Press release

Boulogne-Billancourt, 24 April 2019

Q1 2019 operating performances

Resilient operating performances in an unfavourable market context

- Sales down 3.7% to €551 million on a comparable basis (down 6.5% as reported)
- Resilient gross margin rate at 24.4%
- EBITDA down 18.3% to €15 million on a comparable basis and at constant accounting methods (down 21.4% as reported); EBITDA margin of 2.7% (down 0.6 points)
  - First-time application of IFRS 16 (Leases): EBITDA of €25 million at 31 March 2019

Full-year 2019 objectives

- At constant perimeter, exchange rates and accounting methods, Antalis' sales should decline by between 3% and 4% year on year, and EBITDA margin should come in at between 2.7% and 3.1%

Key operating indicators (unaudited figures on a comparable basis and at constant accounting methods)

(in € millions)	Q1 2019	Q1 2018	Δ	Δ on a comparable basis(1)
Sales	551.3	589.9	-6.5%	-3.7%
Gross margin	134.5	143.6	-6.3%	-3.7%
Gross margin rate (as % of sales)	*24.4%*	*24.4%*	-	-
EBITDA(2)	15.1	19.2	-21.4%	- 18.3%
EBITDA margin (% of sales)	*2.7%*	*3.3%*	*- 0.6 points*	-
Current operating income (2)	9.5	13.8	-31.2%	- 27.7%
Current operating margin (% of sales)	*1.7%*	*2.3%*	*- 0.6 points*	-

(1) Changes in comparable figures reflect FX, calendar and perimeter impacts.
(2) Unless stated otherwise, EBITDA and Current operating income figures presented in this press release do not reflect changes arising from first-time application of IFRS 16 (Leases) from 1 January 2019.

In Q1 2019, the slowdown in Europe and economic uncertainty negatively impacted consumption, especially in the European paper market where volumes declined by around 7% over the period. Antalis was also hit by disruptions in the supply of coated and recycled papers from its supplier Arjowiggins Graphic, which entered into receivership in early January 2019. However, its Packaging business continued to grow in most countries. The Visual Communication sector held up well despite uncertainty over Brexit and its consequences for the UK retail trade.

In this context, Antalis delivered sales of €551 million, down 3.7% on a comparable basis. Sales declined by 6.5% on a reported basis which included the negative €17 million impact from the sale of subsidiaries in South Africa and Botswana in early October 2018. The impact of exchange rates and number of working days on sales was negligible.

Gross margin fell 3.7% to €134 million (down 6.3% on a reported basis). Higher selling prices partially absorbed lower volumes in Papers. Gross margin rate was stable when compared to Q1 2018 at 24.4%.

EBITDA fell 18.3% to €15 million on a comparable basis and at constant accounting methods (down 21.4% on a reported basis). An enhanced product mix and greater flexibility in logistics overheads partially absorbed the negative impact of lower volumes in Papers. EBITDA margin represented 2.7% of sales (down 0.6 points).

Current operating income came in at €10 million, down 27.7 % on a comparable basis and at constant accounting methods (down 31.2% on a reported basis). Current operating margin represented 1.7% of sales (down 0.6 points).

First-time application of IFRS 16 (leases):
The Group has opted for the simplified retrospective transition method for first-time adoption of IFRS 16 concerning leases from 1 January 2019. However, in the absence of retrospective restatement of 2018 figures, and in the interests of comparability of its operating performance indicators, Antalis will continue to present these as they were measured before the new standard came into effect. The detailed impact of IFRS 16 on each line of the income statement and statement of financial position will be presented in the 2019 interim consolidated financial statements.

The use of a single-lessee accounting model under IFRS 16 requires the recognition of a right-of-use asset against a matching lease liability. Consequently, most of the Group's lease payments are no longer expensed in the income statement. They are replaced by depreciation of the right-of-use asset recorded in Current operating income, and interest on the lease liability recorded in Net financial expense.

Restated lease payments in the Q1 2019 income statement amounted to approximately €10 million while the depreciation expense on the right-of-use assets recognised at 1 January 2019 is estimated at approximately €9 million. Therefore, the net impact of the change in accounting method on Q1 Current operating income was an increase of around a million euros.

EBITDA as defined by the Group (i.e., Recurring operating income before depreciation, amortisation and provisions) is €10 million higher than the comparable like-for-like figure and came out at approximately €25 million for Q1 2019.

Key figures by geography

(in € millions)	Q1 2019	Q1 2018	Δ as reported	Δ on a comparable basis
Sales				
Main European Geographies	288.1	303.9	-5.2%	-5.3%
Rest of Europe	227.1	232.7	-2.4%	-1.6%
Rest of the World	36.1	53.3	-32.2%	-1.6%
TOTAL	551.3	589.9	-6.5%	-3.6%

The Main European Geographies (UK & Ireland, Germany & Austria, France) delivered Q1 2019 sales of €288 million, down 5.3% on a comparable basis (down 5.2% on a reported basis) although business in the UK held up well. This decrease in sales mainly reflected the decline in Paper volumes, especially in France where the fallout from the Arjowiggins Graphic situation hit sales significantly.

The Rest of Europe fared better. Sales were down 1.6% on a comparable basis to €227 million (down 2.4% on a reported basis). There was a contrasting picture across countries with good performances in Italy and the Nordic countries.

Sales for the Rest of the World (Latin America and Asia-Pacific) were down 1.6% on a comparable basis to €36 million (down 32.2% on a reported basis, mainly reflecting the negative impact from the sale of subsidiaries in Southern Africa).

Annual General Meeting /Appropriation of income

Antalis' Board of Directors has convened the Annual General Meeting for 28 May 2019 and decided to recommend allocating profit or loss to retained earnings.

Appointment of Steve McCue as Chief Financial Officer

Steve McCue has been appointed Chief Financial Officer of Antalis and a member of the Executive Committee following the departure of Xavier Roy-Contancin who decided to take a new direction in his career. Steve McCue has been Financial Officer for Antalis' UK & Ireland operations for over 10 years. Prior to this, he mainly worked in senior financial positions for industrial groups (JM Huber Corporation, Avex Electronics, BP Chemical) notably in the UK, France, the Netherlands and Singapore.

Outlook

The paper market should continue to contract amidst continuing economic uncertainty. The decline in volumes will be exacerbated by the impact of the demise of Arjowiggins Graphic on Antalis' Papers businesses. However, Antalis is stepping up the launch of new product ranges and this is already enabling it to provide its customers with premium alternative solutions.

The Group should continue to benefit from good momentum in Packaging and resilient performances in Visual Communication.

For full-year 2019, at constant perimeter, exchange rates and accounting methods, Antalis estimates that sales should decline by between 3% and 4% compared to 2018 and EBITDA margin should come in at between 2.7% and 3.1%.

The process of setting up a new shareholding structure is continuing.

Upcoming events

28 May 2019: Annual General Meeting

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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