investments is €23 million. Since they entered into force, these covenants have been complied with on all test dates. The agreements signed at the end of March 2018 effective from 31 May regarding the refinancing of the syndicated credit facility (see the "Liquidity risk" section of this chapter) stipulate that the three covenants, tested on the same basis, be maintained until the new expiry date of 31 December 2021. The level of the two ratios tested on a quarterly basis is under review based on the Group's business plan updated to include the foreseeable impact of these agreements on financial expense and debt. The 30 June 2018 test will be the first to take these new revised ratios into account.

The Group will also remain bound by other clauses, among other things limiting its ability:

- to grant loans or advances to Sequana or its affiliates other than commercial loans concluded on normal market terms and in the ordinary course of its commercial activities;
- to contract any debt;
- to provide sureties;
- to pay dividends or make certain payments, in particular by reason of specific limits applicable to cash transfers to Sequana;
- to make certain investments, annual intangible and tangible investments in particular being limited by the above covenant, while the amounts of authorised acquisitions are expressly provided for each year;
- to sell, transfer, assign or lease assets; and
- to merge or combine with other companies.

The majority of such transactions can be authorised, subject to compliance with certain conditions such as limits of amount.

At 31 December 2017 and at the date this document was published, the Group complied with all the contractual conditions to which those transactions were subject.

The restrictions contained in the syndicated credit facility and the contracts relating to the Group's factoring programmes could affect its ability to carry on business and limit its ability to respond to market conditions or to seize commercial or external growth opportunities that present themselves. By way of example, these restrictions could affect the Group's ability to finance the investments of its businesses, to make strategic acquisitions, investments or alliances, to restructure its organisation or to finance its capital requirements. Furthermore, the Group's ability to comply with these restrictive clauses might be affected by events outside its control, such as economic, financial and industrial conditions. If the Group breached its obligations or these restrictions, this could result in a default under the terms of the aforementioned agreements.

In the event of a default that was not remedied or waived, the creditors could terminate their commitment and/or demand that all outstanding amounts become immediately due and payable, or enforce their securities. The cross-default clauses of the Group's other loans might also be activated.

If these risks were to materialise, they could have a material adverse impact on the Group.

### *Risks associated with the Company's dependence on the Sequana Group, the spin-off from the Sequana Group and the adjustments needed to carry out its business autonomously*

At the date of this document, the Group carries on its activities in the context of a group whose parent company, Sequana, provides central support and general administrative functions in areas such as risk management, internal audit and control, IT and telecommunication systems, human resources, cash management and certain accounting, financial, legal and fiscal functions. At the date of this document, if Sequana was no longer able to perform such central support and general administrative functions, the functioning of the Group might be disrupted as a result. The Company would then have to rapidly internalise these functions by recruiting and if necessary using other external service providers, which could give rise to substantial costs, which would, however, be partially offset by the end of the fees paid to Sequana in consideration of the provision of such functions.

The Company's separation from the Sequana Group could generate operational disruption associated with the setting up of the structures necessary for it to function as an independent listed company.

Following the admission of the Company's shares to trading on Euronext Paris, Sequana has continued to provide some of these services to the Group, which does not yet have its own capacity in certain areas, whether for predefined transitional periods or on a continuing basis for as long as Sequana directly or indirectly holds more than 50% of the Company's capital or voting rights (and, if Sequana should cease to hold such a majority stake in the Company, for a transitional period the length of which will be contractually predefined and will vary depending on the services in question).

### *Risks associated with the Sequana Group's significant stake in the Company*

At the date this registration document was published, Sequana held 75.21% of the Company's capital and voting rights. Consequently, Sequana can influence the adoption or rejection of resolutions submitted for the approval of the Company's shareholders at Ordinary and/or Extraordinary General Meetings, and particularly the appointment or dismissal of members of the Board of Directors, approval of the annual financial statements and the distribution of dividends, as well as authorisations to increase the capital, merger or asset contribution transactions, or any other decisions requiring the approval of the Company's shareholders.

It cannot be ruled out that an event might take place which, without directly impacting the Antalis Group, would affect the Sequana Group or its subsidiary Arjowiggins. As long as Sequana remains the main shareholder of Antalis, or as long as its subsidiary Arjowiggins remains a significant supplier of the Antalis Group, such events might indirectly have consequences for the Antalis Group. In particular, this might be the case regarding decisions to be made in the dispute between Sequana and the British American Tobacco Group (see Chapter 3, "Risk management" of the Sequana registration document). However, none of the companies in the Antalis Group are party to that dispute, and they cannot therefore be directly affected by its outcome. That dispute, which only concerns Sequana (and certain directors or employees of Sequana or of the Arjowiggins Group), is currently pending before the Court of Appeal. A decision is expected in the second half of 2018. Neither the outcome of the decision made on appeal nor the potential legal remedies that would then be available to the parties can therefore be prejudged within that period.

If such an event occurred, it could:

- lead strategic suppliers and their credit insurers to revise their positions with regard to the Sequana Group, including Antalis and its subsidiaries, hence pressurizing supplier payment terms;

- cause the Group's banking partners and factoring companies to review their position. The agreements signed in March 2018 regarding the Group's refinancing will enter into force only once full legal documentation has been finalised, which is planned for the second half of 2018. At 31 December 2017, these agreements represented a total authorised amount of almost €500 million and drawings amounted to close to €355 million on the same date;
- cause difficulties of the same nature at Arjowiggins, and consequently, potential procurement difficulties for the Antalis Group; and
- affect the services provided by Sequana to Antalis in the context of the transitional services agreement.

Furthermore, Sequana announced its intention to partially divest through block sales of Antalis shares. It cannot be ruled out that this sale or these sales of Antalis shares on a market with a limited free float could impact Antalis' share price.

Were these sales to lead to the emergence of a new controlling shareholder of Antalis, the company would need to request that its lenders waive the protection in place for such circumstances.

### *Risks related to the loss of key personnel*

The Group's performance and ability to deploy its strategy depend on the efforts, skills and business-specific know-how of its senior executives and key operating managers. The Group's activities could be adversely affected if for any reason a certain number of these directors or key employees were to leave the Group. There may only be a few individuals on the market who have the skills required to occupy these positions and the Group might not be able to replace these key employees with employees with equivalent qualifications on acceptable terms, which could affect its operational performance.

In addition, the Group's future success requires retaining the services of its directors or key employees, and continuing to attract and retain competent personnel. The Group is constantly having to recruit and retain qualified personnel in order to meet the challenges of sustainable growth and enhance its efficiency. The Group constantly reviews its recruitment, compensation and career development policies, and ensures that it attracts and retains competent employees. In certain countries, the Group has put non-competition clauses in place together with specific bonuses to attract and retain key talent. These measures might be ineffective and it is not certain that the Group will not suffer from a shortage of talented staff in the future. This type of shortage could have an adverse impact on the Group's activities, affect the preparation of its business plans and their implementation, and weigh on its long-term profitability.

In addition, in the event that the directors or other key employees joined a competitor or formed a competing business, the Group could lose customers, part of its know-how and the key employees who might follow them.

## MARKET RISKS

All the market risks and market risk hedging strategies described below are described in further detail in Note 17 to the consolidated financial statements.

### *Liquidity risk*

The liquidity risk relates to the business's ability to have financial resources available to meet its obligations.

The Company has carried out a specific review of its liquidity risk, and considers that it is in a position to meet its payment obligations for a period of at least twelve months following the date of this document.

Ahead of the maturity of its main financing agreements at the end of 2018, at the end of first-half 2017, Antalis launched a plan aimed at refinancing its syndicated credit facility and providing it with long-term liquidity to secure the resources it needs for its future growth.

This plan initially took the form of a high-yield bond issue offered at end-June 2017 for €325 million but was withdrawn in early July owing to unfavourable market conditions.

The Group continued to seek alternative means of securing its refinancing, which finally led to the signature on 29 March 2018 of an agreement in principle with the lenders of its syndicated credit facility to extend the maturity of the facility through to 31 December 2021. The agreement also revised certain terms and conditions, in particular:

- the strengthening of pre-existing collateral, including an expansion of the scope of the assets pledged to the lenders (which now represent more than 75% of 2017 consolidated EBITDA;
- revised conditions for interest payable on amounts drawn down, a portion of which is now gradually capitalised;
- an immediate €25 million reduction in the authorised amount under the credit facility, applying to both the tranches repayable at maturity and the revolving tranche;
- contractual repayments of €10 million per year;
- the maintenance of two main covenants based on ratios revised as from the 30 June 2018 test date, as shown in the table below:

| Test date | Leverage ratio | Interest coverage ratio |
|---|---|---|
| 30 June 2018 | ≤ 4.50 | ≥ 2.95 |
| 30 September 2018 | ≤ 5.30 | ≥ 2.75 |
| 31 December 2018 | ≤ 4.30 | ≥ 2.55 |
| 31 March 2019 | ≤ 5.25 | ≥ 2.25 |
| 30 June 2019 | ≤ 4.95 | ≥ 2.25 |
| 30 September 2019 | ≤ 5.70 | ≥ 2.20 |
| 31 December 2019 | ≤ 4.40 | ≥ 2.35 |
| 31 March 2020 | ≤ 4.85 | ≥ 2.40 |
| 30 June 2020 | ≤ 4.50 | ≥ 2.45 |
| 30 September 2020 | ≤ 5.05 | ≥ 2.50 |
| 31 December 2020 | ≤ 4.10 | ≥ 2.55 |
| 31 March 2021 | ≤ 4.65 | ≥ 2.60 |
| 30 June 2021 | ≤ 4.25 | ≥ 2.70 |
| 30 September 2021 | ≤ 4.80 | ≥ 2.80 |

At the same time, an agreement was signed in respect of the primary factoring programme to align its maturity with that of the syndicated facility as factoring arrangements also provide the Group with an important source of financing.

The legal formalities for these agreements were completed during the second quarter of 2018.

Antalis has therefore secured financing for its liquidity needs and its growth strategy for the next four years.

However, negotiations leading up to the 29 March 2018 agreement with the lenders of the syndicated credit facility, which entered into force on 31 May, came after an unsuccessful attempted bond issue, whereas the Sequana Group's significant

stake in the Company and the related risks (as described in this chapter), in particular, in view of Sequana's current dispute with BAT group, led to a certain degree of uncertainty among the Group's financial partners. In this context, the Group recognised that some of its partners wished to divest by selling their stake in the banking syndicate to new entrants which do not necessarily share the historic lenders' approach to partnership.

It cannot be ruled out that these circumstances may have an adverse impact on the discussions and conditions obtained in consideration of the extension of the maturity date of the agreement.

The conditions include, notably, an increase in the cost of credit, which the Group estimates will, upon entering into force and in combination with the agreement regarding factoring programmes, lead to a net annual increase in finance costs of around €10 million in the income statement. However, the impact on the Group's liquidity should be limited to around €3 million each year insofar as a portion of interest under the syndicated credit facility has been deferred to maturity, i.e., to the end of 2021. This represents an increase of around 2% of the Group's average effective financing rate.

This agreement includes revolving lines of credit in a total authorised amount of €310 million at 31 December 2017. Non-compliance, in particular, with the financial covenants and other usual obligations could result in the revolving lines of credit being unavailable and in the early repayment of outstanding amounts.

At 31 December 2017, the amount of the Group's unused lines of credit was €127 million.

Since March 2015, the Group also benefits from a pan-European factoring programme pursuant to which the Group's participating subsidiaries finance their trade receivables using factoring companies, by way of subrogation. The accounting treatment of the factoring programme is specified in Note 16 to the consolidated financial statements in Chapter 4, "Financial statements" of this document.

At 31 December 2017, the receivables concerned represented an amount of about €200 million, for a financing obtained of €165 million.

The arrangement of this factoring programme, which has led to the signature of several contracts with a number of financial partners, met the commitment given by the Company to its lenders pursuant to the syndicated credit facility, in the context of the 2014 plan to refinance the Sequana Group, to put alternative financing in place to reduce their own exposure. The initial €200 million thus obtained have enabled the repayment of that amount to the banks participating in the syndicated credit facility, the maximum authorised amount of which had been reduced to €315 million.

The objective of this programme, apart from optimising the management and recovery of receivables, is to have the necessary cash available to finance its operations and external growth while pursuing its strategy of development and transformation in the medium term.

Since the sums lent by the factoring organisations are secured by trade receivables, the amount and quality of those receivables have a direct impact on the financing available. Even a temporary decline in the Group's activity would inevitably result in a reduction in the amounts due from customers on which the grant of the lines of credit is based, which could, in the event that this decline continued, represent a risk to the Group's liquidity. This would also apply in the event of a significant deterioration in the financial position of Antalis' customers, since it may affect the lenders' assessment of the quality of the receivables. However, this risk is limited due to the major diversification of the Group's customer portfolio and the existence of a programme of credit insurance associated with the main factoring programmes. Nevertheless, a deterioration in the coverage provided by credit insurers in respect of the transferred receivables would also result in a reduction in the amounts due from customers on which the grant of the lines of credit is based, which could, in the event that this decline continued, represent a risk to the Group's liquidity. Furthermore, in the event that the companies concerned failed to comply with their obligations in respect of the factoring programme, the programme might be terminated.

The Group manages the liquidity risk by means of suitable reserves, lines of bank credit and reserve lending facilities, while preparing cash flow forecasts and monitoring actual cash flow against the forecasts, and also trying to achieve the best balance between the maturity profile of assets and financial liabilities. In this context, the Group is dependent on its banks to conduct daily operational transactions such as cash pooling. The desire of one or more of its banks to withdraw from daily transactions could have a material adverse impact on the Group's liquidity.

The main provisions of the Group's existing financing agreements (particularly the covenants imposing compliance with periodically tested financial ratios, default clauses and events of default) are set out primarily in Chapter 4 of this document.

### *Foreign exchange risk*

Each of the Group's subsidiaries concentrates its activity on its domestic market, with rare exceptions (certain subsidiaries deliver to countries in Latin America or Africa where the Group does not have a subsidiary), so that its commercial transactions are all denominated in the currency of the country where it operates, as are the sums that it may lend to or borrow from the Company, so that the exchange rate risk to which each is subject is low.

Antalis holding company is subject to foreign exchange risk principally due to its centralising role in respect of the Group's cash pooling and financing arrangements, which result in it lending or borrowing substantial sums to or from its subsidiaries (particularly in pounds sterling and Swiss francs).

The Group hedges these risks when deemed appropriate, mainly using forward contracts and currency swaps and to a lesser extent, currency options. In this context, the Group is dependent on its banks to enter into hedging transactions. If one or more of its banks decides to withdraw from such hedging transactions, this could have a material adverse impact on the Group's ability to hedge its foreign exchange risk.

The Group's net investments outside the euro zone are exposed to fluctuations in exchange rates against the euro that may impact the Group's assets and liabilities. However, the Group has not put investment hedges in place in respect of these assets and liabilities.

Analyses of sensitivity to exposure to fluctuations in exchange rates, and in particular to the pound sterling, the materialisation of this risk within the Group, the associated hedging methods and the valuation at their fair value of exchange rate risk hedging instruments, are detailed in Note 17c to the consolidated financial statements in Chapter 4, "Financial statements" of this document.

### *Interest rate risk*

Through its financing, the Group is exposed to the risk of fluctuations in interest rates in respect of certain of its debts where the interest rates are indexed to one (1), two (2) or three (3) month interbank rates in Europe or in London for the currency concerned (EURIBOR for the euro and LIBOR for the

US dollar and the pound sterling). At 31 December 2017, the outstanding amount of the Group's debt at variable rates was €355 million and the outstanding amount of its debt at fixed rates or non-interest-bearing loans was €10 million.

Derivatives are used to manage this exposure (essentially interest rate swaps) when appropriate. At 31 December 2017, no such derivatives were outstanding. If necessary, the Group would be dependent on its banks to enter into hedging transactions. If one or more of its banks decides not to enter into such hedging transactions, this could have an adverse impact on the Group's ability to hedge interest rate risks.

Analyses of sensitivity to exposure to fluctuations in interest rates, the materialisation of this risk within the Group, the associated hedging methods and the valuation at fair value of interest rate risk hedging instruments, are detailed in Note 17c to the consolidated financial statements.

### *Credit and/or counterparty risks*

Credit and/or counterparty risk is the risk that a party to a contract concluded with the Group will breach its contractual obligations, resulting in a financial loss for the Group.

The financial assets which could expose the Group to credit and/or counterparty risks are mainly its receivables in respect of customers, suppliers or partners (particularly in the event of default of payment or non-compliance with payment terms), cash flow or cash equivalents, investments and derivative financial instruments. Overall, the book value of the financial assets recorded in the Group's consolidated financial statements at 31 December 2017, net of depreciation, represents the Group's maximum exposure to credit risk.

The Group considers itself to have a very limited exposure to concentrations of credit risk relating to customer receivables. The substantial number and wide dispersal of customers and the credit insurance put in place within the Group mean that problems of concentration of customer risk are not significant at the level of the Group's consolidated statement of financial position.

The Group benefits from annual discounts from its main strategic suppliers, including companies within the Arjowiggins Group, granted in respect of purchases of products made by the Group, and to a lesser extent from contributions to marketing initiatives, which are paid by the suppliers after payment for the products purchased by the Group. The failure of a strategic supplier and its inability to honour these commitments would consequently be liable to have a material adverse impact on the Group.

Furthermore, the Group may enter into hedging contracts (against foreign exchange and interest rate risks) with financial institutions, and currently regards the risk of breach by its counterparties of their obligations to be very low, since the financial exposure of each of those financial institutions is limited.

In view of the Group's current financial situation, its financial investments are either used to invest excess cash drawn down under bank credit facilities or to put up collateral for its subsidiaries. The Group's policy is to only put up financial collateral for subsidiaries in which it has a controlling interest.

More detailed information on credit and/or counterparty risks is given in Note 17c to the consolidated financial statements in Chapter 4, "Financial statements" of this document.

## LEGAL, LITIGATION AND TAX RISKS

### *Risks associated with the applicable regulations and changes therein*

The Group is subject to numerous laws and regulations in France and abroad in relation to its Papers distribution, Packaging products and Visual Communication media activities, particularly as regards labour law, customs law, competition law, consumer and data protection, e-commerce, product liability, advertising, safety standards and reception of the public, as well as being subject to security, health and safety and environmental standards. Specifically, the Group is subject to regulations on the traceability of products and the potential risks of a connection with illegal supplies of wood.

The Group's activities are also subject to environmental regulations, which could have adverse impacts or increase the constraints applicable to the products distributed by the Group, the methods and cost of transporting the products distributed by the Group or the costs of leasing its commercial premises.

Although the Group pays particular attention to compliance with current regulations, it cannot exclude the possibility of any risk of non-compliance. Non-compliance by the Group or some of its partners or suppliers with the regulations could expose it to fines and other criminal or administrative penalties, such as the withdrawal of licences, and could also damage its reputation.

In addition, the Group might have to incur substantial costs in order to comply with changes in the regulations in France and/or abroad, and cannot guarantee that it will always be in a position to adapt its activities and its organisation to such changes within the necessary period of time and at reasonable cost.

It is working towards the implementation of a data protection programme in compliance with the General Data Protection Regulation (GDPR) EU 2016/679 which enters into force on 25 May 2018 in order to comply with these new provisions.

### *Risks associated with competition regulations*

The Group is subject to regulations in the area of competition law, at national and international level, as well as to the rules relating to business ethics, and particularly the prevention of corruption and unfair competition. In markets where the Group has a major presence, these regulations can reduce its operational flexibility and limit its ability to make significant new acquisitions and to implement its growth strategy.

The Group is involved in competition law proceedings (see "Risks associated with legal proceedings and disputes" below). The Group has established a Code of Good Conduct, an anti-trust compliance programme and audit and training initiatives in order to ensure compliance with regulations and impose best practices in terms of compliance with competition rules.

### *Risks associated with legal proceedings and disputes*

In the normal course of their business, Group companies may be involved in a certain number of judicial, administrative, criminal or arbitration proceedings, particularly in commercial matters (mainly associated with the recovery of receivables from customers in financial difficulty or in liquidation), and in labour, civil liability, product liability, competition, intellectual property, tax matters, or in industrial, environmental and discrimination matters.

### Anti-trust practices on the Spanish envelope market

In late 2012 and early 2013, the Spanish Competition Authority handed down two decisions in which it found that Spanish envelope manufacturers had engaged in horizontal cartel arrangements on both the domestic and export envelope markets. Antalis Envelopes Manufacturing SL has paid two fines – for reduced amounts due to the Group's cooperation with the authorities – of €0.5 million and €4.7 million (it was jointly liable with Antalis for paying the second of these amounts).

The other Spanish envelope manufacturers, who received bigger fines, appealed the rulings and the Group joined these appeal proceedings in order to protect its rights.

In the final decision handed down on 23 April 2018 by the Spanish National Commission on Markets and Competition (*Comisión Nacional de los Mercados y la Competencia*), this dispute ended and the fine to be paid by Antalis Group was reduced from €4.7 million to €0.3 million. Proceedings were also brought against certain customers of companies engaged in the cartel arrangements.

In 2015, legal proceedings were also initiated against these other envelope manufacturers by customers who considered that they had suffered harm as a result of the practices which were subsequently sanctioned by the Spanish Competition Authority. Four of these parties initiated proceedings against Antalis and Antalis Envelopes Manufacturing SL in July 2016, to obtain recognition by the Court of the involvement of these entities in the arrangements sanctioned in 2013, without requesting payment of damages. Antalis contends that it was not involved in these arrangements and Antalis Envelopes Manufacturing SL (which has since been liquidated) contends that its involvement was strictly limited to certain elements. The parties have agreed that Antalis was not involved in these arrangements.

### *Risks associated with environmental law and health and safety in the workplace*

The Group is subject to a certain number of laws and regulations on the environment and health and safety in the countries or territories in which it operates. Among other things, these laws and regulations govern the use of recycled materials, the purchase and use of safety equipment, training in safety at work, monitoring of dangers in the workplace and site restoration.

The sector to which the Group belongs is also under increasing pressure from the general public and from local authorities. In particular, it is required to obtain its supplies of papers from forests that are sustainably managed on the basis of a number of certification systems.

On the basis of current information, the Group considers itself substantially in compliance with all the laws and regulations applicable in the areas of the environment and health and safety; however, it may in the future be liable for significant fines, penalties or criminal sanctions for non-compliance with those laws or regulations. In addition, it is not certain that the Group will not in the future incur significant costs and liabilities, or that the adoption of laws, regulations and increasingly restrictive enforcement policies will not give rise to a substantial increase in future costs and liabilities. The expenses incurred to comply with future requirements in the area of regulations, health and safety and the costs associated with potential obligations and demands may have a substantial negative impact on the Group.

In addition, the Group, like others involved in the paper value chain, in particular pays an "eco-contribution" in France based on the tonnage of papers sold each year. The proceeds of this contribution are paid to the State entities responsible for paper recycling. This kind of contribution also exists in other countries where the Group operates. It is possible that this "eco-contribution" will increase in the future, which could result in an increase in marketing costs and/or in a decline in demand for the products marketed by the Group if those increases were passed on in the prices charged to end consumers.

### *Risks associated with taxation and changes thereto*

The Group is subject to complex tax legislation in the various countries in which it is present. In particular, due to its international operations, it is subject to transfer pricing rules, which can be particularly complex and subject to conflicting interpretations. Changes to tax legislation could have material adverse consequences for the Group's tax situation, its effective tax rate or the amount of tax to which it is subject.

In addition, the tax regulations of the various countries where the Group operates could be interpreted in very different ways.

Furthermore, in the normal course of business, Group companies are likely to be subject to tax inspections by the local authorities.

Chilean tax dispute regarding the deduction of goodwill for tax purposes

The merger of three different companies into GMS Productos Graficos Ltda (now known as Antalis Chile Ltda) in June 2006 generated goodwill of €10.7 million. This goodwill was amortised between 2007 and 2012, which resulted in tax savings of approximately €1.8 million.

The Chilean tax authorities consider that this amount is unsubstantiated and have refused to allow it to be deducted for tax purposes. A court decision handed down on 10 May 2016 upheld the tax authorities' position and Antalis lodged an appeal against this decision on 31 May 2016.

A decision was still pending before the competent court as of the date this registration document was published.

## INSURANCE AND RISK MANAGEMENT

### *Group insurance policy*

The Group's policy regarding insurance is coordinated by Sequana's Finance department.

Sequana's worldwide insurance programmes are intended to protect its subsidiaries against any negative operational and financial consequences that might arise in connection with its activities. Every two to three years, the Sequana Group updates the identification and description of insured and insurable risks, in order to ensure that its cover is adequate and competitive. Based on this information, the Finance department negotiates with the major insurance companies to arrange the most suitable insurance to cover the risks affecting its activities.

In general, the arrangement of insurance policies is based on a determination of the level of cover necessary to deal with the occurrence of reasonably estimated liability, damage or other risks. This assessment takes account of the appraisals made by the insurers as the underwriters of the risks. Uninsured risks are those for which no offer of cover exists on the insurance market, for which the offer of insurance comes at a disproportionate cost compared to its potential benefit, or for which the Group considers that insurance cover is not required.

The Group's main insurance policies, taken out with insurance companies with an international reputation, are as follows:

- general civil liability for operations and products, for damage of any kind caused to third parties (personal injury, physical or pure economic damage);
- physical damage to real property and its contents and consequential operating losses (computer equipment, miscellaneous equipment, stocks, etc.);
- operating losses resulting from physical damage;
- damage suffered by employees and/or their personal possessions during business travel;
- damage to goods in transit;
- losses resulting from fraud and/or malicious acts;
- comprehensive environmental liability; and
- liability of directors and corporate officers.

The main insurance programmes are common to each of the operational subsidiaries. They are taken out in Antalis' name on its own behalf and on behalf of its subsidiaries, in the majority of countries where the Group is established. Each of the Company's operational subsidiaries thus benefits from the same terms of cover and amounts of indemnification.

For confidentiality reasons, and due to the structural complexity of the policies in question, the Group does not consider it appropriate to disclose a breakdown of the costs and coverage level for each of the insured risks. However, the following table sets out the maximum amounts covered for the main risk areas.

| *(in millions of euros per claim per year)* | Amount |
|---|---|
| Property damage and business interruption | 200 |
| Civil liability | 65 |

The Group regards its existing insurance cover, including the amounts covered and the insurance terms, as providing it with appropriate protection against the potential risks associated with its business. However, the Group cannot guarantee that it will not suffer any loss, or that no legal action will be brought against it, which is not within the scope of the cover provided by its existing insurance policies.

In the last three years, the Group has not suffered any significant incident resulting in a claim being made under the insurance policies described above.

However, the insurance policies taken out by the Sequana Group contain exclusions, limits of indemnity, sub-limitations for certain risks and excesses which could expose it to adverse consequences in the event of a significant claim or legal action brought against it. Furthermore, the possibility cannot be excluded that in certain cases, the Group may be obliged to pay substantial compensation that is not covered by the insurance policies in place, or may have to incur very significant expenses that are not reimbursed or that are insufficiently reimbursed by its insurance policies.

## *Risk management*

### Internal control and risk management system

#### *Objectives*

The control of risks is carefully monitored by the general management of the Group, in close association with internal control. The Group's risk management and internal control systems rely on a range of resources, procedures and actions intended to ensure that the necessary steps are taken to identify, analyse and control:

- significant risks liable to have an impact on the assets of the business, whether they are of a financial nature (risks that could jeopardise the reliability and transparency of financial information, risks of mistakes or fraud) or of an operational nature (risks arising from the Company's business and that of its subsidiaries);
- significant risks liable to have an impact on the objective of compliance with current laws and regulations and with the internal practices developed within the Group.

#### *Organisational framework*

A major part of the management of risks and internal control is currently monitored by the general management of the Sequana Group. In the context of the admission of its shares to trading on Euronext Paris, Antalis has planned to adopt a similar system.

The risk management and internal control process is now under the direction of the Company's general management. Executive management determines the Group's internal control strategy and oversees the implementation of all the related measures.

Risk management and internal control are constantly managed by the operational and functional departments of the Company and its subsidiaries.

The Internal Audit department now reports to the Chairman and Chief Executive Officer of the Sequana Group. Antalis intends to set up its own Internal Audit department by June 2018 at the latest. The Internal Audit department coordinates the functioning of all audit processes at Group level. It independently assesses the quality of internal control at each level of the Group's organisation and assists general management in assessing the effectiveness of the risk management systems. It monitors the proper application of the procedures implemented and evaluates the compliance with ethical rules and ensures that potential failings are resolved. The Internal Audit department issues a report to the Group's general management and to the general management of the audited unit, together with recommendations, following each task that it carries out.

The other functional departments involved in risk management and internal control are now centralised at the level of the Sequana Group: the Finance department, the Legal department, the Financing and Treasury department, the Corporate Social Responsibility department, and the Health and Safety department. The Information Systems department acts mainly at Group level.

Antalis Group intends to set up its own Finance department, Legal department, Financing and Corporate Treasury department and Health and Safety department, within 18 months of the admission of its shares to trading on Euronext Paris or by December 2018 at the latest.

Finally, in the light of risk mapping, the Group's general management examines the audit plan of the Group's main operational subsidiaries, as drawn up by the Internal Audit department. It also reviews the summary of the self-assessment process.

### The risk management and internal control system

The Group's risk management and internal control system is based on a number of factors, and in particular:

- the development of principles, procedures and organisation, whether in terms of accounting and finance, traditional management (separation of the commitment and settlement of expenses, separation of cash and accounting functions, limitation of bank signatures, limitation of the system of delegation of powers and authority), in the area of human resources or ethics and integrity;

- the development of procedures to monitor various specific subjects in legal matters (intellectual and industrial property, economic and competition law regulations, the prevention of counterfeiting, site, building and mill security, work safety, the prevention of clandestine labour and protection of the environment) followed by staff training and inspections;
- an annual self-assessment process using detailed internal control questionnaires;
- the organisation of visits by the Internal Audit department to Group entities followed by the preparation of reports on each mission together with recommendations;
- the follow-up of those recommendations;
- the mapping of the Group's major risks followed by the preparation of an annual audit plan;
- the supervision of the Group's internal control system.

*Internal control initiatives*

### Risk-reduction measures

- Every year, each of the Group's main entities is required to complete a self-assessment process based on detailed internal control questionnaires (340 questions concerning 12 key processes). In 2015, the Group used the launch of a new governance, risk and compliance application to reorganise the self-assessment questionnaire, which was completed by 39 of the Group's entities in 2017.
- The responses to this questionnaire are centralised and analysed by the Internal Audit department, which then issues a report for each entity as well as a report dealing with each key process on a Group-wide basis. An annual summary of the self-assessment process is submitted to executive management and to the Audit Committee. The results of the self-assessment process are constantly improving.
- Internal audits were conducted in 13 Antalis entities during the year and in each case a report complete with recommendations was sent to Group executive management and to the executive management of the audited entity.
- The recommendations issued are being followed up to ensure that the action plans deemed necessary at the time of the audit are correctly applied. All of the Group's subsidiaries are internally audited about every three years and progress has been noted in critical processes in all entities without exception since periodic audits were introduced.

### Mapping of the main risks

In the context of its risk management procedure, the Group maps its principal risks. The process of preparation and review of the mapping of the risks to which the Group is exposed makes it possible to identify the principal risks to which the Group is exposed, and to assess, for each of those risks, their potential impact and the implemented action plan, and in particular the persons responsible within the Group for the associated monitoring and controls.

This risk mapping is regularly updated, which enables the Group to define and monitor the various specific action plans implemented to reduce or control the risks identified. The risk mapping was updated most recently at the end of 2014. At the date on which this report was prepared, a further update was under way, set to be completed in late July 2018.

### Ethical behaviour

Ethical behaviour is one of the Group's core values and one of its major preoccupations. In 2017, when its shares were listed on Euronext Paris, Antalis introduced a new code of conduct and business ethics similar to Sequana's code dating from 2013. It must be signed by all employees when they join the Antalis Group. It has also been signed by virtually all the Group's employees with such exposure. This code covers matters relating to compliance with the laws and regulations applicable to the establishment and development of relationships with commercial partners. It contains all the rules to be observed both internally and by its partners, covering all aspects of how to behave in commercial discussions or with third parties. Thus, the code deals with subjects associated with the competition rules, proper stock market conduct, confidentiality and insider dealing, the Group's commitment to security, the absence of corruption, the management of potential conflicts of interest and respect for dignity in the workplace and for environmental principles.

In addition to this code of conduct developed at the level of the Antalis Group, certain Group companies have developed a local code of conduct.

The general principles concerning the ethics and integrity of the Group are brought to the attention of directors or managers, who may be asked to adhere to them formally.

### *Compliance programme*

The Group is conscious of the need to maintain dynamic, healthy and fair competition, as well as its ethical reputation. For this purpose, it has put in place a programme of compliance with anti-trust rules and to raise awareness of anti-corruption practices. This programme is intended particularly to ensure strict compliance by the Group's employees with the laws and regulations relating to competition law, and to require them to observe best practice.

This programme is based on (i) training sessions and initiatives to foster awareness among employees of anti-trust legislation and the latest developments in this area, and (ii) procedures for identifying, flagging and stamping out any non-compliant practices.

# 6 Information about the Company



# Information about the Company, its capital and ownership structure – Stock market information

## General information about the Company

### Corporate name and registered office

Antalis

8 rue de Seine, 92100 Boulogne-Billancourt – France.

Tel: +33 1 58 04 21 00

### Legal form and governing law

Since 6 June 2017, Antalis has been a French joint stock company (*société anonyme*) governed by French commercial law, in particular the French Commercial Code (*Code de commerce*).

Prior to this, Antalis was a French simplified joint stock company (*société par actions simplifiée*). The decision to transform Antalis into a French joint stock company was taken by its shareholder on 11 May 2017, subject to ratification by the shareholders of Sequana – its parent company – of the principle of distributing Antalis shares to its own shareholders. On 6 June 2017, Sequana's Annual General Meeting ratified the distribution of Antalis shares and Antalis duly became a joint stock company from this date.

### Date of incorporation and term

The Company was incorporated on 29 November 1996 for a term expiring on 18 December 2095, unless extended or dissolved before such time.

### Corporate purpose

Antalis' purpose in all countries is:

1. designing, manufacturing, purchasing, selling, trading, processing and distributing any and all paper, cardboard, and plastic products and those in any related or derivative materials, any and all communication materials, items, including those in which paper, cardboard and paper fibres are one of the components, any and all items that may be produced on paper and cardboard machinery and products of which the development is related to paper and cardboard, such as but not limited to stationery, office supplies, office equipment, promotional items, IT, desktop or photocopying-related items, packaging and conditioning, health and safety products
2. marketing services of any and all kinds, including logistics or distribution-related services or selling the products referred to in paragraph 1
3. acquiring, operating, selling or transferring any patents, licences, copyrights, processes and manufacturing secrets, techniques, models, brands or software related to the products and materials designated in paragraph 1
4. designing, acquiring, operating, selling or granting a service concession (*affermage*) to any and all industrial or commercial companies, plants, warehouses, distribution centres, plant and equipment of any kind, necessary or useful for the furtherance of its corporate purpose
5. establishing shareholdings in any companies, irrespective of their corporate form, associations and groupings in France and elsewhere, regardless of their corporate purpose and their business activities
6. managing shares and securities, investing by any means, including through acquisitions, capital increases, absorptions and mergers
7. designing, acquiring, letting or securing a concession to, operating any businesses in France or abroad, irrespective of their activities and notably in the financial, industrial, commercial, mining, agricultural or forestry sectors, or those related to the activities laid down in paragraph 1
8. managing its assets and property, both tangible and intangible, and any portfolios, irrespective of their composition

### Registration particulars

Antalis is registered with the Nanterre Trade and Companies Registry under number 410 336 069.

### Public consultation of corporate documents

In accordance with the law, the Company's corporate documents and historical financial information can be consulted at Antalis' registered office located at 8 rue de Seine – 92100 Boulogne-Billancourt – France.

Regulated information within the meaning of Article 221-1 of the AMF's General Regulations is also available in both English and French on the Company's website at www.antalis.com.

Further information on the Antalis Group may be obtained free of charge by writing to:

Antalis, 8 rue de Seine, 92517 Boulogne-Billancourt cedex, France.

### Financial year

The Company's financial year covers a twelve-month period from 1 January to 31 December.

### Voting rights – Dividends (Articles 12 and 22 of the Articles of Association)

Each share entitles its holder to a proportion of the Company's profits and net assets equal to the proportion of capital represented by the share.

At least 5% of profit for the year, less any losses brought forward from prior years, is transferred to the legal reserve until such time as the legal reserve represents one-tenth of the share capital. Further annual transfers are made on the same basis if the legal reserve falls below one-tenth of the share capital.

Distributable income is composed of profit for the year less any prior year losses and amounts appropriated to reserves in compliance with the law or the Articles of Association, plus any retained earnings.

Shareholders in a General Meeting may decide to appropriate all or part of this amount to any discretionary reserves or to retained earnings.

The balance is then distributed among shareholders pro rata to their shareholding.

The Company's shareholders may decide to pay a dividend out of distributable reserves, stipulating the reserve accounts from which the dividend is to be deducted.

The methods of payment for dividends are determined by shareholders in a General Meeting or by the Board of Directors in the absence of a decision by the shareholders.

The General Meeting may offer shareholders the option of receiving all or part of the dividend in the form of cash, new shares in the Company or other assets. The Board of Directors may also offer this option in relation to an interim dividend in compliance with the law. In addition, the general meeting may decide in respect of part or all of the dividend, interim dividend, reserves or premiums distributed that the dividend, reserves or premiums will be paid out in kind through remittance of the Company's assets, including investment securities.

### *Transfer of shares (Article 10 of the Articles of Association)*

The sale and transfer of shares shall be unrestricted.

### *Clauses governing changes in the share capital*

Any changes in the share capital attached to shares are subject to the applicable laws and regulations as the Company's Articles of Association do not contain any specific provisions in this respect. Changes in the voting rights attached to the shares, excluding those subject to applicable laws and regulations, are described below.

### *General meetings – Notice of meetings and participation (Article 20 of the Articles of Association)*

General Meetings are called by the Board of Directors or, where necessary, by the Statutory Auditors or any duly authorised person. Only matters on the agenda may be discussed at these meetings.

Irrespective of the number of shares held and in accordance with the applicable law and regulations, all shareholders have the right to participate in General Meetings, either in person, by proxy, or by casting a postal vote, subject to presentation of proof of identity and registration of their shares.

In accordance with the applicable law and regulations, shareholders may send their proxy/postal voting forms for Ordinary or Extraordinary General Meetings either in paper format or, if authorised by the Board of Directors in the notice of meeting, in electronic form.

The Company's Articles of Association state that postal and proxy votes will only be taken into account if received by the Company at least three days before the General Meeting. However, the Articles of Association also provide that this timeframe may be shortened if so decided by the Board of Directors. Accordingly, for the Annual General Meeting called to approve the 2017 financial statements, the timeframe was set at 3.00 p.m. CET on the day preceding the meeting by the Board of Directors' meeting of 9 April 2018.

Once shareholders have cast a postal or electronic vote, appointed a proxy or requested an admission card or share ownership certificate for the purpose of attending a General Meeting, they may not participate in the meeting in any other way. Such shareholders may still sell or otherwise transfer all or some of their shares, but where the sale or transfer takes place prior to midnight CET on the second business day preceding the meeting, the Company will cancel or amend the related proxy, postal or electronic vote, admittance card or share ownership certificate accordingly.

### *General Meetings - voting rights (Article 21 of the Articles of Association)*

Subject to the following provisions, the voting rights attached to the Company's shares are based on the proportion of capital those shares represent, with each share carrying at least one vote.

Double voting rights are granted to all fully paid up shares held in registered form by the same shareholder for at least two years continuously from the first day of trading of Antalis shares on Euronext Paris.

Double voting rights cease automatically with respect to any shares converted into bearer form or transferred, except as expressly provided by law.

In the event of a capital increase paid up by capitalising reserves, profits or issue premiums, double voting rights will, from the date of issue, be allocated to shares awarded free of charge to eligible shareholders based on the number of existing shares held in registered form.

### *Form of shares and shareholder identification (Article 9 of the Articles of Association)*

The Company's shares – which may be held in either registered or bearer form – are recorded in shareholders' accounts in accordance with the applicable laws and regulations.

The Company may ask to receive information, from any authorised body or intermediary, on the identity of its shareholders or holders of other securities conferring voting rights in the Company, either immediately or in the future, the number of securities they hold, and any restrictions on said securities, in accordance with and subject to the penalties provided by the legislation in force.

In compliance with the applicable laws and regulations, any intermediary registered on behalf of a shareholder in accordance with Article L. 228-1 of the French Commercial Code is required to disclose the identity of the person or entity in the name of whom it is acting, upon simple request by the Company or its representative, which may be made at any time.

### *Disclosure thresholds (Article 12 of the Articles of Association)*

In addition to the regulatory requirements concerning the statutory disclosure thresholds in force (5%, 10%, 15%, 20%, 25%, 33.3%, 50%, 66.6%, 90% and 95%), any individual or legal entity that raises its interest in the Company, held directly or indirectly, through one or more of the legal entities that it controls within the meaning of Article L. 233-3 of the French Commercial Code, to 0.5% of the share capital, is required to disclose to the Company by registered letter, with return receipt requested, the total number of shares owned. Said disclosure formalities must be carried out within five trading days of the date the threshold is crossed and must be respected each time a shareholder's interest is raised to above or reduced to below any 0.5% threshold, even if the thresholds crossed are higher or lower than those provided for by law.

An intermediary registered as holding shares on behalf of a shareholder in accordance with the applicable laws and regulations is required, without prejudice to the obligations of the shareholder concerned, to make the above-mentioned disclosures with respect to all of the shares registered in the intermediary's account. In the case of fund management

companies, said disclosure formalities must be carried out for all of the Company's shares held by the funds that they manage.

If a shareholder fails to comply with the above disclosure rules, the shares not disclosed pursuant to the law or the provisions described above will be stripped of voting rights at all General Meetings for a period of two years as from the date on which the omission is remedied. This sanction will only apply upon request by one or more shareholders owning at least 5% of the Company's capital, duly recorded in the minutes of a General Meeting.

## INFORMATION ABOUT THE COMPANY'S CAPITAL AND OWNERSHIP STRUCTURE

### *Changes in share capital in 2017 and over the last five years*

At 31 December 2016, Antalis' share capital amounted to €639,000,000, divided into 71,000,000 shares, each with a par value of €9.

On 21 April 2017, the Company's shareholder decided to reduce its share capital by an amount of €426,000,000, by reducing the par value of one share from €9 to €3. Therefore, once this operation had been completed, Antalis' share capital amounted to €213,000,000, divided into 71,000,000 fully paid up shares of the same category, each with a par value of €3.

As no new shares were created for any purpose during the year, the Company's share capital at 31 December 2017 still stood at €213,000,000, divided into 71,000,000 shares, each with a par value of €3.

There were no significant changes in the Company's share capital between 31 December 2017 and the date on which this document was published.

Changes in share capital over the last five years

| | Date of the transaction | Increase or decrease (in €) | Number of shares created or cancelled | Number of shares making up the share capital | Par value of shares (in €) | Total share capital (in €) |
|---|---|---|---|---|---|---|
| Position at 31 December 2012 | | | | 77,776,190 | 9.00 | 699,985,710 |
| Position at 31 December 2013 | | | | 77,776,190 | 9.00 | 699,985,710 |
| Capital reduction | 25/07/2014 | (60,985,710) | (6,776,190) | 71,000,000 | 9.00 | 639 ,000,000 |
| Position at 31 December 2014 | | | | 71,000,000 | 9.00 | 639,000,000 |
| Position at 31 December 2015 | | | | 71,000,000 | 9.00 | 639, 000,000 |
| Position at 31 December 2016 | | | | 71,000,000 | 9.00 | 639,000,000 |
| Capital reduction | 21/04/2017 | 426,000,000 | 0 | 71,000,000 | 3.00 | 213,000,000 |
| Position at 31 December 2017 | | | | 71,000,000 | 3.00 | 213,000,000 |

### *Ownership structure and voting rights*

In 2015 and 2016, the 71,000,000 shares comprising Antalis' share capital and voting rights were fully-owned by Sequana.

On 12 June 2017, Sequana distributed 12,995,373 of the Company's shares – i.e., 18.30% of its share capital – to its shareholders, leaving Sequana with an 81.70% stake in the Company's capital, and all of Antalis' shares were listed on the regulated Euronext Paris stock market.

When the Company's shares were listed on 12 June 2017, its ownership structure and voting rights were as follows:

| | 12 June 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | % capital | Theoretical number of voting rights | % of theoretical voting rights | Number of voting rights exercisable at General Meetings | % of voting rights exercisable at General Meetings |
| Sequana | 58,004,627 | 81.70 | 58,004,627 | 81.70 | 58,004,627 | 81.70 |
| Bpifrance Participations | 2,009,966 | 2.83 | 2,009,966 | 2.83 | 2,009,966 | 2.83 |
| Free float | 10,985,407 | 15.47 | 10,985,407 | 15.47 | 10,985,407 | 15.47 |
| Treasury shares | 0 | - | 0 | - | 0 | - |
| Total | 71,000,000 | 100.00 | 71,000,000 | 100.00 | 71,000,000 | 100.00 |

On 25 September 2017, Antalis was informed by its main shareholder, Sequana, of the transfer of 4,609,479 Antalis shares, i.e., 6.49% of its share capital, to partially repay loans granted to it on 6 November 2016 by Bpifrance Participations and Impala Security Solutions BV. Including these transfers, Antalis' ownership structure and voting rights were as follows on 31 December 2017[(1)]:

| | 31 December 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Number of shares | % capital | Theoretical number of voting rights | % of theoretical voting rights | Number of voting rights exercisable at General Meetings | % of voting rights exercisable at General Meetings |
| Sequana | 53,395,148 | 75.21 | 53,395,148 | 75.21 | 53,395,148 | 75.34 |
| Bpifrance Participations | 6,064,946 | 8.54 | 6,064,946 | 8.54 | 6,064,946 | 8.56 |
| Free float | 11,408,694 | 16.07 | 11,408,694 | 16.07 | 11,408,694 | 16.10 |
| Treasury shares | 131,212 | 0.18 | 131,212 | 0.18 | 0 | - |
| **Total** | **71,000,000** | **100.00** | **71,000,000** | **100.00** | **70,868,788** | **100.00** |

(1) The 554,499 shares transferred to Impala Security Solutions BV were reclassified in the free float.

There were no significant changes in the Company's share capital between 31 December 2017 and the date on which this registration document was published.

To the Company's knowledge, no shareholder other than those mentioned previously owns directly or indirectly, alone or in concert, more than 5% of the Company's capital or voting rights.

As far as the Company is aware, around 2,240 shareholders held Antalis shares in registered form at 31 December 2017 (source: BNP Paribas Securities Services), representing 84% of the Company's capital and voting rights.

At 31 December 2017, the proportion of the Company's share capital held by employees of Antalis in their own name was non-material.

No Antalis shares are held by any of its subsidiaries.

### Voting rights

As described in "General information about the Company – Voting rights", all shares in the Company carry one voting right, except for registered shares carrying double voting rights. The Company's Articles of Association which came into force on 6 June 2017, provide for double voting rights for all shares registered in the name of the same holder for at least two years from the first day of trading of the Company's shares, i.e., 12 June 2019 at the earliest.

No shareholders hold any special voting rights.

At 31 December 2017, the 71,000,000 shares making up the Company's capital carried 71,000,000 theoretical voting rights and 70,868,788 voting rights exercisable at General Meetings. Only treasury shares do not carry any voting rights, in accordance with Article L. 225-210 of the French Commercial Code (which accounts for differences between the theoretical number of voting rights and the number of voting rights exercisable at General Meetings).

## *Shareholders' agreement*

No shareholders' agreements exist between any of Antalis' shareholders.

Furthermore, although certain shareholders are represented on Antalis' Board of Directors, they do not receive any additional benefits or significant information compared with other shareholders, except as received in their capacity as directors.

## *Control of the Company*

As of the date on which this document was published, Antalis is controlled by Sequana.

To ensure that this control is not exercised in an abusive manner, half of the members of Antalis' Board of Directors are independent, i.e., a higher proportion that required under the AFEP-MEDEF corporate governance code for controlled companies, and all of the Board committees are chaired by an independent director.

## *Information likely to have an impact in the event of a public offering - Change of control*

As of the date on which this registration document was published, there are no agreements in existence the implementation of which could result in a change of control of the Company.

In the event of a public offering for the Company's shares, both the offerer and the Company must comply with relevant legislation and the guidelines published by the AMF.

Antalis' Articles of Association do not contain any provisions liable to delay, postpone or prevent a change of control of the Company.

The Articles of Association do not contain any specific rules likely to have an impact in the event of a public offering, apart from the Company's entitlement to trade in its own shares under certain conditions, including when a public offering is in progress (see "Share buyback programmes").

Certain Group finance agreements include a clause protecting lenders in the event of a change in control of the Company.

## *Disclosure thresholds and statements of intent*

### Legal disclosure thresholds

Since the Company's shares were listed on 12 June 2017, the following legal threshold disclosures were made by Caisse des Dépôts et consignations and Epic Bpifrance, who jointly and indirectly control Bpifrance Participations.

| | Increase/Decrease | Legal threshold crossed | % capital held | % of voting rights held | |
|---|---|---|---|---|---|
| Caisse des dépôts et consignations (CDC) 20 September 2017 | Increase | 15%, 20% and 25% of capital and voting rights(1) | 29.00%(1) | 29.00%(1) | AMF disclosure no. 217C2276 |
| Epic Bpifrance 20 September 2017 | Increase | 15%, 20% and 25% of capital and voting rights(1) | 29.00%(1) | 29.00%(1) | AMF disclosure no. 217C2277 |

(1) As indicated in the section on "Dealings in the Company's shares by Antalis executives", these thresholds were crossed as a result of the assimilation of Antalis shares on 20 September 2017, the date on which a loan agreement entered into between Bpifrance Participations and Sequana on 15 September 2017 came into effect. Under the terms of this loan, Bpifrance Participations may request, at its own initiative, repayment of this loan in the form of Antalis shares, provided it does not cross the threshold of 29.01% of Antalis' capital and voting rights.

On 20 September 2017, because these legal thresholds had been crossed, Caisse des dépôts et consignations and Epic Bpifrance also filed a statement of intent in accordance with Article L. 233-7 VII of the French Commercial Code and Article 223-17 of the AMF's General Regulations, stating that, over the next six months, Bpifrance Participations acting on its own:

- could receive Antalis shares from Sequana in lieu of receivables;
- did not intend to buy any Antalis shares;
- did not intend to take control of Antalis;
- intended to continue supporting Antalis in its development but did not intend to carry out any of the operations referred to in Article 223-17 I, 6° of the AMF's General Regulations;
- had not taken a decision on the date of the statement regarding the form of repayment of the loans contracted with Sequana on 3 April and 15 September 2017, and that, with the exception of these two loan agreements and the loan of 7 November 2016, Bpifrance Participations was not a party to any of the agreements or financial instruments referred to in paragraph 4 and 4°*bis* of Article L. 233-9 of the French Commercial Code;
- had not entered into a temporary transfer agreement covering the Antalis shares and/or voting rights; and
- did not intend to request the appointment of additional members to the Antalis Board of Directors.

Furthermore, Caisse des dépôts et consignations also declared that, despite the presumption contained in Article L. 233-10, 2° and 3° of the French Commercial Code, it was not acting in concert either with Bpifrance Participations, Bpifrance, or Epic Bpifrance, which also declared that it was not acting in concert with Bpifrance Participations. For its part, Bpifrance Participations declared that it was not acting in concert with any third party, including Antalis, within the meaning of the provisions of Article L. 233-10 (and L. 233-10-1 if applicable) of the French Commercial Code.

### Mandatory disclosure of changes in holdings

During 2017, Antalis received the following notifications that thresholds provided for in the Articles of Association had been crossed:

| | Date of notification | Increase/ Decrease | Threshold crossed (% capital) | % capital held |
|---|---|---|---|---|
| Epic Bpifrance Caisse des dépôts et consignations | 16 June 2017 | Increase | from 0.50% to 2.50% | 2.83% |
| Sequana | 26 September 2017 | Decrease | from 81.50% to 75.50% | 75.21% |
| Dimensional Fund Advisors LP | 11 October 2017 | Increase | 0.50% | 0.50% |

In early 2018, up to the date on which this document was published, Antalis also received the following notification disclosing a change in holdings:

| | Date of notification | Increase/ Decrease | Threshold crossed (% capital) | % capital held |
|---|---|---|---|---|
| Talence Gestion | 9 February 2018 | Increase | 0.50% | 0.52% |

### *Dealings in the Company's shares by Antalis executives, related parties and members of their family*

During 2017 and early 2018, the following disclosures were filed with and published by the AMF in accordance with Article L. 621-18-2 of the French Monetary and Financial Code:

- Bpifrance Participations, which is a director of Antalis, declared that it received 2,009,966 Antalis shares when the Company's shares were listed on 12 June 2017. (AMF disclosure no. 2017DD490029)
- Bpifrance Participations also declared that, as a result of the assimilation of Antalis shares on 20 September 2017 when a loan agreement entered into between Bpifrance Participations and Sequana on 15 September 2017 came into effect, it may request, at its own initiative, repayment of this loan in the form of Antalis shares, provided it does not cross the threshold of 29.01% of Antalis' capital and voting rights. (AMF disclosure no. 2017DD512044)
  Bpifrance Participations also declared that, as of 29 September 2017, it held (i) 2,009,966 Antalis shares in unrestricted ownership, and (ii) 19,128,546 Antalis shares by assimilation under Article L. 233-9, I 4° of the French Commercial Code whereby, as a result of loans

contracted with Sequana, Bpifrance Participations may request, at its own initiative, Antalis shares from Sequana in lieu of receivables, at any time up to 30 June 2018 subject to giving five business days' notice. Due to its contractual undertaking not to request payment in the form of Antalis shares that would take its holding above the threshold of 29.01% of Antalis' capital and voting rights, Bpifrance Participations declared that the number of Antalis shares owned by assimilation as described above, was capped at 18,580,034.

- In accordance with the terms of the €10 million loan agreement entered into on 29 March 2018 with Sequana, Bpifrance Participation declared that the said agreement was guaranteed by pledges given on 7,409,848 additional Antalis shares in its favour. (AMF disclosure no. 2018DD546045).
- Sequana, in its capacity as a legal entity with close ties (within the meaning of EU Regulation No. 596/2014, Article 3.2.26d) to Pascal Lebard, its Chairman and Chief Executive Officer and Chairman of the Board of Directors of Antalis, declared that on 25 September 2017 it had transferred (i) 4,054,980 Antalis shares to Bpifrance Participations, and (ii) 554,499 Antalis shares to Impala Security Solutions BV, i.e., a total of 4,609,479 Antalis shares, pursuant to loan agreements entered into between Sequana and both Bpifrance Participations and Impala Security Solutions BV on 7 November 2016, as subsequently amended by the Sequana safeguard plan approved by the Commercial Court of Nanterre on 12 June 2017, whereby Sequana committed to repaying 45% of the outstanding amounts of these loans in the form of Antalis shares. (AMF disclosure no. 2017DD512824)
- In accordance with Article 19-7 of EU Regulation No. 596/2014, Sequana, in its capacity as a legal entity with close ties to Pascal Lebard, also declared that it had given pledges on Antalis shares as collateral for various loans granted to it by Bpifrance Participations and Impala Security Solutions BV. (AMF disclosure nos. 2017DD513300 & 2018DD546159).

  Sequana declared that the number of Antalis shares pledged (i) was determined for each loan based on the amounts due from Sequana and the volume-weighted price of Antalis shares on Euronext Paris over a number of trading days stipulated in the loan agreement, less a discount of 10% or 20% depending on the loan, and (ii) that this number was adjusted if the weighted average Antalis share price used to calculate the number of shares pledged increased or decreased of the most recent value used.

### *Pledges of the Company's shares*

As far as the Company is aware, at 31 December 2017, pledges have been given on a total of 31,273,702 Antalis shares held in fully registered form (i.e., approximately 44% of its share capital).

At 30 June 2018, this total was increased to 53,144,603 shares, or 74.85% of the Company's share capital.

### *Share buyback programmes*

On 11 May 2017, the Company's shareholder decided, subject to the listing of Antalis' shares on Euronext Paris, to grant an 18-month authorisation to the Board of Directors and, by delegation, any other duly authorised person, to buy back Antalis shares representing a maximum of 10% of the Company's capital. This authorisation took effect on 12 June 2017 when the Company's shares were listed.

The Board of Directors subsequently decided to set up a share buyback programme.

On 19 June 2017, Antalis set up a liquidity agreement for the purpose of optimising the liquidity of its shares and the regularity of its quotations on Euronext Paris. This agreement complies with the code of ethics published by the French financial markets association (*Association française des marchés financiers* – AMAFI), is managed by Oddo & Cie and Antalis set the amount allocated to the agreement at €400,000. On 3 July 2018, Antalis signed an amendment to the liquidity agreement with the allocation of a further €350,000, bringing the total amount to €750,000 as of 4 July 2018.
All share buyback transactions in 2017 were carried out within the scope of the liquidity agreement.

Between 19 June and 31 December 2017, 844,583 Antalis shares were purchased at an average gross volume-weighted price of €2.2098. In the same period, 713,371 Antalis shares were sold at an average gross volume-weighted price of €2.2320.

The total amount of trading fees in 2017 was €35,000. At 31 December 2017, Antalis held 131,212 treasury shares, representing 0.18% of the Company's capital and a market value of €258,487.64. All of these shares were acquired in connection with the liquidity agreement.

This authorisation for the buyback of Antalis shares was renewed by the Annual General Meeting of 23 May 2018 (see below).

## *Authorized, unissued capital - Financial authorisations in force*

To date, the Company has the following authorisations and delegations of authority:

| Purpose of the authorisation or delegation of authority | Maximum nominal amount authorised | Duration of the authorisation or delegation of authority |
|---|---|---|
| Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares or to debt securities, with pre-emptive subscription rights for existing shareholders | Shares: €100 million Debt securities: €600 million | 26 months (July 2019) |
| Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares, without pre-emptive subscription rights for existing shareholders but with the possibility of granting a priority subscription period | Shares: €80 million Debt securities: €600 million | 26 months (July 2019) |
| Authorisation granted to the Board of Directors to increase the number of securities issued in the event of a capital increase with or without pre-emptive subscription rights for existing shareholders pursuant to the two aforementioned delegations of authority | 15% of the issue | 26 months (July 2019) |
| Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares, without pre-emptive subscription rights for existing shareholders, as part of an offer referred to under section II of Article L. 411-2 of the French Monetary and Financial Code | Shares: 15% of the share capital Debt securities: €600 million | 26 months (July 2019) |
| Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares, without pre-emptive subscription rights, as a result of the issuance by a related company of securities carrying rights to shares of the Company | Shares: €80 million Debt securities: €600 million | 26 months (July 2019) |
| Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares as payment for shares tendered to a public exchange offer or similar operation | Shares: €80 million Debt securities: €600 million | 26 months (July 2019) |
| Authorisation granted to the Board of Directors to set the share issue price in the event of a capital increase without pre-emptive subscription rights | 10% of capital (per year) | 26 months (July 2019) |
| Delegation of authority granted to the Board of Directors to issue shares or securities carrying rights to shares as consideration for contributions in kind granted to the Company in the form of shares or securities carrying rights to the share capital of third-party companies | 10% of capital | 26 months (July 2019) |
| Delegation of authority granted to the Board of Directors to increase the Company's capital by capitalising premiums, reserves, profit or other eligible items | Total amounts available for capitalisation | 26 months (July 2019) |
| Issue of shares and/or securities carrying rights to shares, reserved for employees who are members of an employee savings plan | 5% of capital(1) | 26 months (July 2019) |
| Issue of shares and/or securities carrying rights to shares, reserved for employees of foreign subsidiaries of the Group | 5% of capital(2) | 18 months (November 2019) |
| Authorisation to grant stock options | 5% of capital(3) | 38 months (July 2021) |
| Authorisation to award free shares | 5% of capital(4) | 38 months (July 2020) |
| Authorisation to implement a share buyback programme | 10% of capital | 18 months(5) (November 2019) |
| Authorisation to reduce the Company's share capital | 10% of capital | 18 months(5) (November 2019) |

(1) The total number of shares and securities issued to employees of foreign subsidiaries is included in this ceiling.

(2) The total number of shares and securities issued to employees who are members of an employee savings plan is included in this ceiling.

(3) The total number of share awards is included in this ceiling.

(4) The total number of stock subscriptions or purchase options granted by the Board is included in this ceiling.

(5) Authorisation expiring on the date of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2018.

The aggregate maximum amount of any capital increases that may be carried out in accordance with these authorisations – excluding shares issued to members of an employee savings plan and employees of foreign subsidiaries – is capped at €100 million, and the issue of debt securities is capped at €600 million. The ceiling on capital increases does not apply to the delegation of authority granted to the Board of Directors to increase the Company's capital by capitalising premiums, reserves, profit or other eligible items.

### *Potential share capital*

On 23 May 2018, a share award plan was set up for 40 beneficiaries with the aim of incentivising key Group executives and managerial-grade staff and giving them a stake in Antalis' future performance. This plan, which was decided by the Board of Directors using the authorisation granted to it by the Annual General Meeting of 23 May 2018, covers a maximum total number of 720,000 shares which may vest in 2020 following a two-year vesting period with no lock-up period.

All shares granted under this plan – regardless of the beneficiary – are subject to presence and performance conditions related to the Group's business plan and changes in the Antalis share price.

The shares that may be definitively awarded to beneficiaries under this plan will be new shares issued by Antalis through the capitalisation of reserves, profit or issue premiums.

At the date on which this registration document was published, there was no other potential share capital in any form.

## STOCK MARKET INFORMATION

### *Antalis share data*

| | |
|---|---|
| Listing of Antalis shares | 12 June 2017.<br>Opening share price for the first trading session set at €3 per share.<br>Settlement date: 14 June 2017. |
| Market | Euronext Paris<br>The shares were listed in Segment B on 12 June 2017 and transferred to Segment C on 26 January 2018.<br>Since 27 December 2017, the shares have been eligible for the "long-only" segment of the deferred settlement service (SRD). |
| Indices | CAC Small – CAC Mid & Small |
| Stock market codes | ISIN : FR0013258589<br>Ticker symbol : ANTA<br>Reuters ticker : ANTA.PA<br>Bloomberg ticker: ANTA:FP |

### *Trading volumes, share performance and market capitalisation*

| Month | Number of shares traded | Value of capital traded (in € millions) | High (in €) | Low (in €) | Market capitalisation (month-end) (in € millions) |
|---|---|---|---|---|---|
| June 2017 (1) | 4,214,843 | 11.30 | 3.17 | 2.26 | 166.85 |
| July 2017 | 2,136,034 | 4.45 | 2.36 | 1.86 | 136.32 |
| August 2017 | 2,078,772 | 4.87 | 2.62 | 1.87 | 179.63 |
| September 2017 | 1,080,305 | 2.80 | 2.79 | 2.47 | 177.50 |
| October 2017 | 1,673,529 | 3.74 | 2.51 | 2.01 | 148.39 |
| November 2017 | 1,825,515 | 3.47 | 2.09 | 1.75 | 141.29 |
| December 2017 | 685,930 | 1.35 | 2.04 | 1.89 | 139.87 |
| January 2018 | 1,080,492 | 2.16 | 2.08 | 1.91 | 142.00 |
| February 2018 | 540,103 | 1.02 | 2.01 | 1.81 | 132.06 |
| March 2018 | 301,150 | 0.55 | 1.89 | 1.74 | 128.08 |
| April 2018 | 587,452 | 1.03 | 1.92 | 1.58 | 116.01 |
| May 2018 | 766,622 | 1.19 | 1.68 | 1.45 | 109.20 |
| June 2018 | 1,763,216 | 2.52 | 1.54 | 1.31 | 96.84 |

*Source Euronext*

*(1)* From 12 June 2017 when the Company's shares were listed.

### *Dividend payout policy*

The Annual General Meeting of 23 May 2018 resolved to pay a dividend of €0.08 per share in respect of 2017.
In order to bolster Antalis' development and transformation plan, which plans for acquisitions, the Company does not intend to pay any dividends over the next three years.

### Dividends and reserves paid by the Company over the past five years

| Year | Total amount of dividends paid for year concerned (in €) | Total amount of dividends paid during year concerned (in €) | Total amount of reserves paid during year concerned (in €) |
|---|---|---|---|
| 2017 | 5,666,374 | - | 8,000,000 |
| 2016 | - | 4,000,000 | 4,000,000 |
| 2015 | 4,000,000 | - | 8,000,000 |
| 2014 | - | - | 7,992,000 |
| 2013 | - | - | |

## *Shareholder information*

Antalis regularly reports to its individual and institutional shareholders – and the wider financial community – concerning its activities, strategy and outlook. It provides the market with quarterly updates on its key operational indicators and strategic focuses, and publishes full or condensed financial statements twice a year. A financial notice is published in the French media in connection with the Group's annual and half-yearly earnings announcements.

All of the Company's economic and financial information is available in both English and French on the Antalis website at www.antalis.com. The website may be used to consult the share price in real time and obtain the latest press releases, analyst presentations and regulated information. An e-mail alert service informs all interested parties of the latest news releases.

### Financial press releases published in 2017 and early 2018

| | |
|---|---|
| 27 June 2018 | Signature of the factoring agreement |
| 1 June 2018 | Signature of the syndicated credit facility agreement |
| 30 May 2018 | Strengthening of the Group's position in Nordic countries |
| 27 April 2018 | First-quarter 2018 results |
| 10 April 2018 | Full-year 2017 results |
| 3 April 2018 | Completion of refinancing |
| 3 January 2018 | Half-yearly report on the liquidity agreement at 31 December 2017 |
| 25 October 2017 | Operating results at 30 September 2017 |
| 27 September 2017 | Availability of the 2017 half-yearly financial report |
| 13 September 2017 | First-Half 2017 results |
| 7 July 2017 | Postponement of bond issue |
| 4 July 2017 | Half-yearly report on the liquidity agreement |
| 30 June 2017 | Issue of secured bonds |
| 30 June 2017 | Quarterly Financial Statements and other financial updates |
| 16 June 2017 | Implementation of a liquidity agreement |
| 14 June 2017 | Details of 2017/2018 share buyback programme |

The Antalis Communication & Investor Relations department deals with any queries or requests for information sent:

- by mail, addressed to: Antalis, 8 rue de Seine, 92517 Boulogne-Billancourt Cedex, France
- via the Group's website: www.antalis.com
- by e-mail to contact@antalis.com
- by telephone: +33 (0)1 58 04 21 90

Moreover, shareholders who hold their shares in fully-registered form are exempted from custody fees and receive personalised mailings of information published by the Group, including Notice of the Annual General Meeting.

Shareholders who wish to register their Antalis shares should contact BNP Paribas Securities Services, the Company's share account manager:

BNP Paribas Securities Services

Investor Relations

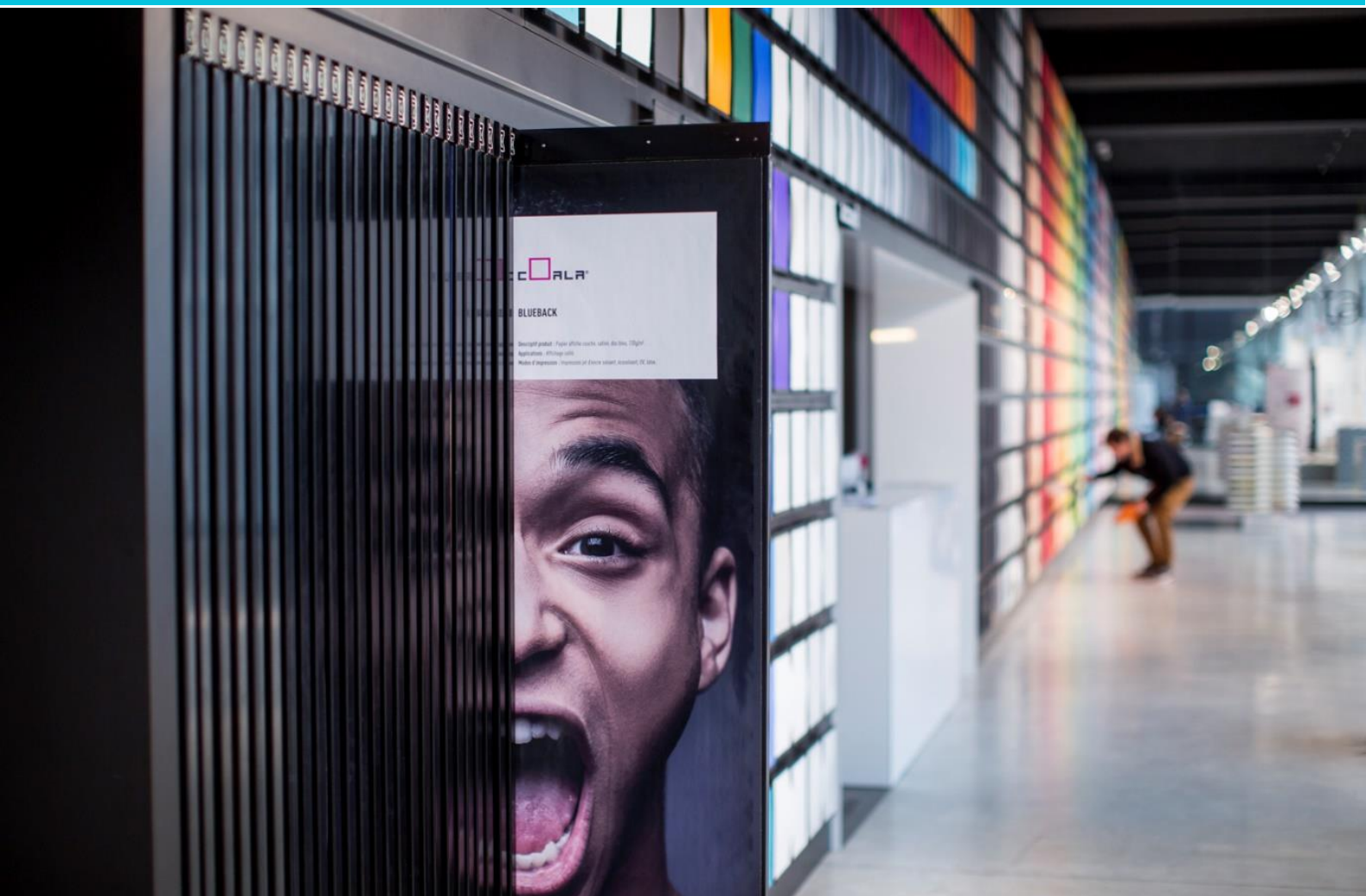
9, rue du Débarcadère

93500 Pantin, France

Tel.: +33 (0)8 26 10 91 19

# 7 APPENDICES





# Appendices

## Person responsible for the registration document

Hervé Poncin
Chief Executive Officer

## Statement by the person responsible for the registration document

After taking all reasonable measures for this purpose, I hereby attest that, to the best of my knowledge, the information provided in this registration document fairly reflects the current situation and that no material omissions have been made.

I obtained a statement from the Statutory Auditors at the end of their engagement affirming that they have read the entire registration document and verified the information in respect of the financial position and the financial statements contained therein.

Boulogne-Billancourt, 11 July 2018

Hervé Poncin
Chief Executive Officer

# AUDITORS

## *Statutory Auditors*

**PricewaterhouseCoopers Audit**
63 rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France
represented by Stéphane Basset

**Constantin Associés**
(Member of Deloitte Touche Tohmatsu Limited)
185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, France
represented by Thierry Quéron

## *Deputy Statutory Auditor*

**Anik Chaumartin**
63 rue de Villiers, 92208 Neuilly-sur-Seine Cedex, France

PricewaterhouseCoopers Audit and Constantin Associés (member of Deloitte Touche Tohmatsu Limited) are registered as Statutory Auditors with the Versailles *Compagnie régionale des commissaires aux comptes* and fall under the authority of the *Haut Conseil du commissariat aux comptes*.

Information relating to the Statutory Auditors and their terms of office is provided on page 62.

The original French version of this registration document was registered by the French financial markets authority (*Autorité des marchés financiers* – AMF) on 11 July 2018 under No. n° R.18-05 in accordance with Article 212-13 of the AMF's General Regulation.

It may not be used in support of a financial transaction unless it is accompanied by an information memorandum approved by the AMF.

This registration document was prepared by the issuer and is legally binding for its signatories.

Copies of this registration document may be obtained from the Company's registered office: 8 rue de Seine – 92100 Boulogne-Billancourt – France or may be downloaded from the website of the issuer (www.antalis.com) or the AMF (www.amf-france.org).

# GRENELLE II CONCORDANCE TABLE

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| | Registration document (page) | ISO 26000 | UN Global Compact goals | Reporting scope |
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| 33) Adapting to the consequences of climate change | 33-34 | | | |
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In accordance with Article 28 of European Commission Regulation No. 809/2004 dated 29 April 2004, the following information has been incorporated by reference into this registration document:

- the consolidated financial statements for the year ended 31 December 2016 and the related Statutory Auditors' report, set out on pages 216 to 236 of the prospectus approved by the AMF on 19 May 2017 under No. 17-212;
- the review of the financial position and results for the year ended 31 December 2016, set out on page 135 of the prospectus approved by the AMF on 19 May 2017 under No. 17- 212.
- The chapters of the said prospectus which are not mentioned above are either not pertinent for investors or are covered in another section of the 2017 registration document.

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