SEQUANA

VOR LISTED NYSE EURONEXT

Press release Paris, July 24, 2009

First-half 2009 results

- **Recurring operating income of €73 million, at par compared to H1 2008, despite an 18% decline in sales; operating margin improving 0.5 points to 3.5% in a very challenging market environment**

- **Effective Group reactivity with the reinforcement of the cost reduction plans and production capacity adjustments initiated in early 2008: €160 million in savings will be generated over the two year period end 2009, of which €48 million in H1 2009 and €92 million full-year 2009**

- **Consolidated net debt reduced to €732 million, a €59 million reduction compared to December 31, 2008 and €137 million compared to June 30, 2008**

- **Focus on the non strategic assets disposal programme**

- Sequana: recurring operating income down 4% to €73 million, from €76 million at June 30, 2008, despite an 18% decline in sales, while operating margin up 0.5 points to 3.5% compared to first-half 2008
- Antalis: recurring operating income at €39 million, down 24% from €51 million in first-half 2008 despite a 16% decline in sales; operating margin down -0.3 points, to 2.8% from 3.1% previously
- Arjowiggins: recurring operating income at €39 million up from €33 million in first half 2008, despite an 18% decline in sales; operating margin up 1.5 points, to 5% from 3.5% previously
- All bank covenants were met at June 30, 2009
- Sequana completed the disposals of Antalis Promotional Products, Arjowiggins' Decorative Paper-Asia and AWA Ltd, the entity liable for the Fox River pollution claim; finalization of the disposals of Arjowiggins' Carbonless Paper division and Antonin Rode is underway; negotiations on the disposal of the Arjowiggins Security division are progressing
- Acceleration of the operational deployment of Sequana with the creation of a Group Executive Committee

The Board of Directors of **Sequana**, chaired by Tiberto Ruy Brandolini d'Adda, met in Paris on July 23, 2009, examined and approved the financial statements for first-half 2009.

Simplified Consolidated Income Statement

(€ millions, except for EPS)	**First-half 2009**	**First-half 2008 pro-forma***	**First-half 2008 reported**	**% change pro-forma**	**% change reported**
Sales	**2,067**	**2,506**	**2,628**	**-18%**	**-21%**
EBITDA**	**108**	**114**	**98**	**-5%**	**10%**
EBITDA margin (%)	5.2%	4.5%	3.7%		
Recurring operating income	**73**	**76**	**58**	**-4%**	**26%**
Operating margin (%)	3.5%	3.0%	2.2%		
Recurring net income***	**33**	**60**	**40**	**-45%**	**-17.5%**
Recurring diluted EPS (€)	0.67	1.22	0.81		
Net income (loss) attributable to shareholders	**(21)**	**21**	**21**	**n/a**	**n/a**
Diluted earnings (loss) per share (€)	(0.43)	0.42	0.42		
Average number of shares after dilution	49,041,965	49,296,355	49,296,355		

(*) Pro-forma results are restated for Antalis Promotional Products, sold in March 2009, and for the reclassification of Arjowiggins' Carbonless Paper, Decorative Paper-Asia and Antonin Rodet as "Assets held for sale".
(**) EBITDA: Recurring operating income before depreciation and amortisation and net (additions to) reversals of provisions.
(***) Recurring net income: Recurring operating income after net financial income (expense) and income tax on recurring operating income.

Consolidated sales declined 18% to €2,067 million in first-half 2009 compared to the pro-forma first-half 2008 figure, a 16% decline at constant exchange rates, with a negative currency effect of €39 million.

EBITDA at €108 million, €6 million lower than the pro-forma figure for the year-earlier period (-5%). Recurring operating income was €73 million, with a 3.5% operating margin, compared to the pro-forma first-half 2008 figure of €76 million (-4%).
Recurring net income was €33 million, down €27 million from the year-earlier period. Including a €25 million non-recurring expense (mainly restructuring charges for the two subsidiaries), net loss attributable to shareholders was €21 millions and diluted loss per share was €0.43.

Consolidated net debt was €732 million at June 30, 2009, compared to €791 million at December 31, 2008, a €137 million reduction compared to June 30, 2008. The €59 million in debt reduction during the period is mainly due to the operating performance of the operations, despite a €43 million in restructuring cash outflow.

Pascal Lebard, Chief Executive Officer of Sequana, stated: *"In the very challenging market environment of the first semester, our Group demonstrated its strong resilience, thanks to the cost reductions initiated in 2008 and the responsiveness of all the operational teams. During the second semester, we will continue to focus on our 2009 priorities of margins improvement and cash flow optimization."*

COMMENTS ON SUBSIDIARIES

Antalis

Key figures

(€ millions)	**First-half 2009**	**First-half 2008 pro-forma***	**First-half 2008 reported**	% change pro-forma	% change reported
Gross sales	1,399	1,669	1,713	-16%	-18%
EBITDA	49	62	63	-21%	-22%
EBITDA margin (%)	*3.5%*	*3.7%*	*3.7%*		
Recurring operating income	39	51	52	-24%	-25%
Operating margin (%)	*2.8%*	*3.1%*	*3.0%*		
Capital employed	734	838	895		
ROCE	10.8%	10.3%	11.6%	+0.5 pts	-0.8 pts

(*) Excluding Antalis Promotional Products since January 1, 2008.

Antalis reported sales of €1,399 million, down 16% compared to the pro-forma H1 2008 figure, 13% at constant exchange rates. The negative currency effect on sales was €59 million in the first half, mainly due to the Sterling. EBITDA was €49 million, down 21% from the year-earlier period. Recurring operating income declined 24% to €39 million, with operating margin at 2.8% from 3.1%.

In a market hit by a sharp drop in volumes (-17%), Antalis demonstrated its resilience with an operating margin of 2.8%, down only 0.3 points compared to first-half 2008. This performance is attributable to tight cost management, the ongoing integration of Map activities and prices holding up reasonably across all segments.

With the exception of South America, all of the group's markets were difficult, notably in Europe and Asia. Having foreseen the difficult environment, Antalis launched new restructuring measures in Europe capitalising on its critical mass (€21 million in the first half). The ongoing integration of Map, including the optimisation of the supply chain and back office, generated €7 million synergies in the first half.

In March 2009, Antalis completed the disposal of Antalis Produits Promotionnels to the BIC group.

Arjowiggins

Key figures

(€ millions)	**First-half 2009**	**First-half 2008 pro-forma***	**First-half 2008 reported**	% change pro-forma	% change reported
Gross sales	769	939	1,043	-18%	-26%
EBITDA	64	60	45	+7%	+42%
EBITDA margin (%)	*8.3%*	*6.4%*	*4.3%*		
Recurring operating income	39	33	16	+18%	+144%
Operating margin (%)	*5.0%*	*3.5%*	*1.5%*		
Capital employed	523	625	752		
ROCE	14.8%	10.4%	4.3%	+4.4 pts	+10.5 pts

(*) Excluding Carbonless Paper and Decorative Paper-Asia, reclassified as "Assets to be sold" since January 1, 2008.

Arjowiggins reported sales of €769 million, down 18% compared to the pro-forma H1 2008 figure, a 20% decline at constant exchange rates.

EBITDA increased to €64 million, up 7% compared to the first half of 2008. Recurring operating income was €39 million, with an operating margin of 5%, up 1.5 points. In first-half 2009, Arjowiggins benefited from a favourable product mix / price effect, as well as from the positive impact of cost-cutting plans and lower prices for some raw materials.

The good first-half performance in the Graphics division reflects the success and development of environmentally-friendly product lines, which represent close to 20% of Group sales.

Arjowiggins launched new measures in the first half to reduce costs and adjust production capacity to continue dealing with declining demand in some markets. These plans will generate full-year savings of €45 million.

In June 2009, Arjowiggins sold its Decorative Paper-Asia activity to international investors.

Key figures by division are provided in Appendix 1.

Balance sheet

The bank covenants of the syndicated credit lines were met at June 30, 2009.

Antalis

- Net debt/EBITDA = 3.48 (≤4.0)
- Net debt/equity = 1.00 (≤1.1)
- Recurring operating income/net interest expense = 3.00 (≥2.50)

Arjowiggins

- Net debt/EBITDA = 2.67 (≤3.5)

OUTLOOK

With tough market conditions in the first-half 2009, markets seem to have reached bottom, but the second half will likely continue to be challenging. However the decline in volumes should ease thanks to a more favourable basis of comparison and the expected winding down of destocking effects.

Nonetheless, there is still a lack of visibility over the second half on the level of recovery of demand and the evolution of the key external factors.

As demonstrated during the first half, Sequana's strategy in the face of the current crisis enabled the group to withstand a significant decline in volumes and limit its impact on earnings. Cost-cutting efforts will generate savings of €92 million over 2009.

In the second half, Sequana will continue to pursue its 2009 targets of improving operating margins and reducing debt.

Sequana keeps focussing on its non strategic assets disposal programme. The sale of Arjowiggins' Carbonless Paper division and Antonin Rodet should be completed in the second half, and the negotiation of the sale of the Arjowiggins Security division is still ongoing.

UPCOMING EVENTS

Third-quarter 2009 sales	October 29, 2008
Full-year 2009 results	March 2010

About Sequana

Sequana (NYSE Euronext Paris: VOR) is a diversified paper group active in paper manufacturing and distribution, with two 100%-owned subsidiaries:

- **Antalis**: The European leader in the distribution of paper and industrial packaging products with 7,900 employees operating in 53 countries,
- **Arjowiggins**: world leader in creative and technical papers, with 7,300 employees.

With 15,300 employees worldwide, Sequana generated sales of €5 billion in 2008.

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Breakdown of sales by subsidiary

(€ millions)	**First-half 2009**	**First-half 2008 pro-forma**	**First-half 2008 reported**
Antalis	1,399	1,669	1,713
Arjowiggins	769	939	1,043
Eliminations	(101)	(102)	(128)
Total	**2,067**	**2,506**	**2,628**

APPENDIX 1: KEY FIGURES BY DIVISION FOR ARJOWIGGINS (NEW ORGANISATION)

Key figures by new division for first-half 2009

(€ millions)	**Creative papers**	**Graphics**	**US Coated**	**Security**	**Industrial solutions**
Sales	122	265	121	146	115
EBITDA	8	25	8	23	0
EBITDA margin (%)	*6.6%*	*9.4%*	*6.6%*	*15.8%*	*0%*
Recurring operating income	3	15	9	17	(5)
Operating margin (%)	*2.5%*	*5.7%*	*7.4%*	*11.6%*	*-4.4%*

Key figures by new division for pro-forma first-half 2008*

(€ millions)	**Creative papers**	**Graphics**	**US Coated**	**Security**	**Industrial solutions**
Sales	187	317	140	138	157
EBITDA	18	15	5	24	(2)
EBITDA margin (%)	*9.6%*	*4.7%*	*3.6%*	*17.4%*	*-1.3%*
Recurring operating income	14	5	1	19	(6)
Operating margin (%)	*7.5%*	*1.3%*	*0.7%*	*13.8%*	*-3.8%*

(*) Excluding Carbonless Paper and Decorative Paper-Asia, reclassified as "Assets to be sold" since January 1, 2008.

APPENDIX 2: CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Consolidated income statement

(€ millions)	**H1 2009**	**H1 2008**	
Sales	2 067	2 551	**(*)**
Other operating income	12	28	
Purchases consumed and change in inventories	(1 386)	(1 789)	
Personnel expenses	(325)	(372)	
External expenses	(237)	(278)	
Taxes other than income taxes	(14)	(15)	
Depreciation and amortisation	(36)	(40)	
Allowances to provisions	1	1	
Other operating expenses	(9)	(12)	
RECURRING OPERATING INCOME	**73**	**74**	**(*)**
Other operating income and expenses, net	(26)	(27)	
Operating income (loss)	**47**	**47**	
Income from cash and cash equivalents			
Cost of gross debt	(26)	(26)	
Other financial income and expenses, net	(5)	(1)	
Net financial income (loss)	**(31)**	**(27)**	
Income taxes (expense)	(9)	15	
Net income (loss) of consolidated companies	**7**	**35**	
Share of earnings of associates			
Net income (loss) from continuing operations	**7**	**35**	
Net income (loss) from discontinued operations	(29)	(15)	
Net income (loss) – total	**(22)**	**20**	
NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS	**(21)**	**21**	
Net income attributable to minority interests	(1)	(1)	

(*) These IFRS figures do not take into account the restated activity of Antalis Produits Promotionnels and other non-recurring items restated in the pro-forma accounts.

Earnings per share data		
- Weighted average number of shares outstanding	49 041 965	49 296 355
- Diluted number of shares	49 041 965	49 296 355
Basic earnings per share		
- Earnings (loss) per share from continuing operations	0,18	0,74
- Earnings (loss) per share from discontinued operations	(0,61)	(0,32)
- Consolidated earnings (loss) per share	(0,43)	0,42
Diluted earnings per share		
- Diluted earnings (loss) per share from continuing operations	0,18	0,74
- Diluted earnings (loss) per share from discontinued operations	(0,61)	(0,32)
- Consolidated diluted earnings (loss) per share	(0,43)	0,42

The notes in the appendix are an integral part of the simplified interim financial statements.

Consolidated balance sheet

(€ millions)	**H1 2009**	**Dec. 31 2008**
Non-current assets		
Goodwill	636	630
Other intangible assets	59	60
Property, plant and equipment	495	512
Investments in associates	3	3
Non-current financial assets	9	54
Deferred tax assets	32	34
Other non-current assets	1	157
TOTAL NON-CURRENT ASSETS	**1 235**	**1 450**
Current assets		
Inventories	485	594
Trade receivables	688	778
Other receivables	129	193
Current financial assets	34	52
Cash and cash equivalents	255	201
TOTAL CURRENT ASSETS	**1 591**	**1 818**
Assets held for sale	88	91
TOTAL ASSETS	**2 914**	**3 359**

EQUITY AND LIABILITIES

(€ millions)	**H1 2009**	**Dec. 31 2008**
Equity		
Share capital	74	74
Additional paid-in capital	95	95
Cumulative translation adjustment	(82)	(158)
Retained earnings and other consolidated reserves	615	1 123
Net income (loss) attributable to shareholders	(21)	(428)
SHAREHOLDERS' EQUITY	**681**	**706**
Minority interests	4	8
TOTAL EQUITY	**685**	**714**
Non-current liabilities		
Provisions	123	255
Debt	947	909
Long-term debt	58	84
Other non-current liabilities	3	2
TOTAL NON-CURRENT LIABILITIES	**1 131**	**1 250**
Current liabilities		
Provisions	53	84
Short-term debt	59	102
Trade payables	536	738
Other payables	333	342
TOTAL CURRENT LIABILITIES	**981**	**1 266**
Liabilities related to assets held for sale	117	129
TOTAL EQUITY AND LIABILITIES	**2 914**	**3 359**

Consolidated cash flow statement

(€ millions)	**H1 2009**	**H1 2008**
Cash flows from operating activities		
Net income – total	(22)	20
Elimination of non-cash and non-operating income and expenses:		
+/- Depreciation, amortisation and allowances to provisions (except on current assets), net	18	2
+/- Disposal gains and losses	(7)	(1)
+/- Other non-cash income and expenses	5	(3)
+/- Income tax expense and benefits (including deferred taxes)	9	(15)
Gross cash flows from operating activities	**3**	**3**
- Dividends received from non-Group companies		(6)
- Taxes paid	3	(12)
- Change in operating working capital	24	34
+/- Change in loans and guarantee deposits	16	3
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	**46**	**22**
Cash flows from investing activities		
- Expenditure on acquisitions of property, plant & equipment and intangible assets	(33)	(32)
+ Proceeds from disposals of property, plant & equipment and intangible assets	10	3
- Expenditure on acquisitions of financial assets	(2)	
+ Proceeds from disposal of financial assets	2	3
+/- Impact of changes in scope of consolidation	18	(32)
+/- Impact of operations held for sale	(8)	11
+/- Other flows related to investing activities	(5)	(2)
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	**(18)**	**(49)**
Cash flows from financing activities		
Dividends paid to parent company shareholders		(35)
Dividends received from associates and non-Group companies		6
+/- Purchases and sales of treasury shares		(3)
+ Cash received on new borrowings	45	122
- Repayment of borrowings	(9)	(53)
+/- Change in marketable securities with maturities greater than three months	1	(1)
- Net interest paid		4
+/- Other flows related to financing activities	2	7
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**39**	**47**
Effects of fluctuations in foreign exchange rates	2	(5)
CHANGE IN NET CASH AND CASH EQUIVALENTS	**69**	**15**
Net cash and cash equivalents at start of year	160	149
Net cash and cash equivalents at end of year	229	164
INCREASE (DECREASE) IN NET CASH AND CASH EQUIVALENTS	**69**	**15**

Analysis of net cash and cash equivalents at end of year		
Cash and cash equivalents	255	194
Current bank borrowings and bank overdrafts	(26)	(30)
NET CASH AND CASH EQUIVALENTS AT END OF YEAR	**229**	**164**