

SEQUANA

Press release

Boulogne-Billancourt, 9 July 2018

Arjowiggins has entered into exclusive negotiations with Fineska for the sale of Arjowiggins Graphic and Arjowiggins Creative Papers

Once this operation has completed, Sequana will have exited its paper manufacturing activities

Arjowiggins has announced the planned sale of Arjowiggins Graphic and Arjowiggins Creative Papers to Fineska BV, the parent company of Eska Group, the renowned Dutch-based graphic cardboard business controlled by Andlinger & Company, a private investment group which also owns Crown Van Gelder (CVG), a Dutch specialty papers manufacturer.

Information and consultation procedures have been initiated with the relevant work councils and the planned sale will be submitted for approval by the national competition authorities in all countries where it is required. The transaction is expected to complete by the end of October 2018.

The gross amount of the transaction should be €125 million. Given the companies' debts and other liabilities, net proceeds from the sale should be in the region of €20 million (to be adjusted at completion of the transaction in line with balance sheet items).

The businesses to be divested reported sales of €528 million in 2017, or 19% of Sequana Group's consolidated sales, of which 61% comprised recycled graphic and specialty (i.e., laminated and transfer) papers and 39% premium fine papers and specialty papers (i.e., bookbinding and tracing paper). They operate a total of eight mills located in France, the UK, Spain and China and employ over 2,000 people. In the wake of the major restructuring operations carried out in 2014 and 2015 to refocus on specialty papers, these two divisions generated positive cash-flow in 2017 and they should report a profit in 2018.

Following a competitive bidding process that was part of Sequana's strategy of weighing up its options and playing its part in the necessary consolidation of the paper industry, Sequana's Board of Directors has chosen Fineska's offer. This operation, which is satisfactory for Sequana, would also safeguard the future development of Arjowiggins Graphic and Arjowiggins Creative Papers within a private investment group that has been supporting CVG and Eska – two renowned players in the specialty papers and graphic cardboard sectors – for a number of years.

This transaction is a major milestone for Sequana that would mark its exit from all paper manufacturing activities with the exception of Arjobex. Since 2008, Sequana has been refocusing on its paper distribution business where its subsidiary Antalis boasts leading positions in Papers, Industrial Packaging and Visual Communication in Europe.

UPDATE ON THE LITIGATION WITH BAT

The hearings before the Court of Appeal in London took place in early June. Prior to this, BAT had abandoned a significant part of its claims, notably in relation to the first dividend. As with any legal dispute, the outcome is in the hands of the courts, however the Group remains confident of a favourable outcome. The decision of the Court of Appeal should be handed down before the end of October.

Once it has taken stock of this decision and its related impacts, Sequana will devise and present its strategy.

Commenting on these developments, Sequana's Chairman and Chief Executive Officer Pascal Lebard said: *"The planned sale of Arjowiggins' Graphic and Creative Papers divisions is the culmination of the process of weighing up our options in a market that is set to continue to consolidate. It meets our objective of ensuring the long-term development of our activities as part of a major industry player or an investment fund. This was already achieved in the past with the sale of our Decor paper business (to Munksjö), our Latin American banknote businesses (sold to Fedrigoni), and Arjowiggins Healthcare (sold to Meeschaert Private Equity). By becoming part of Andlinger & Company, Arjowiggins Graphic and Arjowiggins Creative Papers would benefit from the support of a private investment group that has been supporting two renowned players in the specialty papers sector for a number of years. The sale would affect neither their business relations nor their partnership with Antalis. Once the decision of the Court of Appeal in London – which we await with confidence – is handed down in late October and once this transaction is completed, Sequana will devise and present its strategy."*

About Sequana

Sequana (Euronext Paris: SEQ) is a major player in the paper industry, boasting leading positions in each of its two businesses:

- **Antalis:** leader in B2B distribution of Papers and industrial Packaging and number two in the distribution of Visual Communication media in Europe with around 5,500 employees based in 43 countries.
- **Arjowiggins:** global producer of recycled and specialty papers with around 2,300 employees.

Sequana reported sales of €2.8 billion in 2017 and employed some 7,800 people worldwide.

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