



antalis ^{EM}
Just ask Antalis

Full-year 2018 results

29 March 2019

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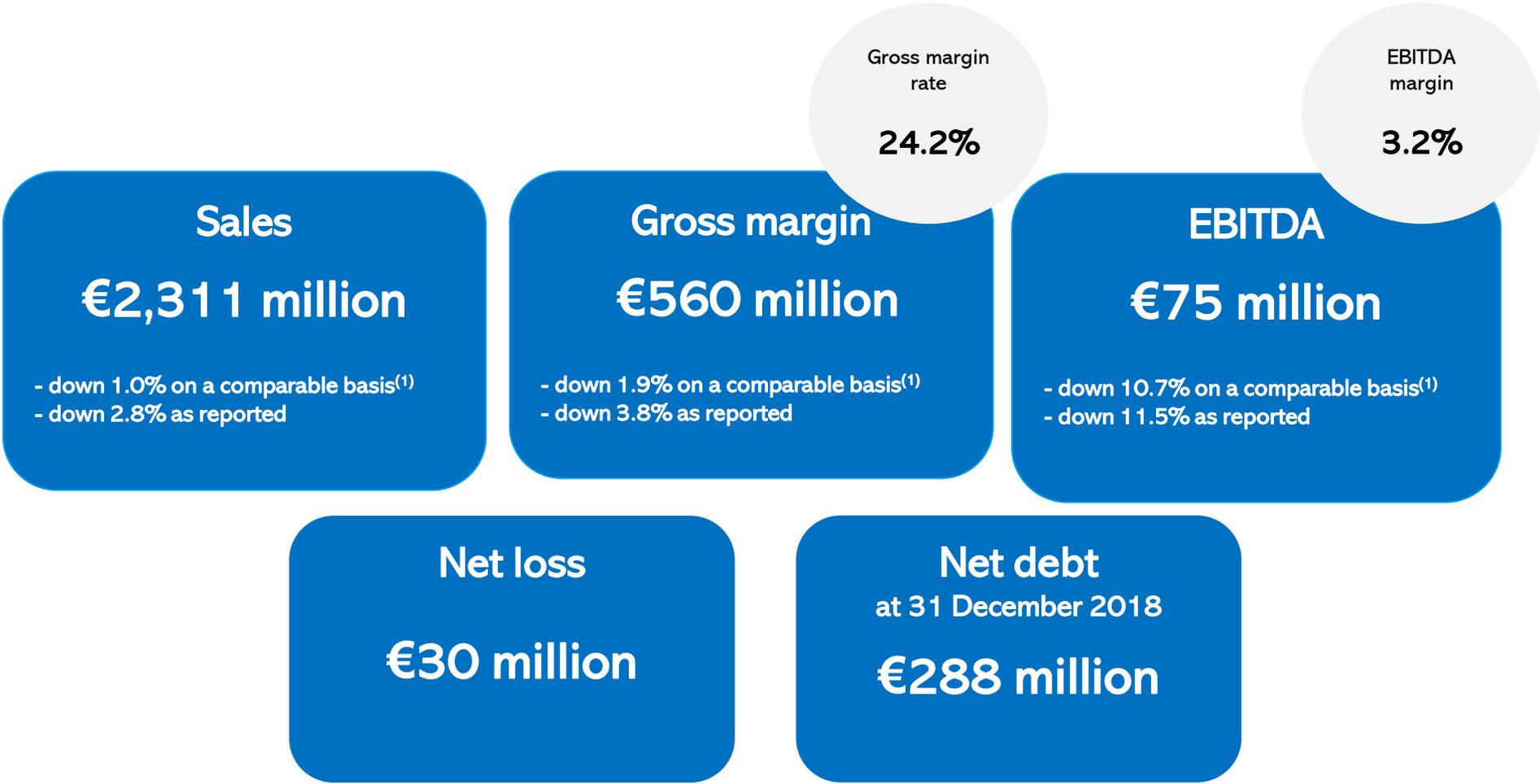
The Company's future performance is dependent on various risks and contingencies, most of which are difficult to predict and beyond its control. These risks and contingencies include those highlighted in Chapter 5 "Risk factors" contained in the registration document filed by Antalis with the French Financial markets authority (AMF) on 11 July 2018 under No. R.18-055, and available on the websites of both the AMF (www.amf-france.org) and the Company (www.antalis.com).

2018 Highlights

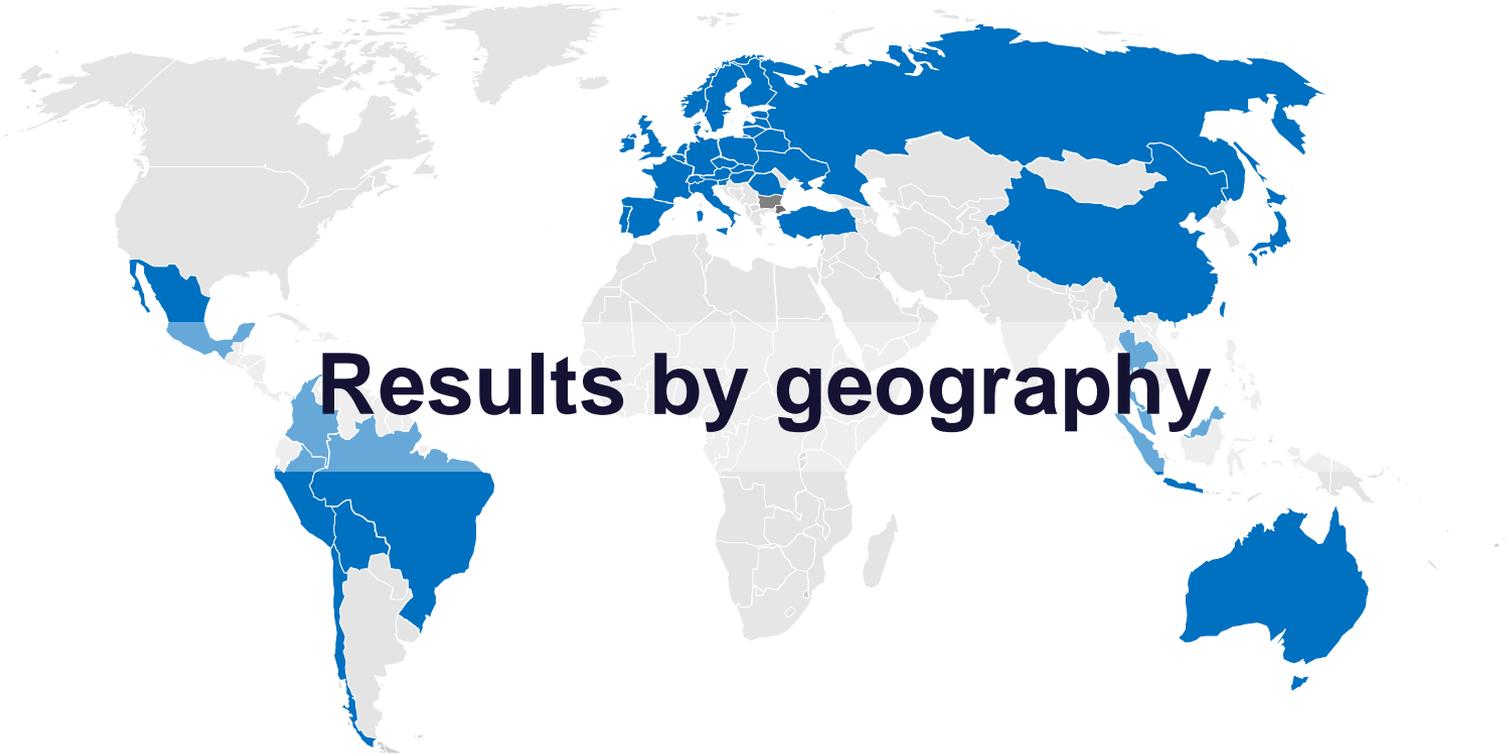
- **Market conditions**
 - Economic and geo-political conditions weighed heavily on consumer demand
 - Strong currency volatility
 - Paper production and consumption volumes contracted by around 7% in Europe in a context of sharply rising prices
 - Good performance in the Packaging market and a resilient Visual Communication market
- **Operating performances in line with objectives**
 - Sales down slightly by 1.0% at constant exchange rates and perimeter to €2,311 million (down 2.8% on a reported basis)
 - EBITDA margin at 3.2%
- **Continued transformation of Antalis' business model**
 - Combined contribution of Packaging and Visual Communication to Antalis' consolidated gross margin increased by 2 points to 37%
- **Continued growth in e-commerce**
 - **€320 million in online sales** (up 2.3%)
 - **e-penetration rate** in terms of stock order lines **up 1.1 points to 35.9%**
- **Financing (syndicated credit facility and factoring programme) secured through 31 December 2021**

Key figures for full-year 2018

- Resilient operating performances in a context of sharp price increases in the Papers sector



(1) Changes in comparable figures reflect FX and perimeter impacts



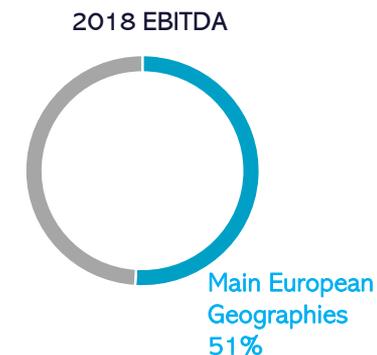
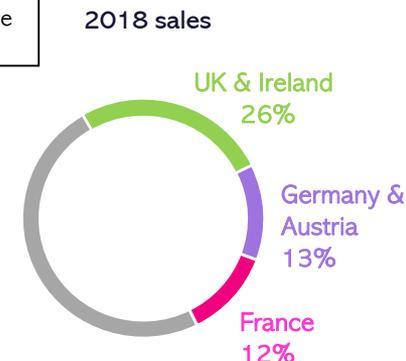
Results by geography

Main European Geographies

€ millions	2018	2017	Δ
Sales Main European Geographies	1,179.4	1,203.0	- 2.0%
• UK & Ireland	594.8	619.3	- 4.0%
• Germany & Austria	309.3	312.7	- 1.1%
• France	275.3	271.0	+ 1.6%
Gross margin	267.8	273.1	- 1.9%
Gross margin (% of sales)	22.7%	22.7%	-
EBITDA	38.4	41.9	- 8.5%
EBITDA margin (as a % of sales)	3.3%	3.5%	- 0.2 points

down 1.5% at constant exchange rates

down 3.1% at constant exchange rates



- **Resilient overall performance**
 - Impact of decline in Papers volumes partially offset by growth in French sales
 - Drop in business in the UK Visual Communication sector in the context of Brexit
 - Good sales momentum in Packaging in the UK and Germany
 - Negative impact of depreciation in sterling
- **EBITDA €38 million (down 8.2% at constant exchange rates); EBITDA margin at 3.3%**
 - Improved operating performances in France
 - Decline in volumes partially offset by improved product mix
 - Negative impact of sterling

Focus on UK & Ireland

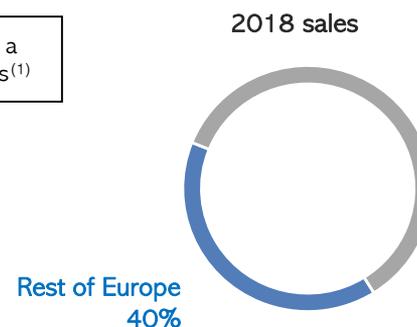
- **Unsettled economic context due to Brexit-related uncertainty**
 - Different Brexit scenarios studied by Antalis (working groups, etc.)
- **A major player in its markets**
 - Solid leadership position in the Papers sector
 - No. 2 in Packaging
 - 2018 sales growth driven by deployment of new business models and cross selling
 - Innovation capacity and position as a specialised distributor of industrial Packaging reinforced by the opening of a design centre for bespoke solutions
- **Main contributor to consolidated sales and EBITDA with higher-than-average profitability for the Group**
- **Continuous improvement in operating efficiency**
 - Greater flexibility in the cost base while maintaining a high level of service
 - Reducing the number of warehouses
 - Sub-contracting part of transport operations
 - Regular increase in online stock sales via the e-commerce website and EDI in the UK (up 3 points between 2016 and 2018)
 - e-penetration rate of around 35% in 2018
- **Sterling-based cost structure**
 - Purchases and sales made in sterling
 - Translation impact solely in the Group's consolidated financial statements



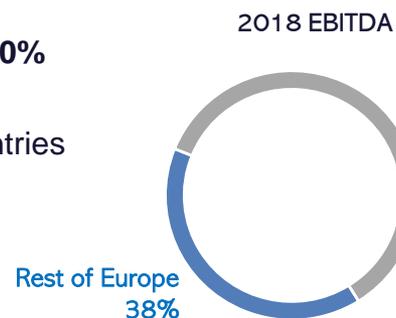
Rest of Europe

€ millions	2018	2017	Δ
Sales	929.6	944.6	- 1.6%
Gross margin	235.4	245.0	- 3.9%
<i>Gross margin (% of sales)</i>	<i>25.3 %</i>	<i>25.9%</i>	<i>- 0.6 points</i>
EBITDA	28.2	32.8	- 14.0%
<i>EBITDA margin (as a % of sales)</i>	<i>3.0%</i>	<i>3.5%</i>	<i>- 0.5 points</i>

down 0.9% on a comparable basis⁽¹⁾



- **Slight drop in sales on a comparable basis**
 - Decline in Papers volumes partially offset by growth in Packaging
 - Uneven performances in the different countries and sectors
 - Strong currency volatility (Swiss franc, Turkish Lira, Swedish krona)
 - Positive impact of businesses acquired in H1 2018 in the Papers and Packaging sectors (€9 million)
- **EBITDA of €28 million (down 15.0% on a comparable basis); EBITDA margin at 3.0%**
 - Negative impact of FX and decline in Papers volumes
 - Improved operating performances in Italy, Eastern Europe and the Baltic countries
- **Enhanced operating efficiency**
 - Optimisation of supply chain in Finland (warehouse, transport)
 - Deployment of new ERP system in Spain

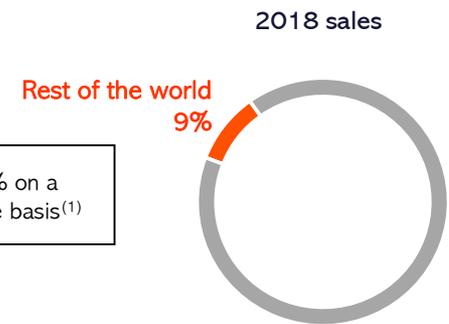


(1) Changes in comparable figures reflect FX and perimeter impacts

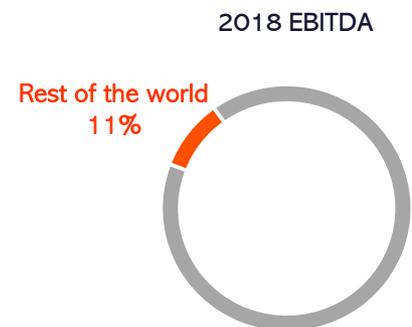
Rest of the World (Latin America and Asia-Pacific)

€ millions	2018	2017	Δ
Sales	202.0	229.8	- 12.1%
Gross margin	57.0	64.3	- 11.4%
Gross margin (% of sales)	28.2%	28.0%	+ 0.2 points
EBITDA	8.1	9.7	- 16.2%
EBITDA margin	4.0%	4.2%	- 0.2 points

up 2.4% on a comparable basis⁽¹⁾



- **Growth in sales** on a comparable basis
 - Negative €24 million impact from the sale of subsidiaries in South Africa and Botswana in early October 2018
 - FX impact (Brazilian real, South African rand, US dollar)
- **EBITDA** of €8 million (down 3.5% on a comparable basis); **EBITDA margin at 4.0%**
 - Good operating performances in Asia
- **Highlights**
 - Sale of Southern African business



(1) Changes in comparable figures reflect FX and perimeter impacts

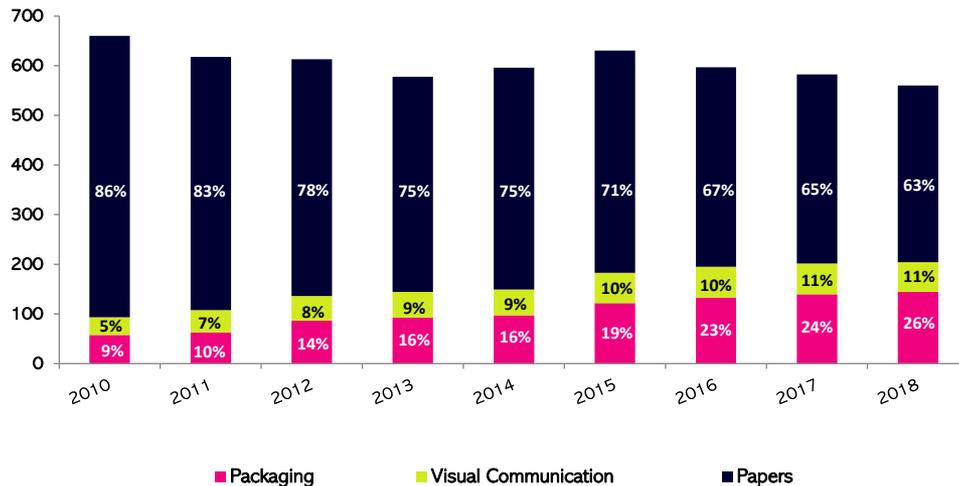
Breakdown by business sector



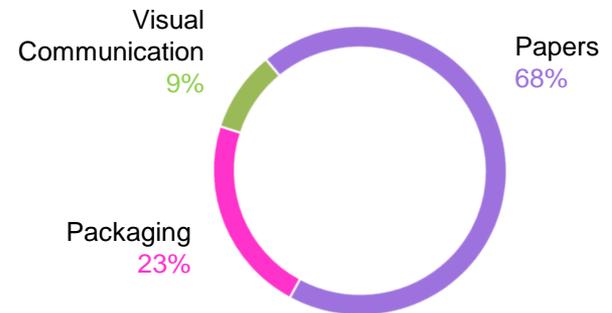
Analysis of sales and gross margin

(in € millions)	Sales			Gross margin			Gross margin/sales		
	2018	2017	Δ	2018	2017	Δ	2018	2017	Δ
Papers	1,580.7	1,654.5	-4.5%	355.9	380.7	- 6.5%	22.5%	23.0%	- 0.5 points
Packaging	517.2	501.6	+ 3.1%	144.4	139.5	+ 3.5%	27.9%	27.8 %	+ 0.1 point
Visual Communication	213.1	221.3	- 3.7%	59.9	62.2	- 3.7%	28.1%	28.1%	-
TOTAL	2,311.0	2,377.4	- 2.8%	560.2	582.4	- 3.8%	24.2%	24.5 %	- 0.3 points

Analysis of gross margin contribution



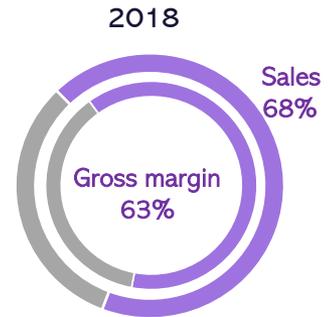
Sales by business sector



Papers

- **European market trends**

- Volumes contracted by around 7% year on year
 - Significant price increases driven by soaring paper pulp prices
- Difficulties experienced by several producers
- Further consolidation of the European paper distribution market
 - Antalis acquired Igepa's paper distribution business in Sweden and Norway
 - Inapa is currently in the process of acquiring OptiGroup's German subsidiary (Papyrus)



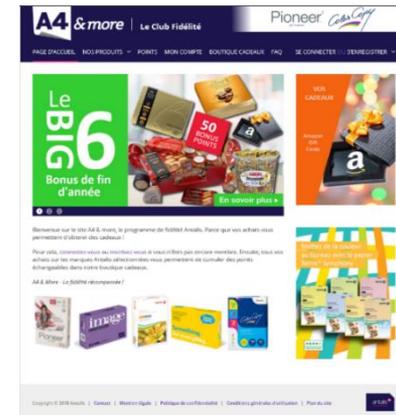
- **Sales down by 4.5% year-on-year to €1,581 million (down 2.1% on a comparable basis)**

- **Gross margin down 6.5% to €356 million (down 3.7% on a comparable basis); gross margin rate at 22.5% (down 0.5 points)**

- Impact of decline in volumes and unfavourable shift in office papers product mix
- Resilient gross margin in printing papers thanks notably to higher selling prices

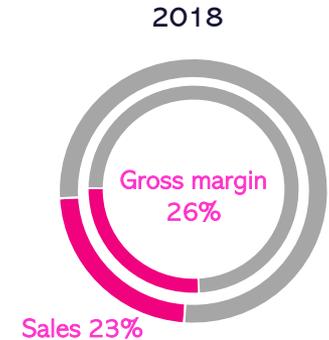
- **Highlights**

- Office
 - **Streamlining** of product range
 - Expanding the offering as part of the **A4&more loyalty programme**
- Print
 - **Expanding the creative papers offering** (new colours and range)
 - Pursuit of the **d2b strategy** in digital papers
 - **Green Digital** campaign in recycled papers across the Group's three main markets
- **Successful consolidation** of Igepa's papers distribution business in the Nordic countries



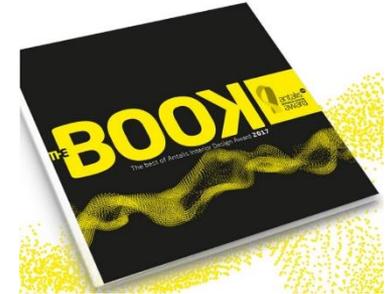
Packaging

- **European market trends**
 - Growth of between 1% and 2% in a slowing global market beset by geopolitical uncertainty
- **Performance ahead of the market with sales up 3.1% year-on-year to €517 million (up 3.2% on a comparable basis)**
 - Good performances in most countries, especially in Germany, the UK, Poland, Italy and Latin America
 - Unfavourable FX impact
- **Gross margin up 3.5% to €144 million (up 3.4% on a comparable basis); slight uptick in gross margin rate to 27.9% (up 0.1 point)**
- **Highlights**
 - **Positive impact of specialisation strategy** in main European countries
 - Growth ahead of the market
 - New customer wins, especially in the logistics and industry sectors
 - Growth of around 30% in bespoke packaging solutions
 - Launch of a **Pan-European own-brand label** (Master'in)
 - 3 complementary ranges of consumables and equipment
 - Available in 28 countries in Europe and Latin America
 - Strengthening of **innovation capacity** and enhanced **time-to-market**
 - Opening of two design centres for bespoke packaging solutions (Poland and UK)
 - **Successful consolidation** of **Alos'** Packaging business in Sweden



Visual Communication

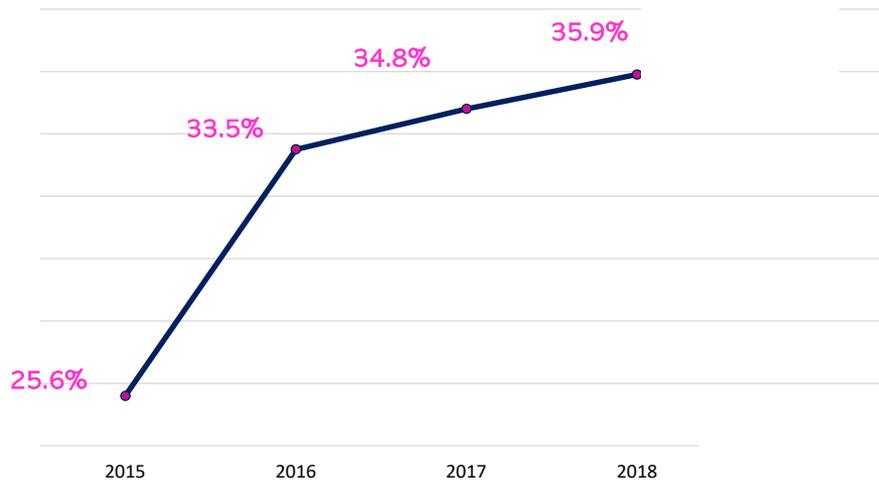
- **Sluggish European market**
- **Sales down by 3.7% year-on-year to €213 million (down 1.8% on a comparable basis)**
 - Impact of Brexit on the UK retail trade
 - Good performances in Scandinavia, Poland and the Baltic countries
 - Continued development of cross selling
- **Gross margin down 3.7% to €60 million (down 2.2% on a comparable basis); gross margin rate stable at 28.1%**
 - 11% growth in the Coala range, Antalis' own-brand dedicated to large-format printing
- **Highlights**
 - **Development in the customised interior decoration market**
 - Leads generated by leveraging *The Book*, a reference for professionals working in the sector
 - Proactive development of ecosystem (customer events, social networks)
 - **Expansion of the Coala offering**
 - Launch of a textile range for signage and interior decoration
 - Expanded ranges of flexible and rigid media (25 new products)
 - **Strengthening of strategic partnership with HP**
 - Distribution of HP large-format printers in France
 - Termination of planned acquisition of Verla in Romania



E-commerce trends in 2018

- **Growing contribution of e-platforms (e-commerce websites, EDI)**
 - 2018 sales totalled €320 million (up 2.3%)
 - e-penetration rate⁽¹⁾ up 1.1 points to 35.9%

E-penetration rate over time

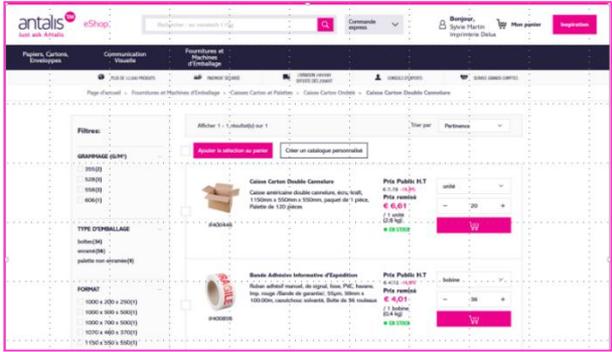


- **Growing success of e-commerce websites**
 - e-penetration rate up 1.3 points
 - 1.634 million stock order lines
 - e-penetration rate over 30% in 11 countries

(1) Number of of stock order lines via e-commerce websites and EDI

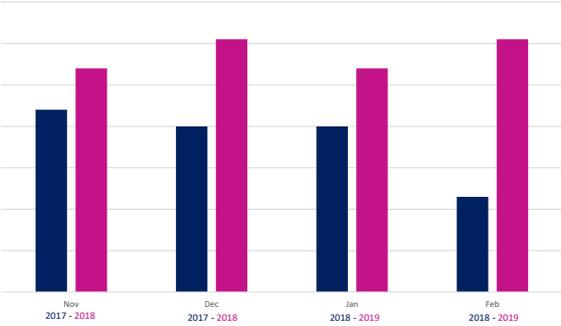
Launch of new version of e-commerce website in France

- Inspiration from four different universes
- eShop – optimises the online customer journey
 - Search by key word or product reference
 - Customised price lists
 - Instant info on stock availability
 - Access to customer order history
 - Strengthened interaction with sales department



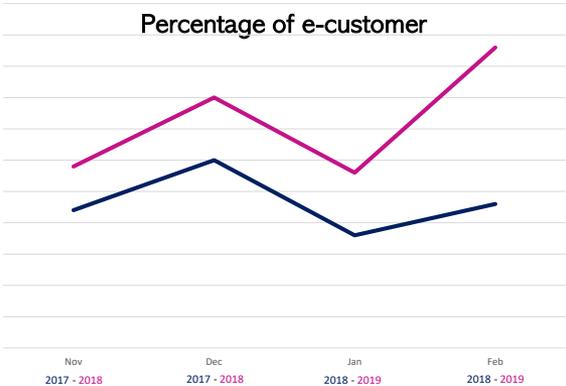
- e-penetration rate and percentage of e-customers since November 2018 launch

E-penetration rate over time



- e-penetration rate up 3,8 points in February 2019 versus February 2018

Percentage of e-customer



- Percentage of customers ordering online up 2.5 points in February 2019 versus February 2018

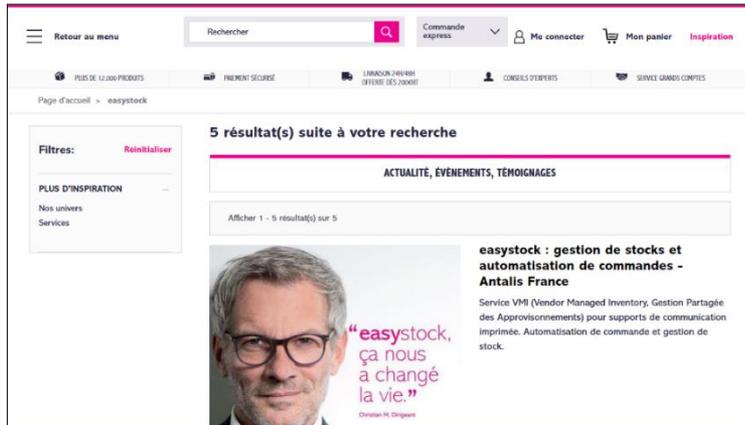
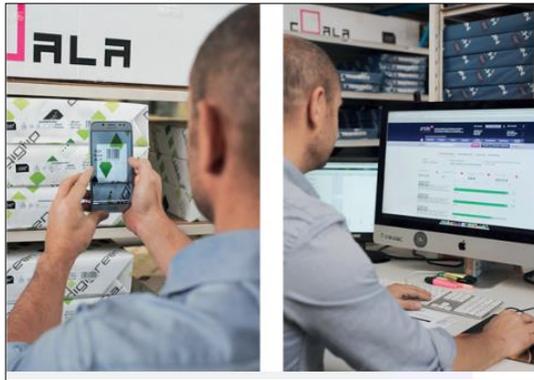
- Future developments

- Opening of e-commerce website to prospects at the end of H1 2019
- Roll-out of this new version in main European countries in 2019

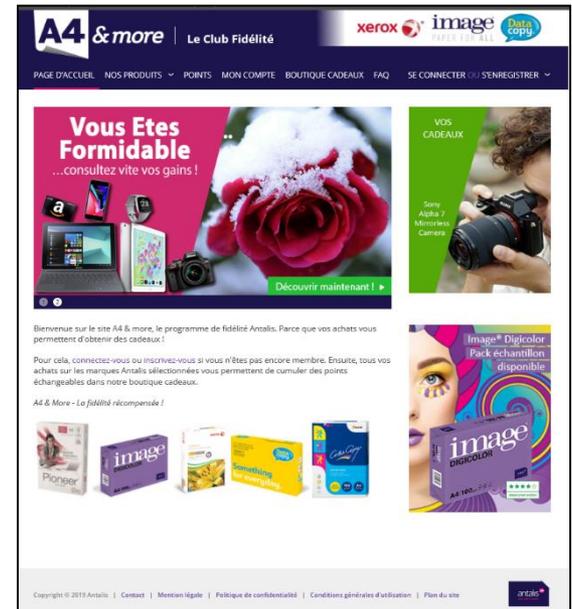
Strengthening customer loyalty with new digital services



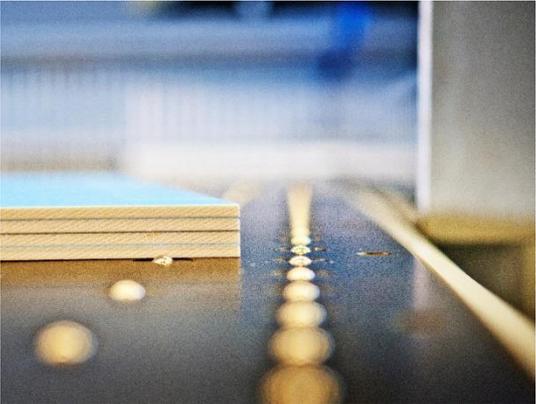
- **easystock:** vendor-managed inventory service
 - Ramp-up in France
 - Roll-out in progress in main European countries



- **A4&more:** loyalty programme for office paper resellers
 - Integration of mills brands alongside Antalis' own brands
 - Over 850 members in late 2018



FY 2018 financial statements

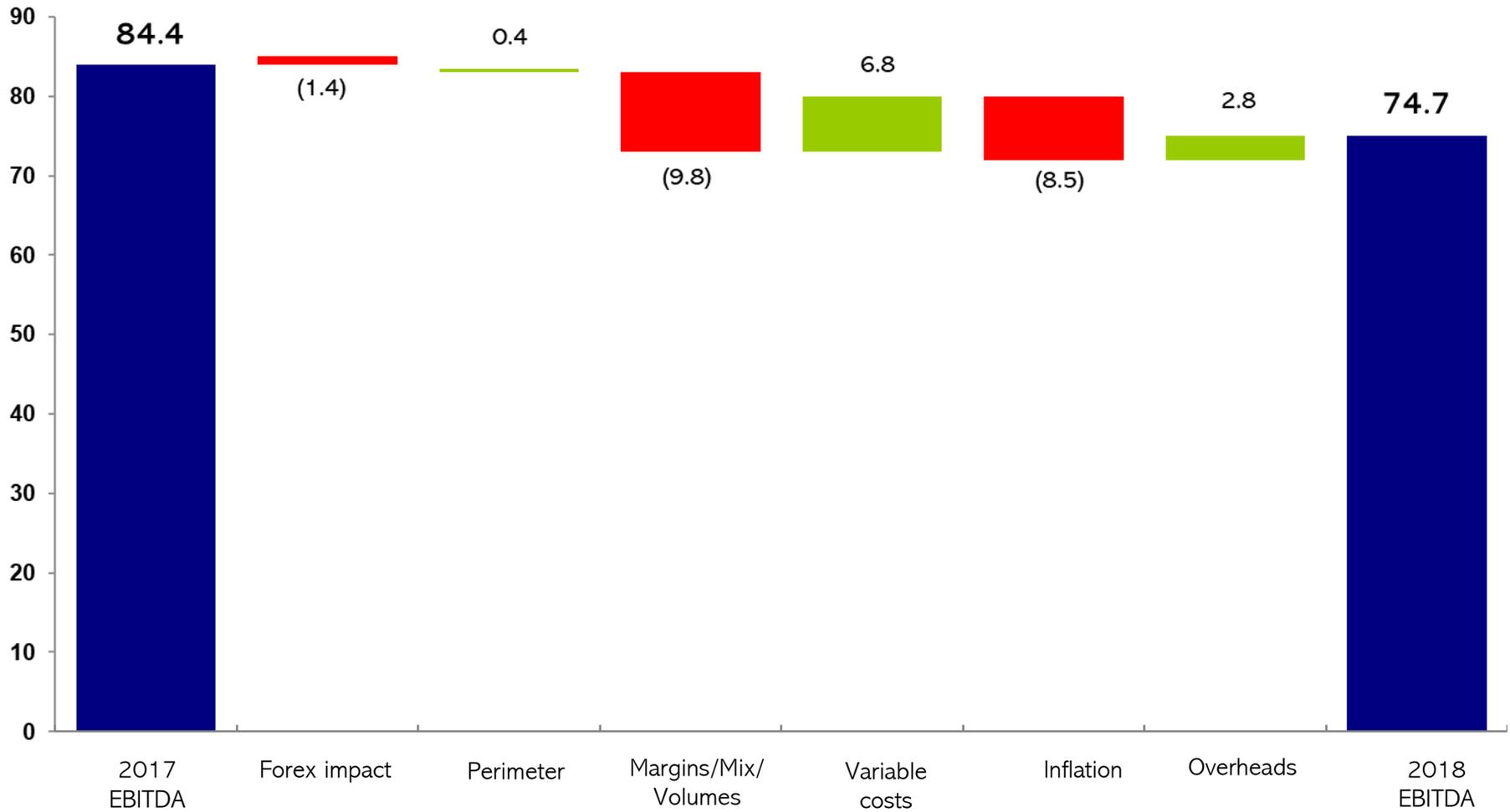


Consolidated income statement

<i>(in € millions)</i>	2018	2017	Δ	
Sales	2 311.0	2 377.4	- 2.8%	down 1.0% at constant exchange rates and perimeter
Gross margin	560.2	582.4	- 3.8%	FX impact: €(29)m Disposal: €(24)m Acquisitions: €9m
EBITDA	74.7	84.4	- 11.5%	
EBITDA margin (%)	3.2%	3.6%	- 0.4 points	FX impact: €(1.4)m
Current operating income	52.6	65.8 ⁽¹⁾	- 20.1%	
Current operating margin (as a % of sales)	2.3%	2.8%	- 0.5 points	
Non-recurring items	(44.4)	(26.5)	NA	
Net financial expense	(38.6)	(25.4)	NA	
Income taxes	0.8	(4.4)	NA	
Non-controlling interests	(0.2)	(0.1)	NA	
Net income (loss) attributable to owners	(29.8)	9.4	NA	

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

EBITDA trends



Breakdown of non-recurring items

<i>(in € millions)</i>	31 Dec. 2018	
Restructuring costs	(21.3)	<div style="border: 1px solid black; padding: 5px;"> Of which: -South Africa sale: €(9.0)m -Latin America goodwill impairment: €(22.0)m -Badwill: €17m </div>
Disposals & Asset write-downs	(12.9)	
Other non-recurring items	(10.2)	
Non-recurring items	(44.4)	<div style="border: 1px solid black; padding: 5px;"> Of which: -Refinancing costs: €(8)m -Envelope litigation: €4m </div>

Consolidated statement of financial position

<i>€ millions</i>	31 Dec. 2018	31 Dec. 2017
Goodwill	120.0	141.1
Property, plant & equipment and intangible assets	81.5	84.0
Operating WCR	177.7	183.2
Capital employed	379.2	408.3
Pension plans in surplus	57.0	9.1
Other assets (liabilities)	19.1	15.6
Total	455.3	433.0
Shareholders' equity	112.7	123.8
Non-controlling interests	0.7	0.5
Provisions	54.1	61.1
Net debt	287.8	247.6
Total	455.3	433.0

Breakdown of provisions

<i>(in € millions)</i>	2018	2017
Pension provisions	35.7	44.7
Restructuring provisions	3.7	1.9
Other risk and contingency provisions	14.7	14.5
Total	54.1	61.1

Change in net debt

<i>(in € millions)</i>	2018	2017
Consolidated net debt at beginning of period	(247.6)	(254.3)
EBITDA	74.7	84.4
Change in WCR of businesses	(9.9)	8.5
CAPEX	(20.7)	(18.7)
Operating Cash Flow	44.1	74.2
Net finance costs paid	(28.1)	(22.7)
Income tax expense	(6.3)	(4.8)
Restructuring costs & other non-recurring items	(19.8)	(21.4)
Disposals	3.9	11.3
Impact of changes in scope of consolidation	(7.6)	0.3
Dividends paid	(5.7)	(8.0)
Costs related to refinancing & IPO	(9.1)	(6.6)
Currency impact and other non-cash items	(5.7)	(9.9)
Other items	(5.9)	(5.7)
(Increase)/decrease in net debt	(40.2)	6.7
Consolidated net debt at end of period	(287.8)	(247.6)

Financial covenants at 31 December 2018

- Net debt / EBITDA = 3.90 (\leq 4.30)
- Current operating income/net interest expense = 2.71 (\geq 2.55)

Outlook for 2019

- **Search for a new shareholding structure**
 - Launch of a process to set up a new shareholding structure with the support of Goldman Sachs

- **Market conditions**
 - Slower growth and economic uncertainty, particularly in the UK
 - Contrasting picture across sectors
 - Continuing decline in Papers volumes with slight price erosion
 - Good momentum in Packaging market
 - Resilient Visual Communication market
 - Change in the situation of Arjowiggins Graphic and Arjowiggins Creative Papers - suppliers each representing around 4% of the Group's purchases in value terms - which entered receivership in early January 2019

- **Priorities**
 - Consolidating Antalis' leadership in the **Papers** sector through effective margin management and by benefiting from consolidation of the sector
 - Fostering growth in **Packaging** by leveraging the specialisation strategy and Master'in range
 - Boosting sales in **Visual Communication** by strengthening Antalis' position in the interior decoration market and developing the Coala range
 - Enhancing operating efficiency by continuing to **deploy the omni-channel** strategy

Q & A

Hervé Poncin, Chief Executive Officer
Xavier Roy-Contancin, Chief Financial Officer

www.antalis.com

📞 +33 1 58 04 22 80

✉ contact@antalis.com