

Results for the first half of 2020

Decline in operational performance in the context of the Covid-19 pandemic

- Net sales of €817 million, down -23.3% on a like-for-like basis (-23.8% on a reported basis)
- Gross profit of €202 million, down -22.3% on a like-for-like basis (-22.6% on a reported basis); gross margin held up 0.3 points to 24.7%
- Contribution of Packaging and Visual Communication to total gross margin up +5 points to 44%
- EBITDA of €7 million, down -76.2% on a like-for-like basis (down -75.6% on a reported basis); EBITDA margin of 0.9% (-1.9 points)
- Net financial debt stable at €317 million

Financial data after application of IFRS 16

- EBITDA at €28 million
- Net loss of -€90 million, including €64 million of net non-recurring expenses
- Net financial debt at €425 million

Hervé Poncin, Chief Executive Officer of Antalis said: *“In the first half of 2020, our group's operating performance was severely affected by the global economic crisis caused by the Covid-19 pandemic in a European paper market that declined in volume by around -22%. As a result, group sales were down -23% on a like-for-like basis with good resilience in all business sectors, with a gross margin rate at 24.7%. The Packaging business was proportionally more resilient and, together with Visual Communication, made a 44% contribution to Antalis' total gross margin. Against this backdrop, we significantly reduced our fixed and variable costs, in particular as part of government measures implemented to support businesses in all countries where this was possible. As a result, the EBITDA margin stood at 0.9%. All countries were able to continue to operate in compliance with the required health and safety measures thanks to the commitment of our employees.”*

EBITDA amounted to €7 million, down -76.2% on a like-for-like basis (-75.6% on a reported basis) due to the sharp decline in activity. Antalis benefited from a significant reduction in both variable and fixed costs, notably as a result of government measures implemented to support businesses in many countries. The EBITDA margin came to 0.9% on a reported basis (-1.9 points).

Loss from recurring operations is at -€4 million compared to €19 million in the first half of 2019.

Antalis recorded net non-recurring charges of €64 million, including, in particular, an amount of €39 million in net asset impairment losses and, for most of the remainder, restructuring costs recorded in the first half of the year.

In view of the indications of impairment attributable to the sharp drop in the activity due to the global health crisis, the group has implemented a test of the book value of most of its assets at 30 June 2020. In the current exceptional context of uncertainty, the value in use of these assets was determined on the basis of the business plan used for the impairment tests carried out at the end of 2019, adjusted for observable effects on the business for the 2020 financial year and assumptions for a more or less gradual recovery depending on the geographical areas and markets in which Antalis operates. The main impairment loss then identified concerned the €25 million goodwill allocated to the group's activities in the United Kingdom, which was fully impaired in the first-half financial statements.

After taking into account the net impact of IFRS 16 (-€1 million), other financial expenses and tax, net profit was a loss of -€90 million (-€27 million during the first half of 2019).

Net financial debt excluding lease debt amounted to €317 million (€318 million at 30 June 2019).

As of the date of this press release, the limited review diligences have been carried out and the corresponding statutory auditors' report is in the process of being issued.

Key figures by geography

<i>(in € millions)</i>	H1 2020	H1 2019	Δ as reported
Sales			
Major European Geographies	415.0	552.6	-24.9%
- <i>United Kingdom and Ireland</i>	199.4	282.0	-29.3%
- <i>Germany and Austria</i>	126.0	145.2	-13.2%
- <i>France</i>	89.6	125.4	-28.5%
Rest of Europe	355.0	446.6	-20.5%
Rest of the World	47.0	73.0	-35.6%
Total	817.1	1072.2	-23.8%
EBITDA⁽¹⁾			
Major European Geographies	2.0	16.5	-87.9%
- <i>EBITDA margin</i>	0.5%	3.0%	-2.5 points
Rest of Europe	7.3	11.6	-37.1%
- <i>EBITDA margin</i>	2.1%	2.6%	-0.5 points
Rest of the World	(2.0)	2.0	
- <i>EBITDA margin</i>	-4.3%	2.7%	-7.0 points
Total	7.4	30.1	-75.6%

⁽¹⁾ The EBITDA referred to in this press release does not take into account, unless otherwise indicated, the changes in methods introduced in 2019 by IFRS 16 on leases.

- *Main European Geographies*

The Main European Geographies generated sales of €415 million, down -24.9%.

Activity in the United Kingdom and Ireland declined with sales of €199 million, down -29.3% due to the Covid-19 pandemic and uncertainties related to Brexit accentuating economic difficulties. Sales in Germany and Austria amounted to €126 million, down -13.2%, this region having been proportionally less affected than other European countries by the Covid-19 crisis and benefiting from the positive effects of market consolidation in Germany. France, for its part, achieved a turnover of €90 million, down -28.5%, mainly reflecting the impact of the Covid-19 pandemic.

EBITDA for the Main European Geographies amounted to €2 million, down -87.9%. The EBITDA margin was 0.5% (-2.5 points).

- *Rest of Europe*

Net sales in the Rest of Europe zone amounted to €355 million, down -20.5%. Antalis suffered from the Covid-19 pandemic mainly in Southern Europe and to a lesser extent in Eastern and Northern Europe.

The Rest of Europe reported EBITDA of €7.3 million, down -37.1%. EBITDA margin was 2.1% (-0.5 points).

- *Rest of the World*

Net sales in the Rest of the World zone came to €47 million, down -35.6% mainly due to the strong spread of Covid-19, which began in January/February 2020 in Asia and a few weeks later in Latin America.

EBITDA for the Rest of the World amounted to -€2.0 million. The EBITDA margin represents -4.3% of sales.

Key figures by business sector

(in € millions)	Sales			Gross margin			Gross margin/Sales		
	H1 2020	H1 2019	Δ as reported	H1 2020	H1 2019	Δ as reported	H1 2020	H1 2019	Δ as reported
Papers	504.6	714.1	-29.3%	112.5	159.6	-29.5%	22.3%	22.3%	0.0 points
Packaging	229.2	254.2	-9.8%	65.6	71.7	-8.5%	28.6%	28.2%	+0.4 points
Visual Com.	83.2	103.9	-19.9%	24.1	30.0	-19.7%	29.0%	28.9%	+0.1 points
Total	817.1	1,072.2	-23.8%	202.2	261.3	-22.6%	24.7%	24.4%	0.3 points

- *Papers*

During the first half of 2020, the economic uncertainties strongly linked to the Covid-19 pandemic weighed on paper consumption, with a drop in production volumes of around -23% in Europe, adding downward pressure on sales prices.

The group's consolidated sales came to €505 million, down -29.3%. The gross margin amounted to €113 million, down -29.5%. The gross margin rate was 22.3%, unchanged from the first half of 2019.

- *Packaging*

In a market strongly affected by the Covid-19 pandemic, particularly in the manufacturing industry, which was partially offset by strong sales in e-commerce and food sectors, Antalis posted sales in the Packaging sector of €229 million, down -9.8%. The gross margin amounted to €65 million, down -8.5% compared with the first half of 2019. Gross margin increased by +0.4 points to 28.6%. The weight of Packaging in Antalis' total gross margin continued to increase, rising by +5 points to 32%.

- *Visual Communication*

Visual Communication sales amounted to €83 million, down -19.9%, reflecting the strong impact of the Covid-19 pandemic, with in particular the absence of trade fairs and public events since the month of March. Gross margin was down -9.7% to €24 million. The gross margin rate, at 29%, was up +0.1 point. The contribution of Visual Communication to the group's total gross margin was 12%, up +1 point compared with 30 June 2019.

Outlook

Given the ongoing uncertainties regarding the extent and duration of the Covid-19 pandemic and the economic consequences in the 39 countries and 3 continents where the group operates, it is not possible to comment on the outlook for Antalis. However, Antalis will benefit in the second half of the year from the arrival of KPP as the new controlling shareholder and the restructuring of its balance sheet and financing structure announced on 22 July 2020.

Financing

The covenants of the syndicated credit facility tested at 30 June 2020 were not complied with. Pursuant to the terms of the restructuring agreement signed with the lending institutions, the latter waived their rights in respect of any potential or actual event of default until the completion of the transaction with KPP, which took place on 21 July 2020.

The debt restructuring agreement came into force simultaneously and resulted in a repayment in cash of €100 million out of the outstanding amount due under the syndicated credit facility, thanks to new financing of the same amount granted to Antalis by the Japanese bank Mizuho. The remainder, which at such date amounted to approximately €198 million, has been fully waived by the lending institutions, which will result in the recognition of an equivalent profit in the second half of the year.

To date, the financial resources available to the group come from the following credit lines:

- a shareholder loan from KPP of €80 million,
- a short-term loan with a Japanese bank of €50 million,
- an overdraft facility with a Japanese bank of €60 million,
- currently being negotiated, a longer-term loan with the Japanese bank Mizuho of €100 million in replacement of the short-term loan granted on 22 July 2020 and since repaid,
- the continuation of factoring programmes set up since 2015 in most European countries.

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 2019, the Group reported sales of €2.1 billion and employed 4,700 people serving over 115,000 customers, companies and printers in 39 countries. Through its 117 distribution centres, Antalis makes around 11,000 deliveries per day worldwide and it distributed 1.1 million tons of paper in 2019.

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