



EXACOMPTA CLAIREFONTAINE

Dear Shareholders,

At its 17 September 2020 meeting in Paris, the EXACOMPTA CLAIREFONTAINE Board of Directors, chaired by Mr François Nusse, reviewed and approved the Group financial statements for the six months ended 30 June 2020.

↳ Consolidated results

(€000)	H1 2020	H1 2020 at constant consolidation scope *	H1 2019
Income from continuing activities (Revenue)	313,515	267,213	307,877
Operating income/(loss)	(3,013)	(918)	3,955
Net income/(loss) before tax	(4,148)	(2,011)	3,880
Net income/(loss) after tax	(3,530)	(1,520)	3,219
Group share	(3,005)	(1,520)	3,219

* Results are also presented at constant consolidation scope. They exclude the companies acquired in spring 2019 (Eurowrap, Biella and subsidiaries), not consolidated in first half 2019, and two companies consolidated from the beginning of 2020, including Fizzer in which the Group holds a 60% equity stake.

While early year projections fuelled hopes of an encouragingly positive first half, from 15 March onwards Group units had to cope with the COVID-19 epidemic, implement the required measures to protect their employees and adjust operations accordingly. Shutdowns, fragmented production, tumbling sales and rising inventories led to a reversal of the trend versus first half 2019.

↳ Segment information

(€000)	Paper	Processing	Inter-segment transactions	Total
Revenue	130,464	248,473	(65,422)	313,515
Operating income/(loss)	9,896	(12,484)	(425)	(3,013)

(€000)	France	Europe	Outside Europe	Total
Revenue	167,944	131,950	13,621	313,515

Paper

Production of printing and writing papers in Western Europe fell 12% versus first half 2019 (Cepi statistics).

The second quarter was marked by a slump in business among office suppliers and printers, while the tonnage of paper sold by our four paper mills fell nearly 8%. We managed to keep production going thanks to our storage capacity and in-house processing operations. Our output includes a growing proportion of recycled paper. Raw material costs remained stable and we suffered no significant interruptions to supplies.

Processing

According to GfK market research consultants, first half sales of manufactured papers and filing articles in France fell 15% and 22% respectively year-on-year.

The total volume of sales to offices and households fell sharply from March to June, with wide discrepancies between specialty products. Production of articles for the start of the school year and end-of-year period was only marginally impacted by the epidemic.

Group financial results

First half 2020 revenue amounted to €313,515,000. At 30 June 2020, gross borrowings stood at €248,424,000 including €32,310,000 of financial liabilities arising from the capitalisation of leases pursuant to IFRS 16. Consolidated shareholders' equity was €408,487,000.

The Group has negotiated additional lines of credit with its banks totalling €30 million. At the interim balance sheet date, no commercial paper had been issued out of a global programme of €125 million. With gross cash and cash equivalents of €97,666,000 at 30 June 2020, Group net borrowings amounted to €150,758,000, practically unchanged from 30 June 2019.

↪ Outlook

While sales returned to 2019 levels in Q3 2020, the recovery failed to offset the loss of business in spring due to the pandemic and lockdown measures. Furthermore, customer demand is currently focused on the short term and it is still too early to have a clear idea of the impact the crisis will have on consumer habits.

Full-year operating income is expected to be well below the 2019 figure of €19,828,000.

THE BOARD OF DIRECTORS

Head of Financial Reporting
Jean-Marie Nusse - Executive Vice President