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Press release

Boulogne-Billancourt, 30 September 2019

First-half 2019 results

Resilient operating performance in an unfavourable market (on a comparable basis and at constant accounting methods)

- **Sales** down 5.4% to **€1,072 million** on a comparable basis (down 9% as reported)
- **Gross margin** down 5.5% to **€261 million** on a comparable basis (down 8.7% as reported); **gross margin rate held up well at 24.4% (up 0.1 points)**
- **Packaging and Visual Communication's contribution to Antalis' consolidated gross margin up 2 points to 39%**
- **EBITDA** down 9.9% to **€30.1 million** on a comparable basis and at constant accounting methods (down 16.4% as reported); **EBITDA margin of 2.8%** (down 0.3 points)
- **Net debt fell by 4.1% to €318 million**

Financial indicators after first-time application of IFRS 16

- **EBITDA €51 million**
- **Net loss of €27 million, including net non-recurring expenses of €25 million**
- **Net debt of €434 million**

Revision of full-year 2019 guidance

- **On a comparable basis and at constant accounting methods, Antalis' sales should decline by between 6% and 7% year-on-year, and EBITDA margin should come in at between 2.7% and 2.9%.**

Commenting on the half-year results, Hervé Poncin, Chief Executive Officer of Antalis said: *"In H1 2019, the Group's operating performance was impacted by the decline in volumes of Papers in a market that contracted by around 7%, and by the bankruptcy of one of our graphic and recycled papers suppliers. Consequently, consolidated sales declined by 5.4% on a comparable basis. Against this backdrop, we have continued to adapt our structure to changing patterns of demand and we have significantly reduced our overheads, particularly our logistics and marketing costs. EBITDA margin came in at 2.8%. In the second-half of the year, in a tough global market, Antalis' sales will continue to decline in the Papers sector in a deflationary environment, partially offset by the positive impact of new ranges of recycled papers and the revamping of creative papers. The Group should also continue to benefit from the resilience of the Packaging business which, along with Visual Communication, contributed 39% of Antalis' consolidated gross margin in H1 2019, up 2 points year-on-year."*

Consolidated income statement (operating indicators at constant accounting methods)

The Board of Directors of Antalis has approved the interim consolidated financial statements.

(in € millions)	H1 2019 before first-time application of IFRS 16	H1 2018	Δ as reported	Δ on a comparable basis[1]	H1 2019 after first-time application of IFRS 16	H1 2018
Sales	1,072.2	1,178.1	-9.0%	-5.4%	1,072.2	1,178.1
Gross margin	261.3	286.3	-8.7%	-5.5%	261.3	286.3
Gross margin rate (% of sales)	*24.4%*	*24.3%*	*+ 0.1 point*	-	*24.3%*	*24.3%*
EBITDA	30.1	36.0	-16.4%	-9.9%	51.0	36.0
EBITDA margin (as % of sales)	*2.8%*	*3.1%*	*- 0.3 points*		*4.8%*	*3.1%*
Current operating income	19.4	24.7	-21.4%	-13.1%	20.9	24.7
Current operating margin (as % of sales)	*1.8%*	*2.1%*	*- 0.3 points*		*1.9%*	*2.1%*

Net income (loss) attributable to owners	(27.4)	(15.5)
Diluted earnings (loss) per share (€)	(0.39)	(0.22)
Average number of shares after dilution	70,511,313	70,836,485

(1) Changes in comparable figures are restated without calendar, FX and perimeter impacts.

The following table shows the impact of first-time application of IFRS 16 on key operating indicators in H1 2019:

(in € millions)	H1 2019 before first-time application of IFRS 16	Cancellation of lease payments	Depreciation of right-of-use assets	Lease liabilities and finance costs	H1 2019 after first-time application of IFRS 16
Sales	1,072.2				1,072.2
Gross margin	261.3				261.3
Gross margin rate (% of sales)	*24.4%*				*24.4%*
EBITDA	30.1	20.9	-	-	51.0
EBITDA margin (as % of sales)	*2.8%*				*4.8%*
Current operating income	19.4	20.9	(19.4)	-	20.9
Current operating margin (as % of sales)	*1.8%*				*1.9%*
Net income (loss) attributable to owners	(24.5)	20.9	(19.4)	(4.4)	(27.4)
Net debt	318.1			115.4	433.5

During the first six months of the year, Antalis delivered sales of €1,072 million, down 5.4% on a comparable basis on H1 2018 (down 9.0% as reported, reflecting the negative €33 million impact from the sale of the Southern African business in October 2018). This mainly reflects the decline in volumes of Papers, compounded by supply chain disruption caused by the demise of one of Antalis' graphic and recycled papers suppliers. However, Antalis enjoyed slightly higher sales in the Packaging business and resilient performances in Visual Communication. The impact of exchange rates on sales was negligible over the period.

Gross margin was down 5.5% on a comparable basis to €261 million (down 8.7% as reported); higher selling prices partially absorbed lower volumes in Papers. The gross margin rate came in at 24.4% as reported (up 0.1 points). The contribution of Packaging and Visual Communication to Antalis' consolidated gross margin continued to grow – it increased by 2 points on H1 2018 and now stands at 39%.

EBITDA was €30 million, down 9.9% on a comparable basis and at constant accounting methods (down 16.4% on a reported basis). Antalis benefited from significantly lower overheads — notably logistics and marketing costs — which partially absorbed the impact of lower volumes in Papers. The EBITDA margin was 2.8% as reported (down 0.3 points).

Current operating income came in at €19 million, down 13.1% on a comparable basis and at constant accounting methods (down 21.4% on a reported basis) when compared with H1 2018.

Antalis recorded net non-recurring expenses of €25 million, notably comprising asset write-downs totalling €11 million; most of the balance consisted of restructuring costs recognised in the first six months of the year.

After recording the impact of first-time application of IFRS 16 (negative €3 million), finance costs and taxes, the net loss attributable to owners was €27 million for the period, compared with a net loss of €16 million for the six months to 30 June 2018.

Antalis' net debt stood at €318 million at 30 June 2019 (versus €332 million at end-June 2018).

Furthermore, the amount authorised under the Group's main factoring contract was raised from €215 million to €290 million after the agreement was amended to include an additional financial partner.

Key figures by geography

(in € millions)	H1 2019	H1 2018	Δ as reported
Sales			
Main European Geographies	552.6	598.1	-7.6%
- *UK & Ireland*	*282.0*	*298.7*	*-5.6%*
- *Germany & Austria*	*145.2*	*156.0*	*-6.9%*
- *France*	*125.4*	*143.4*	*-12.6%*
Rest of Europe	446.6	469.6	-4.9%
Rest of the World	73.0	110.4	-33.9%
TOTAL	1,072.2	1,178.1	-9.0%
EBITDA(1)			
Main European Geographies	16.5	18.4	-10.3%
- *EBITDA margin*	*3.0%*	*3.1%*	*-0.1 point*
Rest of Europe	11.6	13.8	-15.9%
- *EBITDA margin*	*2.6%*	*2.9%*	*-0.3 points*
Rest of the World	2.0	3.8	-44.7%
- *EBITDA margin*	*2.7%*	*3.4%*	*-0.7 points*
TOTAL	30.1	36.0	-16.4%

(1) Unless stated otherwise, EBITDA presented in this press release does not reflect changes arising from first-time application of IFRS 16 (Leases) from 1 January 2019.

- *Main European Geographies*

The Main European Geographies generated sales of €553 million, down 7.6% on H1 2018. Lower volumes in Papers were partially offset by the favourable impact of sterling and by the growth in Packaging.

Sales in the UK & Ireland held up well at €282 million (down 5.6%) when compared to the market as a whole. Germany & Austria delivered sales of €145 million and growth in Packaging partially offset lower volumes in Papers. France generated sales of €125 million, down 12.6%, mainly due to the drop in volumes in Papers, which was greatly exacerbated by the failure of a key supplier to this subsidiary.

EBITDA for the Main European Geographies fell by 10.3% year-on-year to €17 million and EBITDA margin was 3% (down 0.1 point).

- *Rest of Europe*

Sales for the Rest of Europe declined by 4.9% to €447 million. Antalis benefited from the growth in Packaging and the resilience of Visual Communication, which partially offset the impact of lower volumes in Papers and the negative FX impact (mainly the Turkish lira and Swedish krona, partially offset by the Swiss franc).

The Rest of Europe generated EBITDA of €12 million, down 15.9% on H1 2018 and EBITDA margin came in at 2.6% (down 0.2 points).

- *Rest of the World*

Sales for the Rest of the World were down by 44.7% to €73 million due to the sale of the Southern African businesses in October 2018 (€33 million in sales to end-June 2018) and despite a favourable FX impact (in the US dollar, partially offset by the Chilean peso).

EBITDA was €2 million and EBITDA margin represented 2.7% of sales.

Key figures by business sector

	Sales				Gross margin				Gross margin/sales		
(in € millions)	H1 2019	H1 2018	**Δ** as reported	**Δ**(1) on a comparable basis	H1 2019	H1 2018	**Δ** as reported	**Δ**(1) on a comparable basis	H1 2019	H1 2018	**Δ** as reported
Papers	714.1	812.6	-12.1%	-7.6%	159.6	183.3	-12.9%	-8.6%	22.3%	22.6%	-0.3 points
Packaging	254.2	256.5	-0.9%	0.3%	71.7	72.1	-0.5%	0.5%	28.2%	28.1%	0.1 point
Vis. Comm.	103.9	109.0	-4.7%	-2.4%	30.0	30.9	-2.9%	-1.0%	28.9%	28.3%	0.6 points
TOTAL	1,072.2	1,178.1	-9.0%	-5.4%	261.3	286.3	-8.7%	-5.5%	24.4%	24.3%	+0.1 point

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

- *Papers*

During the first six months of the year, paper consumption was negatively impacted by economic uncertainty and production volumes contracted by around 7% in Europe in a context of strong downward pressure on selling prices. The demise of one of the Group's graphic and recycled papers suppliers also resulted in supply chain disruption.

Papers sector sales were down 7.6% on H1 2018 to €714 million on a comparable basis (down 12.1% as reported). Gross margin fell by 8.6% on a comparable basis to €160 million (down 12.9% as reported) and the gross margin rate came in at 22.3% as reported (down 0.3 points).

- *Packaging*

In a market beset by economic uncertainty, especially in the automotive sector, Antalis' packaging business delivered sales of €254 million, up 0.3% on a comparable basis (down 0.9% as reported) with fine performances in Italy, Germany, Poland and Latin America. Gross margin rose by 0.5% to €72 million (down 0.5% on a reported basis) when compared with H1 2018 and the gross margin rate remained stable at 28.2%. The contribution of Packaging to Antalis' consolidated gross margin continued to grow and now stands at 27.4%, up 2.4 points when compared to H1 2018.

- *Visual Communication*

Visual Communication sales totalled €104 million, down 2.4% on a comparable basis (down 4.7% as reported), reflecting in particular re-phasing of equipment sales in Scandinavia and Germany, partially offset by the positive contribution from new product ranges and cross selling. Gross margin fell slightly to €30 million (down 1% on a comparable basis and down 2.9% as reported) while the gross margin rate rose by 0.6 points to 28.9%. The contribution of Visual Communication to Antalis' consolidated gross margin remained stable at 11.5% when compared to H1 2018.

Outlook

After the sharp drop in Papers volumes in the first-half of the year, notably due to the failure of one of the Group's graphic and recycled papers suppliers, Antalis will continue to be impacted by declining paper volumes in the European market, coupled with lower selling prices due to the drop in paper pulp prices. In H2 2019, Antalis should benefit from the launch of new ranges of recycled products and the relaunch of Arjowiggins Creative Papers ranges following its management buy-out. Packaging and Visual Communication should show resilience over the coming months and continue to grow their contribution to the Group's consolidated gross margin.

Antalis should continue to reap the benefits of lower overheads and enhanced commercial productivity.

For full year, at constant perimeter, accounting methods and exchange rates, Antalis' sales should decline by between 6% and 7% year-on-year, and EBITDA margin should come in at between 2.7% and 2.9%.

Finally, Antalis continues to progress in the search for a new shareholding structure and it will inform the market once it is in a position to announce definitive steps.

Financial disclosures

Antalis complied with all bank covenants concerning its syndicated credit facilities at 30 June 2019 (tested at constant accounting methods):

Net debt / EBITDA	= 4.64 (≤ 4.95)
Current operating income /net interest expense	= 2.34 (≥ 2.25)

A detailed presentation of first-half 2019 results will be made available on the Antalis website: www.antalis.com

About Antalis

Antalis (Euronext Paris : ANTA) is the leader in B2B distribution of Papers (number 1 worldwide outside the United States) and industrial Packaging, and number two in the distribution of Visual Communication media in Europe. In 2018, the Group reported sales of €2.3 billion and employed 5,200 people serving over 120,000 customers, companies and printers in 41 countries. Through its 115 distribution centres, Antalis makes around 12,000 deliveries per day worldwide and it distributed 1.3 million tons of paper in 2018.

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