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Press release

Boulogne-Billancourt, 25 September 2018

First-half 2018 results

Resilient operating performances at constant exchange rates, number of days and perimeter when compared with H1 2017

- **Sales** down 0.6% to **€1,178 million** (down 2.2% on a reported basis)
  - Significant price increases in a context of falling volumes in the European market in the Papers sector
  - Solid growth in Packaging
- **Gross margin** down 1.3% to **€286 million** (down 2.9% on a reported basis); **gross margin rate at 24.3% (down 0.2 points)**
- **EBITDA** down 12.7% to **€36 million** (down 15.9% on a reported basis); **EBITDA margin at 3.1% (down 0.5 points)**
- **Continued transformation of Antalis' business model towards the Packaging and Visual Communication sectors**
  - These two sectors now contribute 37% of Antalis' consolidated gross margin, up 3 points (restated for the sale of the Southern African businesses)
- **Refocusing on the most dynamic geographies and business sectors through the sale of the subsidiaries in South Africa and Botswana – expected to be completed by end-September 2018**
- **Net loss of €16 million following recognition of €20 million in non-recurring expenses**

Commenting on the half-year results, Hervé Poncin, Chief Executive Officer of Antalis said*: "Antalis recorded an EBITDA margin of 3.1% for the first six months of the year, reflecting our capacity to constantly pass price increases in the Papers sector on to the markets together with solid growth in our Packaging sector. The transformation of our business model towards more dynamic geographies and sectors while continuing to consolidate our positions in our historic business sector continues apace. Thanks to the acquisitions completed in H1 2018 and, taking into account the imminent sale of our Southern African businesses, the contribution of Packaging and Visual Communication to the Group's total margin has grown by 3 points to 37% when compared with H1 2017."*

Consolidated income statement

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

(in € millions)	H1 2018	H1 2017	Δ as reported	Δ on a comparable basis[1]
Sales	1,178.1	1,205.2	- 2.2%	- 0.6%
Gross margin	286.3	294.9	- 2.9%	- 1.3%
Gross margin rate (% of sales)	*24.3%*	*24.5%*	*-0.2 points*	
EBITDA	36.0	42.8	- 15.9%	- 12.7%
EBITDA margin (% of sales)	*3.1%*	*3.6%*	*-0.5 points*	
Current operating income	24.7	34.4 [2]	- 28.2%	- 16.6%[3]
Current operating margin (% of sales)	*2.1%*	*2.9%*	*- 0.8 points*	
Net income (loss) attributable to owners	(15.5)	7.0	-	-
Diluted earnings (loss) per share (€)	(0.22)	0.10	-	-
Average number of shares after dilution	70,836,485	70,692,900	-	-

(1) Changes in comparable figures are restated without FX, calendar and perimeter impacts
(2) Including a €2.3 million gain arising on a change to a Swiss pension plan.
(3) Also excluding the impact of changes to a Swiss pension plan

During the first six months of the year, lower-than-expected growth in Europe – particularly in the UK with the impact of Brexit – and strong price increases implemented by producers due to the sharp rise in paper pulp costs, weighed on the distribution market, especially on volumes in the Papers sector.

Consequently, Antalis' sales were down by 2.2% on H1 2017 to €1,178 million (down 0.6% at constant exchange rates, days and perimeter). This drop reflects the decline in Paper volumes, the negative forex impact amounting to €18 million (chiefly attributable to the Swiss franc and sterling), and a 0.4% unfavourable calendar effect (or €4 million). In view of their completion date, the acquisitions completed in H1 2018 in the Papers and Packaging sectors had a negligible impact on first-half sales.

Consolidated gross margin came in at €286 million, down 2.9% (and down 1.3% at constant exchange rates, days and perimeter), reflecting the combined impacts of a lower gross margin in Papers and a higher gross margin in Packaging. The gross margin rate on a reported basis declined by 0.2 points to 24.3%, reflecting the slightly negative impact of the gross margin rates for Papers and Visual Communication and the resilient gross margin rate in Packaging. When restated for the impact of the sale of the South African and Botswana subsidiaries – essentially focused on the Papers sector – the contribution of Packaging and Visual Communication to the Group's total gross margin grew by 3 points to 37%.

EBITDA declined by 15.9% year-on-year to €36 million (down 12.7% at constant exchange rates, days and perimeter). The negative forex impact (€1 million), the unfavourable calendar effect (€0.8 million) and lower volumes of Papers, were partially offset by an improved product mix. EBITDA margin came in at 3.1% on a reported basis (down 0.5 points).

Current operating income was €25 million for the first six months of the year (down 28.2%), compared to €34 million for H1 2017, which included a €2 million gain arising on a change to a Swiss pension plan. At constant exchange rates and number of days and excluding the impact of the change to a Swiss pension plan, current operating income declined by 16.6%.

Antalis recognised €20 million in non-recurring expenses, mainly for restructuring and for costs related to the Group's refinancing, together with asset write-downs on the books of its Southern African subsidiaries to reflect their disposal value.

After deducting net finance costs and taxes, the net loss attributable to owners was €16 million for the period, compared with a net profit of €7 million for the six months to 30 June 2017.

Antalis' net debt stood at €332 million at 30 June 2018 versus €269 million at end-June 2017. The €63 million increase in net debt compared to 30 June 2017 was mainly attributable to higher working capital requirements – notably driven by higher levels of inventories partly due to higher prices – as well as to acquisitions and refinancing costs.

Key figures by geography

(in € millions)	H1 2018	H1 2017	Δ as reported
Sales			
Main European Geographies	598.1	611.1	- 2.1%
- *UK & Ireland*	*298.7*	*314.0*	*- 4.9%*
- *Germany & Austria*	*156.0*	*158.5*	*- 1.6%*
- *France*	*143.4*	*138.6*	*+3.5%*
Rest of Europe	469.6	481.6	- 2.5%
Rest of the world	110.4	112.5	- 1.9%
TOTAL	1,178.1	1,205.2	- 2.2%
EBITDA			
Main European Geographies	18.4	21.7	- 15.3%
- *EBITDA margin*	*3.1%*	*3.6%*	*-0.5 points*
Rest of Europe	13.8	17.3	- 20.2%
- *EBITDA margin*	*2.9%*	*3.6%*	*-0.7 points*
Rest of the world	3.8	3.8	-
- *EBITDA margin*	*3.4%*	*3.4%*	-
TOTAL	36.0	42.8	- 15.9%

- *Main European Geographies*

The Main European Geographies generated sales of €598 million, down 2.1% year-on year (down 1.6% at constant exchange rates). The decrease was mainly due to the decline in volumes of Papers, the drop in business in the UK Visual Communication sector in the context of Brexit and the depreciation in sterling, partially offset by the growth in Packaging.

UK & Ireland reported sales of €299 million (down 4.9% on a reported basis and down 3.8% at constant exchange rates), Germany & Austria €156 million (down 1.6%) and France €143 million (up 3.5%).

EBITDA for the Main European Geographies fell by 15.3% year-on-year to €18 million and EBITDA margin was 3.1% (down 0.5 points).

- *Rest of Europe*

Sales for the Rest of Europe declined by 2.5% in H1 2018 to €470 million (down 0.6% at constant exchange rates) due to the negative forex impact (mainly the Swiss franc, Turkish lira and Swedish krona). Antalis benefited from the growth in its Packaging sector, which partially offset lower volumes in Papers.

The Rest of Europe generated €14 million in EBITDA, down 20.2% year on year and the EBITDA margin was 2.9% (down 0.7 points).

- *Rest of the World*

Sales for the Rest of the World declined by 1.9% in H1 2018 to €110 million (but rose 3.3% at constant exchange rates) due to the negative forex impact (Brazilian real, US dollar).

The Rest of the World generated EBITDA of €4 million, stable year on year as was EBITDA margin at 3.4%.

Key figures by business sector

	Sales				Gross margin				Gross margin/sales		
(in € millions)	H1 2018	H1 2017	Δ as reported	Δ(1) on a comparable basis	H1 2018	H1 2017	Δ as reported	Δ(1) on a comparable basis	H1 2018	H1 2017	Δ as reported
Papers	812.6	848.0	- 4.2%	-2.2%	183.3	194.0	-5.5%	- 3.2%	22.6%	22.9%	-0.3 points
Packaging	256.5	245.6	+4.4%	+4.9%	72.1	69.1	+4.3%	+5.1%	28.1%	28.1%	-
Visual Com.	109.0	111.6	-2.3%	-0.3%	30.9	31.8	-2.8%	-0.6%	28.3%	28.5%	-0.2 points
TOTAL	1,178.1	1,205.2	-2.2%	-0.6%	286.3	294.9	-2.9%	-1.3%	24.3%	24.5%	-0.2 points

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

- *Papers*

During the first six months of the year, the higher-than expected decline in Papers volumes, notably in the ream segment, was exacerbated by successive price increases implemented by producers due to the sharp rise in paper pulp costs. In this context, Antalis Papers sector sales were down 4.2% on H1 2017 to €813 million. In view of its completion date, the acquisition of Igepa's papers distribution business in Sweden and Norway had a negligible impact on first-half sales.

The gross margin came in at €183 million (down 5.5%). Thanks to its effective margin management policy and price increases passed on to the markets, Antalis held the gross margin rate for the Papers sector at 22.6% (down 0.3 points).

At constant exchange rates, number of days and perimeter, sales and gross margin declined by 2.2% and 3.2%, respectively.

- *Packaging*

Sales in the Packaging sector rose 4.4% to €257 million. In view of its completion date, the acquisition of Alos' distribution business in Sweden had a negligible impact on first-half sales.

Gross margin grew by 4.3% on H1 2017 to €72 million and the gross margin rate remained stable at 28.1%. The contribution of Packaging to Antalis' consolidated gross margin continues to grow and now stands at 25%, up 2 points on H1 2017.

At constant exchange rates, number of days and perimeter, sales and gross margin grew by 4.9% and 5.1%, respectively.

- *Visual Communication*

First-half sales in the UK were adversely affected by the impact of Brexit on the retail trade where signage and display are key markets for the Group, and by the depreciation of sterling. The Visual Communication sector reported sales of €109 million and a gross margin of €31 million (down by 2.3% and 2.8%, respectively). The gross margin rate declined slightly by 0.2 points to 28.3%. The contribution of Visual Communication to Antalis' consolidated gross margin remained stable year-on-year at 11%.

At constant exchange rates, number of days and perimeter, sales declined by 0.3% and the gross margin was down 0.6%.

Highlights of the period and subsequent events

- **Continued transformation of Antalis' business model towards more dynamic geographies and sectors while consolidating its leadership in the European Papers sector**

In the first six months of 2018, Antalis pursued its targeted acquisition strategy in the Packaging sector in Sweden while consolidating its positions in the Papers sector in the Nordic countries (Sweden, Norway). In early July, Antalis signed an agreement to acquire a Romanian distributor of Visual Communication media and the operation should close by early November. These acquisitions represent additional sales of approximately €24 million on a full-year basis. The Group should complete the sale of the South African and Botswana subsidiaries – essentially focused on the Papers sector – to the local management team (sales of €71 million in 2017) by the end of September.
These different operations will help boost the contribution of the Packaging and Visual Communication sectors to the Group's overall gross margin.

- **Recap of refinancing conditions**

Antalis finalised the Group's refinancing with the signature of legal documentation for the syndicated credit facility (€285 million) on 31 May 2018 and the main factoring contract (€215 million) on 27 June 2018.

All of this financing – secured through 31 December 2021 – enables Antalis to continue to pursue its targeted external acquisition strategy by setting aside an annual amount to cover acquisitions.

The inception of the syndicated credit facility leads to an annual increase of around €10 million in finance costs recorded in the income statement, however, the impact on the Group's cash position is limited to around €3 million annually due to the increase in the facility's margin which now includes a portion of interest whose payment 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.

This agreement also maintains the two main financial covenants based on ratios revised as from 30 June 2018.

Outlook

During the second-half of the year, Antalis will continue its policy of implementing price increases in the Papers sector. The Group should benefit from an improved product mix driven by acquisitions in the Packaging and Visual Communication sectors and the positive impact of the sale of the South African and Botswana subsidiaries, essentially focused on the Papers sector.

Given the current context of declining volumes in the paper market, the distribution sector should undergo consolidation over the medium term and Antalis intends to leverage its leading position to continue playing an important role in this process.

For full-year 2018, at constant perimeter and exchange rates, Antalis should record a low single-digit decrease in sales when compared with FY 2017 and deliver an EBITDA margin of between 3.0% and 3.4%.

Financial disclosures

Antalis complied with all bank covenants concerning its syndicated credit facilities at 30 June 2018:

Net debt / EBITDA	= 4.25 (≤ 4.50)
Current operating income/net interest expense	= 3.44 (≥ 2.95)

A detailed presentation of first-half 2018 results is available on the Antalis website at: 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 2017, the Group reported sales of €2.4 billion and employed 5,500 people serving approximately 140,000 customers, companies and printers in 43 countries. Through its 123 distribution centres, Antalis makes more than 13,500 deliveries per day worldwide and it distributed 1.5 million tons of paper in 2017.

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Interim consolidated financial statements

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(€ millions)	30.06.2018	31.12.2017
Non-current assets		
Goodwill	141.9	141.1
Other intangible assets	41.5	41.7
Property, plant and equipment	40.0	42.3
Non-current financial assets	6.2	4.4
Deferred tax assets	6.9	7.6
Other non-current assets	13.6	13.1
Total non-current assets	250.1	250.2
Current assets		
Inventories	205.2	212.1
Trade receivables	394.4	400.5
Other receivables	75.4	75.1
Current financial assets	4.1	3.6
Cash and cash equivalents	86.0	116.6
Total current assets	765.1	807.9
Assets held for sale	24.4	-
TOTAL ASSETS	1,039.6	1,058.1

Equity and liabilities

(€ millions)	30.06.2018	31.12.2017
Equity		
Share capital	213.0	213.0
Additional paid-in capital	50.9	50.9
Cumulative translation adjustment	(72.6)	(67.6)
Retained earnings and other consolidated reserves	(87.4)	(72.5)
Shareholders' equity	103.9	123.8
Non-controlling interests	0.6	0.5
TOTAL EQUITY	104.5	124.3
Non-current liabilities		
Provisions	46.1	55.2
Long-term debt	284.4	1.0
Deferred tax liabilities	1.1	0.8
Total non-current liabilities	331.6	57.0
Current liabilities		
Provisions	6.7	5.9
Short-term debt	133.4	363.2
Trade payables	343.8	386.0
Other payables	100.7	121.7
Total current liabilities	584.6	876.8
Liabilities related to assets held for sale	18.9	-
TOTAL EQUITY AND LIABILITIES	1,039.6	1,058.1

INTERIM CONSOLIDATED INCOME STATEMENT

	For the six months ended, 30 June	
(€ millions)	2018	2017
Sales	1,178.1	1,205.2
Gross margin	286.3	294.9
Personnel expenses	(139.1)	(139.5)
Other selling, general and administrative expenses	(122.5)	(121.0)
Current operating income	24.7	34.4
Other operating income	5.5	6.6
Other operating expenses	(25.9)	(16.7)
Other operating income and expenses, net	(20.4)	(10.1)
Operating income (loss)	4.3	24.3
Cost of net debt	(15.9)	(12.2)
Other financial income and expenses, net	(1.2)	(1.2)
Net financial income (expense)	(17.1)	(13.4)
Income tax benefit (expense)	(2.6)	(3.8)
NET INCOME (LOSS)	(15.4)	7.1
Attributable to:		
- Antalis shareholders	(15.5)	7.0
- Non-controlling interests	0.1	0.1

Earnings per share		
- Weighted average number of shares outstanding	70,836,485	70,692,900
- Diluted number of shares	70,836,485	70,692,900
Basic earnings (loss) per share (in €)		
- Consolidated earnings (loss) per share	(0.22)	0.10
Diluted earnings (loss) per share (in €)		
- Consolidated diluted earnings (loss) per share	(0.22)	0.10

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended, 30 June	
(€ millions)	2018	2017
Cash flows from operating activities		
Operating income (loss)	4.3	24.3
Elimination of non-cash and non-operating income and expenses:		
Depreciation, amortisation and provisions (except on current assets), net	7.6	3.3
Disposal gains and losses	(0.2)	(6.6)
Other non-cash items	(1.1)	-
Gross operating cash flow	10.6	21.0
Income taxes paid	(2.0)	(2.2)
Change in operating working capital	(51.4)	(10.4)
Change in loans and guarantee deposits	(2.3)	(3.7)
Net cash from (used in) operating activities (i)	(45.1)	4.7
Cash flows from investing activities		
Expenditure on acquisitions of property, plant and equipment and intangible assets	(8.2)	(6.5)
Proceeds from disposals of property, plant and equipment and intangible assets	0.2	11.3
Impact of changes in scope of consolidation and assets held for sale	(10.2)	(3.0)
Net cash from (used in) investing activities (ii)	(18.2)	1.8
Cash flows from financing activities		
Net change in borrowings and debt	51.6	(30.9)
Net interest paid	(12.9)	(11.1)
Distribution of dividends	(5.7)	(8.0)
Net cash from (used in) financing activities (iii)	33.0	(50.0)
Effects of fluctuations in foreign exchange rates (iv)	(1.1)	(2.1)
CHANGE IN CASH AND CASH EQUIVALENTS (i+ii+iii+iv)	(31.4)	(45.6)
Net cash and cash equivalents at start of period	113.5	131.5
Net cash and cash equivalents at end of period	82.1	85.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31.4)	(45.6)
Analysis of net cash and cash equivalents at end of period		
Cash and cash equivalents	86.0	88.8
Short-term bank borrowings and overdrafts	(3.9)	(2.9)
Net cash and cash equivalents at end of period	82.1	85.9