

# SEQUANA



Press release

Paris, October 1<sup>st</sup>, 2009

## **Sequana confirms improvements in its operating margin and financial structure Sequana keeps Arjowiggins' Security division, and sold its Belgian carbonless paper business and Antonin Rodet**

As part of the strategy announced in June 2008, Sequana launched the selling process of Arjowiggins' Security division, specifying that it would only sell this high-quality asset subject to a satisfactory selling price and conditions, to notably substantially deleverage the group.

Since then, the operating margin and the group's financial situation have improved:

- Arjowiggins improved its operating performance: Ebitda rose 7% in the first half of 2009 and net debt was €312 million, bringing the net debt/Ebitda ratio to 2.67 at the end of June, below the covenant ratio at  $\leq 3.5$ . A slight business recovery coupled with the positive effect of the cost saving programmes, should allow Arjowiggins' second-half results to increase significantly compared to prior year, and meet the bank covenant on the syndicated credit line secured through July 2012.
- Sequana's net debt was down €137 million at 30 June 2009 compared to 30 June 2008, despite the financing of restructuring charges and the absence of major disposal.

In first-half 2009, Arjowiggins' Security division also reported solid performances with revenue up 6% and a 12% operating margin. This trend should continue in the second half, particularly in the e-documents (smart labels, systems and consumables) and bank notes segment.

In the light of these favourable trends, the Security division's current performance as well as the terms of the offer received, which failed to meet the group's expectations for a satisfactory selling price and conditions, the Sequana Board of Directors has decided to keep and foster the development of the Security division, which offers excellent long-term visibility, solid cash flow generation and will help bolster the group's financial structure.

The group also finalised other disposals:

- Sequana has sold Antonin Rodet, owner and merchant of premium Burgundy wines, to the Boisset group for an enterprise value of €23.5 million.
- The Carbonless Paper business was sold to an experienced local management team headed by Francis Tans, executive director of Arjowiggins, with the support of the Walloon region. Effective 1 October 2009, this disposal will generate a negative cash out flow of about €15 million but will have no impact on the second-half 2009 income statement as it was fully provided for end June 2009.

With the disposal of the Decorative Paper-Asia and Carbonless Paper businesses and the shutdown of loss-making facilities, Arjowiggins is now reorganized around autonomous divisions, all of which will generate positive Ebitda and cash flow in the second half of 2009.

## About Sequana

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

- **Antalis**: the European leader in the distribution of paper and packaging products, with more than 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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