# HALF-YEARLY FINANCIAL REPORT

2018

antalis

Just ask Antalis

# Contents



The English language version of this report is a free translation of the original, which was prepared in French. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinions expressed in the original language version of the document in French take precedence over the translation.

# Half-yearly business report

## GROUP ACTIVITY IN FIRST HALF 2018

Antalis delivered resilient operating performances during the first six months of the year at constant exchange rates, number of days and perimeter thanks to the Group's capacity to pass price increases in a context of falling volumes in the European Paper market and to solid growth in the Packaging sector.

The Group completed and secured refinancing of its syndicated credit facility for an amount of €285 million and its main factoring contract for an amount of €215 million through 31 December 2021 (see Note 1 to the condensed interim consolidated financial statements).

Antalis also continued the transformation of the Group's business model towards more dynamic geographies and sectors while consolidating its leadership in the European Papers sector.

It acquired the Swedish Packaging products distribution business of Alos together with IGEPA's paper distribution business in Sweden and Norway (annual sales of around €6 million and €10 million, respectively). In early July, Antalis signed an agreement to acquire Verla, a Romanian distributor of Visual Communication media (annual sales of approximately €8 million), and this operation should close by early November.

The Group should also 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 margin.

Moreover, the Annual General Meeting of 23 May 2018 voted to change the corporate name from "Antalis International" to "Antalis".

## CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

*Preliminary comment: the financial information included in the present report is issued from the Goup consolidated financial statements at 30 June 2018 and compared to the information given in the 2017 half-yearly financial report. In addition to the percentage change calculated between two financial periods as reported, this report discloses certain variation in percentage measured at constant scope, number of working days and exchange rate. These are used to facilitate comparison with the prior period on a like-for-like basis for the operating indicators and their underlying intrinsic performance. Variation at constant exchange rate is measured by using the exchange rate applicable for a relevant period retroactively for the prior period. The calendar effect, significant for Antalis distribution business, is measured similarly by adjusting the prior period figures on a pro forma basis using the number of working days for a relevant period. Constant scope finally is measured by adjusting the impact attributable to changes in scope of consolidation so that the contribution of the acquired or divested businesses over a relevant period is consistent with this contribution over a prior period in order to facilitate comparison with a prior period on a like-for-like basis.*

### Consolidated income statement

| *(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 mainly 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 declined by 0.2 points to 24.3% on a reported basis, 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 business, 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% | - |
| Vis. Comm. | 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%.

### *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%.

# Corporate governance

There were no changes in the composition of the Board of Directors between 31 December 2017 and 30 June 2018.

On 24 July 2018, Bpifrance Participations resigned as a director of Antalis and since that date, the composition of the Board of Directors is as follows:

| | | Expiry of term of office |
|---|---|---|
| Pascal Lebard | Chairman of the Board of Directors | 2019 |
| Hervé Poncin | Director<br>Chief Executive Officer | 2021 |
| Franck Bruel | Independent director | 2020 |
| Clare Chatfield | Independent director | 2021 |
| Delphine Drouets | Independent director | 2019 |
| Cécile Helme-Guizon | Director | 2020 |
| Christine Mondollot | Independent director | 2020 |

Four out of the seven board members comply with the independence criteria set out in the AFEP-MEDEF corporate governance code and its requirement whereby at least one-third of the members of the boards of companies with controlling shareholders should be independent.

The composition of the Board also meets legal requirements on gender equality as it comprises four women and three men.

# Related-party transactions

Disclosures of key related-party transactions and their impact on the Company's financial position or results are provided in Note 14 to the 2018 interim consolidated financial statements.

For information, as part of the IPO of Antalis, the Company has entered into a service agreement whereby Sequana has undertaken to provide Antalis with certain services, either on a transitional basis for pre-defined periods, or on a continual basis for as long as Sequana should own directly or indirectly, more than 50% of the Company's capital or voting rights (and if Sequana should no longer hold a majority stake in the Company, for a contractually pre-defined transitional period whose duration shall vary according to the service in question).

When Antalis was listed on the stock exchange on 12 June 2017, it exited the Sequana tax group with effect from 1 January 2017. An advance ruling request was submitted to the French tax authorities for confirmation that the conditions for including Antalis and its subsidiaries within a single tax group as of 1 January 2017 have been duly complied with. Pending the authorities' response, the new tax group will be effective as from 1 January 2018.

# Risk management

The main risks to which the Antalis Group is exposed are set out in the registration document filed by Antalis with the French Financial markets authority (*AMF*) on 11 July 2018.

The Company considers that these risks have not and should not change materially between now and the end of 2018.

# Interim consolidated financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

| *(€ millions)* | *Notes* | 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 | *4* | 13.6 | 13.1 |
| Total non-current assets | | 250.1 | 250.2 |
| Current assets | | | |
| Inventories | | 205.2 | 212.1 |
| Trade receivables | *4* | 394.4 | 400.5 |
| Other receivables | *4* | 75.4 | 75.1 |
| Current financial assets | | 4.1 | 3.6 |
| Cash and cash equivalents | *7* | 86.0 | 116.6 |
| Total current assets | | 765.1 | 807.9 |
| Assets held for sale | *3* | 24.4 | - |
| TOTAL ASSETS | | 1,039.6 | 1,058.1 |

### Equity and liabilities

| *(€ millions)* | *Notes* | 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 | *5* | 46.1 | 55.2 |
| Long-term debt | *7* | 284.4 | 1.0 |
| Deferred tax liabilities | | 1.1 | 0.8 |
| Total non-current liabilities | | 331.6 | 57.0 |
| Current liabilities | | | |
| Provisions | *5* | 6.7 | 5.9 |
| Short-term debt | *7* | 133.4 | 363.2 |
| Trade payables | *8* | 343.8 | 386.0 |
| Other payables | *8* | 100.7 | 121.7 |
| Total current liabilities | | 584.6 | 876.8 |
| Liabilities related to assets held for sale | *3* | 18.9 | - |
| TOTAL EQUITY AND LIABILITIES | | 1,039.6 | 1,058.1 |

*The notes are an integral part of the financial statements.*

# CONSOLIDATED INCOME STATEMENT

| (€ millions) | Notes | For the six months ended, 30 June 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 | 9 | (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) | 10 | (17.1) | (13.4) |
| Income tax benefit (expense) | 11 | (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 | | 2018 | 2017 |
|---|---|---|---|
| - 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 |

The notes are an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | For the six months ended, 30 June | |
|---|---|---|
| *(€ millions)* | 2018 | 2017 |
| Net income (loss) | (15.4) | 7.1 |
| Items that may be recycled to profit or loss | (5.0) | (10.3) |
| Translation adjustments | (5.0) | (10.3) |
| Items that may not be recycled to profit or loss | 6.3 | 2.3 |
| Actuarial gains and losses related to pension and other post-employment benefit obligations | 6.5 | 3.2 |
| Tax impact of gains and losses related to pension and other post-employment benefit obligations | (0.2) | (0.9) |
| Total other comprehensive income (loss) | 1.3 | (8.0) |
| | | |
| TOTAL COMPREHENSIVE INCOME (LOSS) | (14.1) | (0.9) |
| Of which: | | |
| - Attributable to Antalis shareholders | (14.0) | (0.8) |
| - Attributable to non-controlling interests | (0.1) | (0.1) |

## STATEMENT OF CHANGES IN CONSOLIDATED 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 2017 | 71,000,000 | 639.0 | 50.9 | (52.1) | (496.5) | 141.3 | 0.6 | 141.9 |
| Net income (loss) | - | - | - | - | 7.0 | 7.0 | 0.1 | 7.1 |
| Reduction in share capital | - | (426.0) | - | - | 426.0 | - | - | - |
| Distribution of dividends | - | - | - | - | (8.0) | (8.0) | - | (8.0) |
| Other comprehensive income (loss) | - | - | - | (10.3) | 2.3 | (8.0) | (0.2) | (8.2) |
| Equity at 30 June 2017 | 71,000,000 | 213.0 | 50.9 | (62.4) | (69.2) | 132.3 | 0.5 | 132.8 |
| Net income (loss) | - | - | - | - | 2.4 | 2.4 | - | 2.4 |
| Other comprehensive income (loss) | - | - | - | (5.2) | (5.7) | (10.9) | - | (10.9) |
| Equity at at 31 December 2017 | 71,000,000 | 213.0 | 50.9 | (67.6) | (72.5) | 123.8 | 0.5 | 124.3 |
| Net income (loss) | - | - | - | - | (15.5) | (15.5) | 0.1 | (15.4) |
| Distribution of dividends | - | - | - | - | (5.7) | (5.7) | - | (5.7) |
| Other comprehensive income (loss) | - | - | - | (5.0) | 6.3 | 1.3 | - | 1.3 |
| Equity at 30 June 2018 | 71,000,000 | 213.0 | 50.9 | (72.6) | (87.4) | 103.9 | 0.6 | 104.5 |

The notes are an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| (€ millions) | Notes | For the six months ended, 30 June | |
|---|---|---|---|
| | | 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 | *12* | 7.6 | 3.3 |
| Disposal gains and losses | *12* | (0.2) | (6.6) |
| Other non-cash items | *12* | (1.1) | - |
| Gross operating cash flow | | 10.6 | 21.0 |
| Income taxes paid | | (2.0) | (2.2) |
| Change in operating working capital | *12* | (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 | *12* | (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 | *14* | (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 |

The notes are an integral part of the financial statements.

# Notes to the condensed interim consolidated financial statements

# Note 1
## Significant events of the period and subsequent events

### *Group refinancing*
Ahead of the expiry of its main financing agreements at the end of 2018 and its wish to build on the IPO, at the end of first-half 2017 Antalis launched measures to refinance its 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 with the lenders of an amendment to this facility to extend its maturity through 31 December 2021 and to revise certain terms and conditions (See Note 7). At the same time, an agreement was signed in respect of the primary trade receivables factoring programme (effective from 28 June 2018) to align its maturity with that of the syndicated facility as factoring arrangements also provide the Group with an important source of financing. Antalis has therefore secured financing for its liquidity needs and its growth strategy for the next four years.

The costs arising from this operation amounted to almost €8 million for the period and they were recorded in other operating expenses.

### *Acquisitions*
During H1 2018, Antalis acquired the Swedish packaging products distribution business of Alos which generates annual sales of around €6 million.

In June, Antalis also acquired IGEPA's paper distribution business in Sweden and Norway, representing annual sales of approximately €10 million. Based on the terms of this transaction, negative goodwill of around €1 million was recognised for the period in other operating income.

With the exception of this amount, the impact on the interim consolidated income statement was non-material.

### *Overturning of sanction for anti-trust practices in Spain*
In 2013, one of the Group's former Spanish subsidiaries in the envelope manufacturing sector was ordered to pay a €5 million fine by the local competition authorities. This decision was reviewed in early 2018 and the Group was informed that the fine had been reduced to an amount considerably below that which it had paid at the time. Most of the amount initially paid was reimbursed and a total of €4.4 million was recorded in other operating income for the period.

### *Planned sale of Southern African businesses*
On 13 July 2018, Antalis announced that it had signed a binding agreement to sell Antalis South Africa PTY LTD and Antalis Botswana PTY LTD (annual sales of €70 million) to the local management team for an enterprise value of approximately €8 million. This operation should be finalised before the end of September.

The assets and liabilities of these entities have been reclassified as held for sale at 30 June 2018 in accordance with IFRS 5 (see Note 3). In view of the terms of the transaction, their net asset value was written down by an amount of €7.5 million and recorded in "Other operating expenses".

# Note 2
## Summary of significant accounting policies

### a) Standards applied
The condensed interim consolidated financial statements for the six months ended 30 June 2018 were prepared in accordance with IAS 34 - Interim Financial Reporting. As these are condensed financial statements, they do not contain all of the information required by IFRS for annual financial statements and must be read in conjunction with the consolidated financial statements for the year ended 31 December 2017.

### b) Basis of preparation
The condensed interim consolidated financial statements for the six months ended 30 June 2018 were prepared using the same accounting principles as those used to prepare the consolidated financial statements for the year ended 31 December 2017, with the exception of the items mentioned below and the application of IFRS 15 and IFRS 9, effective from 1 January 2018.

IFRS 9 – Financial Instruments, revises the provisions of IAS 39 concerning recognition of the risks related to trade receivables. The provision for impairment of these receivables as shown in the Antalis financial statements on the date of the change in accounting method has not been adjusted as its amount was little different from the amount which would have been recognised with the application of the revised method. Its first application has therefore not had any impact on the interim consolidated financial statements for the six months ended 30 June 2018.

IFRS 15 – Revenue from Contracts with Customers, 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 and consequently the adoption of this standard has not had a material impact on Antalis' consolidated financial statements. More specifically, revenue from the transfer of goods is recognised on the date on which control is transferred to the customer which generally corresponds to the delivery date. Amounts billed by customers do not generally represent a distinct service that has been received by the customer but are treated as discounts and deducted from revenue. Similarly, amounts billed to suppliers are not considered separable from purchases of products and are treated as a deduction from the cost of buying these products.

For "manufacturing" activities which generate 30% of revenue, products are dispatched directly from the manufacturer supplier's factory to Antalis' customer, without being stored in the Group's warehouses. However, given that the Group:

(i) is liable for proper execution of the order placed by the customer,

(ii) negotiates the selling price to the customer, and

(iii) bears the inventory risks when goods are in transit or in the event they are returned by the customer,

it is clear that Antalis acts as principal in this type of transaction and that the Group is entitled to recognise revenue for the gross amount billed to the customer.

The other standards, interpretations and amendments adopted by the European Union at 30 June 2018 and mandatory for reporting periods beginning on or after 1 January 2018 do not have a material impact on the condensed interim consolidated financial statements for the six-month periods ended 30 June 2018 or 30 June 2017.

It should also be noted that:

- the tax expense is calculated using an estimated tax rate for 2018 based on the tax rates that will be effective for the period and the forecast pre-tax earnings of the Group's tax entities. This rate is then applied to the pre-tax earnings of each tax entity for the interim period.
- pension plans and other defined benefit obligations are prorated based on projected costs for the year, taken from actuarial calculations performed by independent experts at the end of the previous reporting period. For most plans, the net benefit obligations are measured based on the revised fair value of plan assets at 30 June 2018 and on any changes in actuarial assumptions during the period, in particular as a result of changes in market conditions. Only those events significantly impacting plan participants or the terms and conditions of the plans are taken into account in the calculations.

The Group considers that the other standards, interpretations and amendments already adopted by the European Union but not yet effective at the reporting date will not impact its consolidated financial statements, with the exception of IFRS 16 which is mandatory for accounting periods beginning on or after 1 January 2019. IFRS 16 requires lessees to recognise an asset and liability for future lease payments under most leases. The Group expects this standard 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 a list of all of its leases which may have to be restated.

### c) Estimates

The preparation of financial statements involves the use of estimates and assumptions that affect the reported amounts of certain assets and liabilities and recognised income and expenses. These estimates and assumptions take into account the specific risks associated with the Group's businesses as well as more general risks to which companies operating in an international environment are exposed.

In exercising its judgement, the Group refers to past experience and to available information it considers pertinent. Assumptions are revised on a regular basis and estimates adjusted as necessary. Due to the uncertainties inherent in assumptions used in any measurement process, the amounts shown in the Group's financial statements in future accounting periods may differ from those estimated and reported in the current period.

Significant assumptions used by the Group to prepare its financial statements for the six months ended 30 June 2018 chiefly concern estimates of provisions (see note 5).

### d) Seasonal fluctuations

Although the Group's activities are not greatly exposed to fluctuations between the first and the second-halves of the year, working capital requirements in the distribution business do vary considerably from one quarter to another.

# Note 3
## Changes in scope of consolidation

### *Acquisitions*

**2018**

As indicated in Note 1, in Q1 and Q2 2018, respectively, Antalis acquired the Swedish packaging products distribution business of Alos and Igepa's paper distribution business in Sweden and Norway (annual sales of around €6 million and €10 million, respectively).

Both transactions comprised the acquisition of commercial businesses and the related working capital requirements, essentially consisting of inventories. Goodwill for an amount of €1.9 million was recognised in respect of Alos while negative goodwill totalling €1.1 million was booked for IGEPA Sweden and Norway in Other operating income for the period. In view of their completion dates, neither acquisition had a material impact on first-half sales or EBITDA.

The impact of these operations on the Group's consolidated statement of financial position may be broken down as follows:

| *(€ millions)* | Acquisitions in 2018 |
|---|---|
| Purchase price (i) | 4.2 |
| Working capital requirements | 4.1 |
| Provisions | (0.4) |
| Other assets (liabilities), net | (0.3) |
| Net assets acquired (ii) | 3.4 |
| Calculation of net goodwill (i-ii) | 0.8 |

**2017**

No material acquisitions affecting the Group's scope of consolidation were carried out in 2017.

### *Assets held for sale and related liabilities*

As indicated in Note 1, the Group's African subsidiaries (Antalis South Africa PTY LTD and Antalis Botswana PTY LTD) were in the process of being sold at 30 June 2018 and their assets and liabilities have been restated in accordance with IFRS 5. The assets and liabilities concerned, which were written down by an amount of €7.5 million at 30 June, may be broken down as follows:

| *(€ millions)* | 30.06.2018 |
|---|---|
| Assets held for sale | |
| Inventories | 6.2 |
| Trade receivables | 11.1 |
| Other current assets | 0.8 |
| Cash and cash equivalents | 6.3 |
| TOTAL ASSETS HELD FOR SALE | 24.4 |
| Liabilities related to assets held for sale | - |
| Provisions | 1.2 |
| Short-term debt | 0.2 |
| Trade payables | 13.3 |
| Other current liabilities | 4.2 |
| TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE | 18.9 |

## Note 4
### Other assets

### Breakdown by type

| *(€ millions)* | 30.06.2018 | 31.12.2017 |
|---|---|---|
| OTHER NON-CURRENT ASSETS | 13.6 | 13.1 |
| Defined benefit pension plans with a net surplus | 10.9 | 9.1 |
| Tax credits and current tax receivables | 2.7 | 4.0 |
| TRADE RECEIVABLES | 394.4 | 400.5 |
| Gross amount | 411.9 | 418.3 |
| Provision for impairment in value | (17.5) | (17.8) |
| OTHER RECEIVABLES | 75.4 | 75.1 |
| Tax credits and current tax receivables | 4.5 | 4.7 |
| Indirect tax receivables | 4.1 | 5.8 |
| Advances to suppliers | 4.5 | 3.4 |
| Other current receivables[1] | 62.3 | 61.2 |

(1) *Most of this caption relates to accrued trade discounts receivable from Antalis' suppliers under current terms of business.*

## Note 5
### Provisions

### Analysis by type of provision

| | Current portion | | Non-current portion | |
|---|---|---|---|---|
| *(€ millions)* | 30.06.2018 | 31.12.2017 | 30.06.2018 | 31.12.2017 |
| Restructuring costs | 1.7 | 1.4 | 0.5 | 0.5 |
| Claims and litigation [1] | - | 0.1 | 5.0 | 4.9 |
| Pensions and other post-employment benefits [2] | 2.5 | 1.4 | 34.4 | 43.3 |
| Other provisions [3] | 2.5 | 3.0 | 6.2 | 6.5 |
| CLOSING BALANCE | 6.7 | 5.9 | 46.1 | 55.2 |

(1) *These amounts mainly correspond to a provision booked for a tax dispute in Chile (see below).*

(2) *Detailed disclosures of these commitments are provided in the consolidated financial statements for the year ended 31 December 2017.*

(3) *This caption mainly includes accrued future rents for various partially or totally vacant warehouses or premises.*

### Movements in provisions over the six months to 30 June 2018

| *(€ millions)* | Opening balance | Additions | Reversals (utilised provisions) | Reversals (surplus provisions) | Changes in scope of consolidation | Other[1] | Closing balance |
|---|---|---|---|---|---|---|---|
| Restructuring costs | 1.9 | 2.9 | (3.0) | - | 0.4 | - | 2.2 |
| Litigation and environmental contingencies | 5.0 | - | - | - | - | - | 5.0 |
| Pensions and other post-employment benefits [1] | 44.7 | 1.5 | (3.3) | - | - | (6.0) | 36.9 |
| Other provisions | 9.5 | 0.7 | (1.4) | - | - | (0.1) | 8.7 |
| TOTAL | 61.1 | 5.1 | (7.7) | - | 0.4 | (6.1) | 52.8 |
| Impact on income statement captions | | | | | | | |
| Personnel expenses | - | 1.5 | - | - | - | - | - |
| Other selling, general and administrative expenses | - | 0.3 | - | - | - | - | - |
| Other operating expenses | - | 3.3 | - | - | - | - | - |

(1) *At 30 June 2018, provisions for employee benefit obligations for Southern African employees were restated in liabilities related to assets held for sale (see Note 3).*

### 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 and 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 another €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. However, a provision of €3 million has been set aside in the financial statements at 30 June 2018, corresponding to management's best estimate of the risks involved after consulting with the Company's legal advisers and based on local practices. There have not been any notable developments either in this dispute or in the assessments of the related amounts. This amount accounts for most of the provisions for claims and litigation booked by the Group.

## Note 6
## Employee benefits

### Reconciliation of the net amount recognised with the consolidated statement of financial position

| *(€ millions)* | 30.06.2018 | 31.12.2017 |
|---|---|---|
| Provisions for pension and other employee benefit obligations (see Note 5) | (36.9) | (44.7) |
| Defined benefit pension plans with a net surplus (see Note 4) | 10.9 | 9.1 |
| Amounts for subsidiaries not subject to Revised IAS 19 | - | 0.3 |
| NET AMOUNT RECOGNISED | (26.0) | (35.3) |

## Note 7
## Debt

### Breakdown of debt by maturity

| *(€ millions)* | Less than 1 year | 1 to 5 years | Total |
|---|---|---|---|
| Short-term bank borrowings and overdrafts | 3.9 | - | 3.9 |
| Other bank borrowings(1) | 0.2 | 281.9 | 282.1 |
| Finance lease obligations | 0.4 | 0.3 | 0.7 |
| Factoring liabilities(2) | 128.9 | - | 128.9 |
| Other | - | 2.2 | 2.2 |
| At 30 June 2018 | 133.4 | 284.4 | 417.8 |
| Short-term bank borrowings and overdrafts | 3.1 | - | 3.1 |
| Other bank borrowings | 190.4 | - | 190.4 |
| Finance lease obligations | 0.5 | 0.6 | 1.1 |
| Factoring liabilities(2) | 164.4 | - | 164.4 |
| Other | 4.8 | 0.4 | 5.2 |
| At 31 December 2017 | 363.2 | 1.0 | 364.2 |

(1) *The debt profile reflects the extended maturity of the syndicated credit facility through end-2021 negotiated by the Group during the reporting period.*

(2) *The factored liabilities corresponding to the sale of receivables are recognised under current liabilities in accordance with the accounting policies applicable to this type of financing.*

### Breakdown of debt by interest rate

| *(€ millions)* | Below 3% | Between 3% and 4% | Between 4% and 5% | Over 5% | Total |
|---|---|---|---|---|---|
| Short-term bank borrowings and overdrafts | 3.9 | - | - | - | 3.9 |
| Other bank borrowings | - | - | 0.2 | 281.9 | 282.1 |
| Finance lease obligations | - | - | 0.5 | 0.2 | 0.7 |
| Factoring liabilities | 120.2 | 8.7 | - | - | 128.9 |
| Other | 2.2 | - | - | - | 2.2 |
| At 30 June 2018 | 126.3 | 8.7 | 0.7 | 282.1 | 417.8 |
| 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 | 5.2 | - | - | - | 5.2 |
| At 31 December 2017 | 166.4 | 6.6 | 190.9 | 0.3 | 364.2 |

### Analysis of debt by main currencies

| *(€ millions)* | EUR | GBP | USD | Other | Total |
|---|---|---|---|---|---|
| Short-term bank borrowings and overdrafts | - | - | - | 3.9 | 3.9 |
| Other bank borrowings | 281.9 | - | 0.2 | - | 282.1 |
| Finance lease obligations | 0.5 | - | - | 0.2 | 0.7 |
| Factoring liabilities | 62.4 | 31.8 | - | 34.7 | 128.9 |
| Other | 1.7 | - | 0.5 | - | 2.2 |
| At 30 June 2018 | 346.5 | 31.8 | 0.7 | 38.8 | 417.8 |
| 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 | 4.7 | - | 0.5 | - | 5.2 |
| At 31 December 2017 | 277.4 | 51.2 | 0.6 | 35.0 | 364.2 |

### Contractual terms of use applicable to credit and liquidity lines

As indicated in Note 1, Antalis finalised the Group's refinancing during the period 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. The maturities of both contracts have been extended to 31 December 2021. Certain terms and conditions of the agreement negotiated with the lenders of the syndicated credit facility have been revised as follows:

- extra collateral: Antalis has expanded the scope of the assets pledged to the lenders and made it easier to call upon this 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 from 2019 on;
- maintenance of the 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[1] | Interest coverage ratio[2] |
|---|---|---|
| 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 |

Based on the terms and conditions for refinancing the syndicated credit facility, the operation has been accounted for as the extinction of the previous debt followed by the inception of a new debt instrument. Consequently, unamortised capitalised costs under the previous arrangement were recycled to the income statement at 30 June 2018 in an amount of €1 million and recorded in “Other operating expenses”.

### Reconciliation of net debt figure

| *(€ millions)* | 30.06.2018 | 31.12.2017 |
|---|---|---|
| Debt | 417.8 | 364.2 |
| Cash and cash equivalents | (86.0) | (116.6) |
| NET DEBT | 331.8 | 247.6 |

## Note 8
## Trade and other payables

| *(€ millions)* | 30.06.2018 | 31.12.2017 |
|---|---|---|
| TRADE PAYABLES | 343.8 | 386.0 |
| OTHER PAYABLES | 100.7 | 121.7 |
| Current tax payables | 4.8 | 5.6 |
| Indirect tax payables | 31.8 | 34.0 |
| Employee-related liabilities | 33.1 | 39.2 |
| Payables arising on acquisition of assets | 3.5 | 2.5 |
| Other payables[1] | 27.5 | 40.4 |

*(1) Especially amounts owed for trade discounts to be granted to Group customers as part of its distribution business.*

# Note 9
## Other operating income and expenses

| (€ millions) | For the six months ended, 30 June 2018 | 2017 |
|---|---|---|
| Other operating income | | |
| Gains on disposal of property, plant and equipment and intangible assets | - | 6.1 |
| Negative goodwill(2) | 1.1 | - |
| Other revenues(3) | 4.4 | 0.5 |
| Sub-total | 5.5 | 6.6 |
| Other operating expenses | | |
| Impairment losses on intangible assets and property, plant and equipment | - | (1.0) |
| Impairment losses on assets held for sale(2) | (7.5) | - |
| Net restructuring expenses(4) | (9.4) | (6.4) |
| Costs related to IPO and to refinancing(5) | (9.0) | (9.3) |
| Sub-total | (25.9) | (16.7) |
| TOTAL | (20.4) | (10.1) |

*(1) Sale & leaseback operations in the UK and Latvia in 2017.*

*(2) See Note 3 for detailed disclosures of acquisitions and divestments during the period.*

*(3) The amount of the fine for anti-trust practices on the Spanish envelope market initially paid in 2013 and subsequently reimbursed in 2018 (see Note 1).*

*(4) These charges concerned reorganisation costs, mostly in the UK and the Nordic and Benelux countries and in Latin America.*

*(5) Commissions, fees and consulting expenses incurred within the scope of the operations described in Note 1. In 2018, this amount includes unamortised costs under the previous arrangement taken back to income in an amount of approximately €1 million (see Note 7), given that the refinancing operation has been accounted for as the extinction of the previous debt.*

# Note 10
## Net financial income (expense)

| (€ millions) | 2018 | 2017 |
|---|---|---|
| Net interest expense | (8.7) | (7.2) |
| Deferred interest(1) | (1.7) | - |
| Other income and expenses included in cost of debt(2) | (4.2) | (3.8) |
| Net foreign exchange gains (losses) | (1.3) | (1.2) |
| Cost of net debt | (15.9) | (12.2) |
| Other banking charges and financial commissions | (1.2) | (1.2) |
| Other financial income and expenses, net | (1.2) | (1.2) |
| NET FINANCIAL EXPENSE | (17.1) | (13.4) |

*(1) See Note 7: under the terms of the refinancing agreements that came into force on 31 May 2018, the revised interest rate for the syndicated credit facility was applicable early from 1 April 2018.*

*(2) This item includes capitalised loan arrangement fees expensed over time to the amortised cost of the related liability, which represented an expense of €1.1 million in each of the reporting periods. It also includes lending fees and factoring commission.*

# Note 11
## Income tax

| (€ millions) | For the six months ended, 30 June 2018 | 2017 |
|---|---|---|
| Current taxes | (2.0) | (3.1) |
| Deferred taxes | (0.6) | (0.7) |
| INCOME TAX BENEFIT (EXPENSE) | (2.6) | (3.8) |

The tax proof breaks down as follows:

| (€ millions) | For the six months ended, 30 June 2018 | 2017 |
|---|---|---|
| Operating income (loss) | 4.3 | 24.3 |
| Net financial income (expense) | (17.1) | (13.4) |
| Pre-tax income (loss) from continuing operations | (12.8) | 10.9 |
| Standard tax rate in France | 34.4% | 34.4% |
| Effective tax rate for the Group | (20.3)% | 34.9% |
| Theoretical tax expense (i) | 4.4 | (3.8) |
| Actual tax expense (ii) | (2.6) | (3.8) |
| DIFFERENCE (ii-i) | (7.0) | - |
| This difference can be analysed as follows: | | |
| Difference between the standard rate in France and the rates applicable in other tax jurisdictions | (0.4) | 2.6 |
| Permanent differences related to the impairment of assets held for sale | (2.1) | - |
| Other permanent differences | (0.8) | 0.4 |
| Recognition/(non-recognition) of deferred tax assets | (4.6) | (3.7) |
| Tax saving on unrecognised prior-year tax losses | 0.5 | 1.0 |
| Other items | 0.4 | (0.3) |
| DIFFERENCE | (7.0) | - |

# Note 12
## Analysis of consolidated cash flows

| | For the six months ended, 30 June | |
|---|---|---|
| *(€ millions)* | 2018 | 2017 |
| Depreciation, amortisation and provisions | | |
| Depreciation and amortisation of property, plant and equipment and intangible assets, net | 10.2 | 10.7 |
| Net additions to (reversals of) other provisions | (2.6) | (7.4) |
| NET ADDITIONS TO DEPRECIATION, AMORTISATION AND PROVISIONS | 7.6 | 3.3 |
| Disposal (gains) and losses | | |
| Proceeds from disposals of property, plant and equipment and intangible assets | - | (6.1) |
| Other disposals | (0.2) | (0.5) |
| DISPOSAL (GAINS) AND LOSSES | (0.2) | (6.6) |
| Other non-cash items | | |
| Negative goodwill(1) | (1.1) | - |
| OTHER NON-CASH ITEMS | (1.1) | - |
| Change in operating working capital | | |
| Inventories | 1.8 | (5.3) |
| Trade receivables | (8.8) | 3.2 |
| Trade payables | (21.8) | 4.1 |
| Other receivables | (20.8) | (14.9) |
| Other payables | (1.8) | 2.5 |
| CHANGE IN OPERATING WORKING CAPITAL | (51.4) | (10.4) |
| Net impact of changes in scope of consolidation(1) | | |
| Acquisitions made in 2016 (portion paid in 2017) | - | (3.5) |
| Acquisitions made in 2018 | (4.2) | - |
| Net cash and cash equivalents reclassified to assets held for sale (South Africa) | (6.0) | - |
| Other impacts | - | 0.5 |
| NET IMPACT OF CHANGES IN SCOPE OF CONSOLIDATION | (10.2) | (3.0) |

*(1) See Note 3.*

## Note 13
### Segment information

#### Business segment analysis of the income statement for the six months ended 30 June 2018

| *(€ millions)* | Main European Geographies | Rest of Europe | Rest of the World | Total |
|---|---|---|---|---|
| Sales | 598.1 | 469.6 | 110.4 | 1,178.1 |
| Gross margin | 137.0 | 119.0 | 30.3 | 286.3 |
| EBITDA | 18.4 | 13.8 | 3.8 | 36.0 |
| Current operating income | 14.0 | 9.0 | 1.7 | 24.7 |
| Operating income (loss) | 7.8 | 2.5 | (6.0) | 4.3 |

#### Reconciliation of H1 2018 EBITDA

| *(€ millions)* | Main European Geographies | Rest of Europe | Rest of the world | Total |
|---|---|---|---|---|
| Current operating income | 14.0 | 9.0 | 1.7 | 24.7 |
| Less depreciation and amortisation | 3.9 | 4.5 | 1.7 | 10.1 |
| Less net additions to (releases of) provisions | 0.5 | 0.3 | 0.4 | 1.2 |
| EBITDA | 18.4 | 13.8 | 3.8 | 36.0 |

#### Business segment analysis of the income statement for the six months ended 30 June 2017

| *(€ millions)* | Main European Geographies | Rest of Europe | Rest of the world | Total |
|---|---|---|---|---|
| Sales | 611.1 | 481.6 | 112.5 | 1,205.2 |
| Gross margin | 139.3 | 124.5 | 31.1 | 294.9 |
| EBITDA | 21.7 | 17.3 | 3.8 | 42.8 |
| Current operating income | 17.7 | 15.0 | 1.7 | 34.4 |
| Operating income (loss) | 13.9 | 9.3 | 1.1 | 24.3 |

#### Reconciliation of H1 2017 EBITDA

| *(€ millions)* | Main European Geographies | Rest of Europe | Rest of the world | Total |
|---|---|---|---|---|
| Current operating income | 17.7 | 15.0 | 1.7 | 34.4 |
| Less depreciation and amortisation | 3.9 | 4.3 | 1.6 | 9.8 |
| Less net additions to (releases of) provisions | 0.1 | (2.0) | 0.5 | (1.4) |
| EBITDA | 21.7 | 17.3 | 3.8 | 42.8 |

#### Key figures by business sector

| | For the six months ended, 30 June | |
|---|---|---|
| *(€ millions)* | 2018 | 2017 |
| Papers | 812.6 | 848.0 |
| Packaging | 256.5 | 245.6 |
| Visual Communication | 109.0 | 111.6 |
| TOTAL | 1,178.1 | 1,205.2 |

# Note 14
## Related-party transactions

The related parties that exercise control or influence over Antalis are Sequana, its majority shareholder, and Bpifrance Participations which is Sequana's largest shareholder and a minority shareholder of Antalis.

Other related parties include the companies controlled by Sequana, mainly subsidiaries of Arjowiggins Group, one of Antalis' strategic paper suppliers.

The Group does not have any material non-consolidated investees or associates. Transactions with related parties are generally based on arm's length terms.

The impact of related-party transactions on the main consolidated income statement and consolidated statement of cash flows captions are as follows:

| | For the six months ended, 30 June | |
|---|---|---|
| *(€ millions)* | 2018 | 2017 |
| Sales | 2.4 | 2.7 |
| Purchases and other administration and marketing expenses[(1)] | (83.6) | (82.7) |
| Distribution of dividends (Sequana) | (4.3) | (8.0) |
| Distribution of dividends (Bpifrance Participations) | (0.5) | - |

*(1) This caption mainly includes the cost of paper purchases from subsidiaries of Arjowiggins Group as well as certain costs rebilled by Sequana, particularly for the Group's headquarters lease agreement and a service agreement under which Antalis benefits from legal and financial expertise. Services provided under this agreement represented a total expense of €5 million for full-year 2018 (i.e., €2.5 million for H1 2018).*

# Statutory Auditors' Report on the consolidated financial statements for the six months ended 30 June 2018

**PricewaterhouseCoopers Audit**
63 rue de Villiers
92200 Neuilly-sur-Seine
France

**Constantin Associés**
Member of Deloitte Touche Tohmatsu Ltd
8 place de la Pyramide
92908 Paris La Défense cedex
France

Antalis
8 rue de Seine
92100 Boulogne-Billancourt, France

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with Article L. 451-1-2 paragraph III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the limited review of the accompanying condensed consolidated interim financial statements of Antalis for the six months ended 30 June 2018; and
- the specific verifications of the disclosures contained in the half-yearly business report.

These consolidated interim financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our limited review.

## 1. Opinion on the consolidated financial statements

We conducted our work in accordance with professional standards applicable in France. A limited review consists primarily of making enquiries of senior managers in charge of accounting and finance and performing certain analyses. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with professional standards applicable in France. Consequently, the assurance, in the context of a review, that the financial statements taken as a whole are free of any material misstatements is a moderate assurance and less than that obtained by performing a full audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared in all material respects in accordance with IAS 34 – Interim Financial Reporting, as adopted by the European Union.

## 2. Specific verifications

We have also verified the disclosures contained in the half-yearly business report concerning the interim consolidated financial information which was reviewed by us. We have no matters to report as to its fair presentation and its consistency with the condensed consolidated interim financial statements.

Paris la Défense and Neuilly-sur-Seine, 25 September 2018
The Statutory Auditors

**PricewaterhouseCoopers Audit**

Stéphane Basset

**Constantin Associés**
Member of Deloitte Touche Tohmatsu
Thierry Quéron

# Statement by the person responsible for the interim financial report

I hereby declare that, to the best of my knowledge, the consolidated financial statements at 30 June 2018 presented in this interim financial report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings in the consolidation taken as a whole, and that the business report presented in this half-yearly report includes a fair review of the major developments that have taken place over the first six months of the year, their impact on the interim financial statements, the main related-party transactions, together with a description of the principal risks and uncertainties for the second-half of the year.

Boulogne-Billancourt, 25 September 2018

Hervé Poncin
Chief Executive Officer

Antalis
8, rue de Seine
92100 Boulogne-Billancourt
Tél. : +33 1 58 04 21 00
www.antalis.com

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