



2013 ANNUAL REPORT



SEQUANA

Sequana is a major player in the paper industry, boasting top-ranking positions in each of its businesses:

- through Antalis, the Group is No. 1 in Europe and No. 2 worldwide in B2B distribution of paper and packaging products;
- through Arjowiggins, the Group is No. 1 worldwide in the production of creative and technical papers.

Sequana's strategy is based on strengthening its market positions to create value for all of its shareholders. It aims to refocus on distribution over the long term and to participate in the consolidation of the paper industry in order to carve out leading positions for its industrial businesses in their markets.

With over 10,000 employees in more than 45 countries, Sequana serves corporate clients and printers across the globe. A global paper group committed to sustainable development, Sequana delivered sales of €3.3 billion in 2013.

02

DEVELOPING AT ALL LEVELS WITHIN THE GROUP

- 04 Interview with the Chairman and CEO
- 07 Governance
- 11 Strategy
- 15 Results
- 18 Stock market

20

CHANGING TO SERVE OUR CUSTOMERS MORE EFFECTIVELY

- 22 Activities: constantly improving performance

30

ANTICIPATING STAKEHOLDER NEEDS

- 32 Human resources: driving skills and mindsets forward
- 38 Environment: protecting the environment and natural resources
- 46 Community: a sense of solidarity

UUN

IQ.

UE

Different

A unique position
in the paper industry value chain

A worldwide player in the paper sector,
Sequana is first and foremost a specialised distributor –
the Group generates three quarters of its sales
in this segment.



Antalis, B2B distributor of paper and packaging products

Four business segments

Print

Coated and
uncoated papers
Specialty and
creative papers
Envelopes
Graphic supplies

Office

Paper, envelopes
and consumables

Packaging

Consumables
Machines and services
for protecting goods

Visual Communication

Board
Plastics
Paper

Broad range of clients

Printers and publishers
Companies and government agencies
Professionals specialised in signage systems
Industrial firms

€2.5
billion in sales



Arjowiggins, producer of creative and technical papers

Four autonomous divisions⁽¹⁾

Graphic

Recycled pulp
Coated and uncoated papers
Specialty papers

Applications

Publishing, illustrated books, playing cards, labels, POS advertising, posters, packaging, and sterilised sealing and wrapping solutions, etc.

Creative papers

Premium fine paper
Tracing paper
Paper for printed electronic applications
Paper for secure documents

Applications

Business stationery, corporate communications, advertising, bookbinding and luxury packaging, specialty applications (technical drawing), RFID tags, cheque books, etc.

Security

Paper money
Security solutions
Brand protection solutions

Applications

Banknotes, proof-of-identity documentation (ID cards, passports, driving licences, etc.), solutions for combating counterfeiting and illicit trading, secured labels, etc.

Coated US⁽¹⁾

Coated paper

Applications

Publishing, illustrated books, magazine covers, catalogues, dictionaries, etc.

€1
billion in sales⁽¹⁾

(1) The Coated US business has been reclassified in discontinued operations.

Leader

Sequana: a top-ranking player in its different markets



A Group with key underlying strengths

Sequana does business in markets with high barriers to entry. Economies of scale, the breadth of the product and service offering, the density of the logistics network in the distribution business, innovation capabilities, product quality and brand recognition in the production business all make it hard to capture market share on a long-term basis.

Antalis

With a footprint in 44 countries spread over five continents, Antalis is one of the foremost global distributors. Antalis is also No.1 in B2B distribution of paper and packaging products in Europe where it has a market share of around 20%. It has the broadest and most balanced European coverage of any of its competitors and this allows Antalis to spread its risks more effectively.

	2013 sales	Total distribution market size* (Europe)	Market Position (Europe)
Print	€1,648 million	9.2 MT. paper	No.1
Office	€442 million	3.3 MT. paper	No.1
Packaging	€282 million	€ billion	No.2
Visual Communication	€157 million	€ billion	One of the leading distributors of signage systems and POS advertising in Europe

* Source: Sequana estimates for the distribution market.

Arjowiggins

Arjowiggins boasts top-ranking positions on a number of specialty markets where it generates 86% of its sales. It is the world's leading producer of premium fine papers, banknote paper and tracing paper.

Arjowiggins is also the largest integrated producer of recycled graphic paper made from 100%-recycled pulp. This broad line-up of niche businesses helps to limit the cyclical impact of Arjowiggins' markets.

	2013 sales	Market position (Europe)
Graphic	€510 million	No.1 European producer of recycled graphic papers ⁽¹⁾ No.6 European producer of coated wood-free paper
Creative papers	€224 million	No.1 worldwide in creative papers No.1 worldwide in tracing paper
Security	€305 million	No.1 worldwide in banknote paper No.3 worldwide in synthetic papers
Coated US ⁽²⁾	–	No.4 US producer of coated wood-free paper

(1) Excluding lightweight coated papers (LWC).

(2) Reclassified in discontinued operations.

Demanding

Excellence for all our customers

“Because we believe that customer service is key to creating value, we strive to deliver innovative solutions and products that include optimal quality service.”



Antalis

In line with this philosophy, Antalis has launched numerous initiatives: optimisation and deployment of customer services (efficient logistics, e-commerce, etc.), CRM (Customer Relationship Management) applications, a recast sales structure more in tune with individual customer profiles and more effectively targeted communication initiatives. The goal: to deliver solutions tailored to each specific situation.

Using the logistics network as a vector of excellence

A logistics network comprising around 100 distribution centres supported by advanced customer-oriented solutions (CRM applications, e-business, etc).

Efficient next-day delivery service and same-day service in most large European cities.

Close to 12,000 deliveries a day in Europe on average.

A complete range of logistics services.

Arjowiggins

Arjowiggins is betting on innovation to keep ahead of the market and anticipate customer expectations. Mindful of the latest technologies and our environmental goals, R&D teams in all the divisions are working constantly to come up with high value-added products and solutions and to create new applications. It is this mindset that helps the Group – and its customers – to keep one step ahead of the game!



Antalis

125,000
customers

6,000
employees

100
distribution centres

Almost 12,000
deliveries a day in Europe

1.8
million tonnes of paper
distributed in 2013

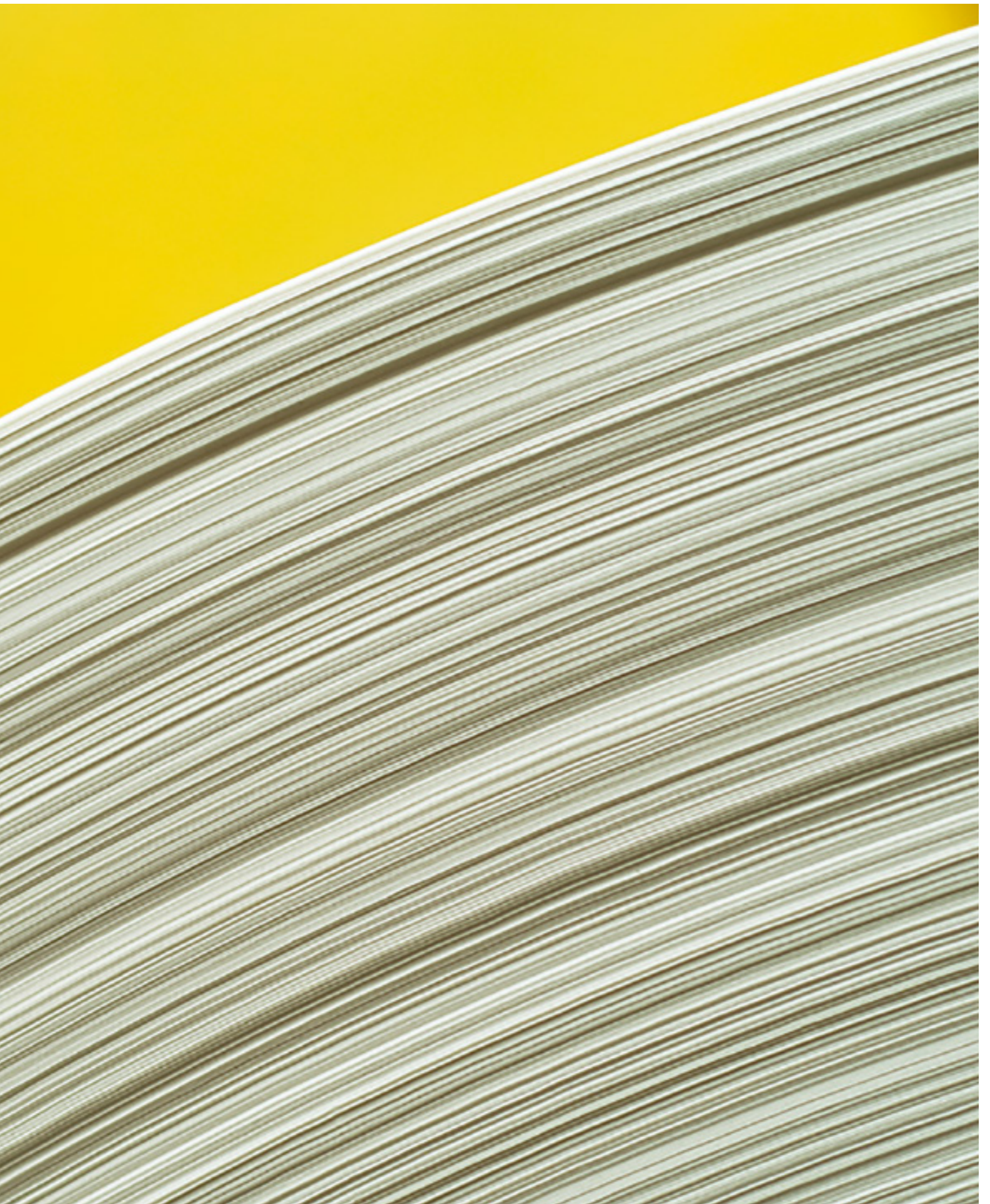
Arjowiggins

20
production and converting sites
in Europe, Asia, the US
and Latin America

Over 4,000
employees

Nearly 1
million tonnes of paper
manufactured in 2013

Over 50
well-known brands
in their respective markets



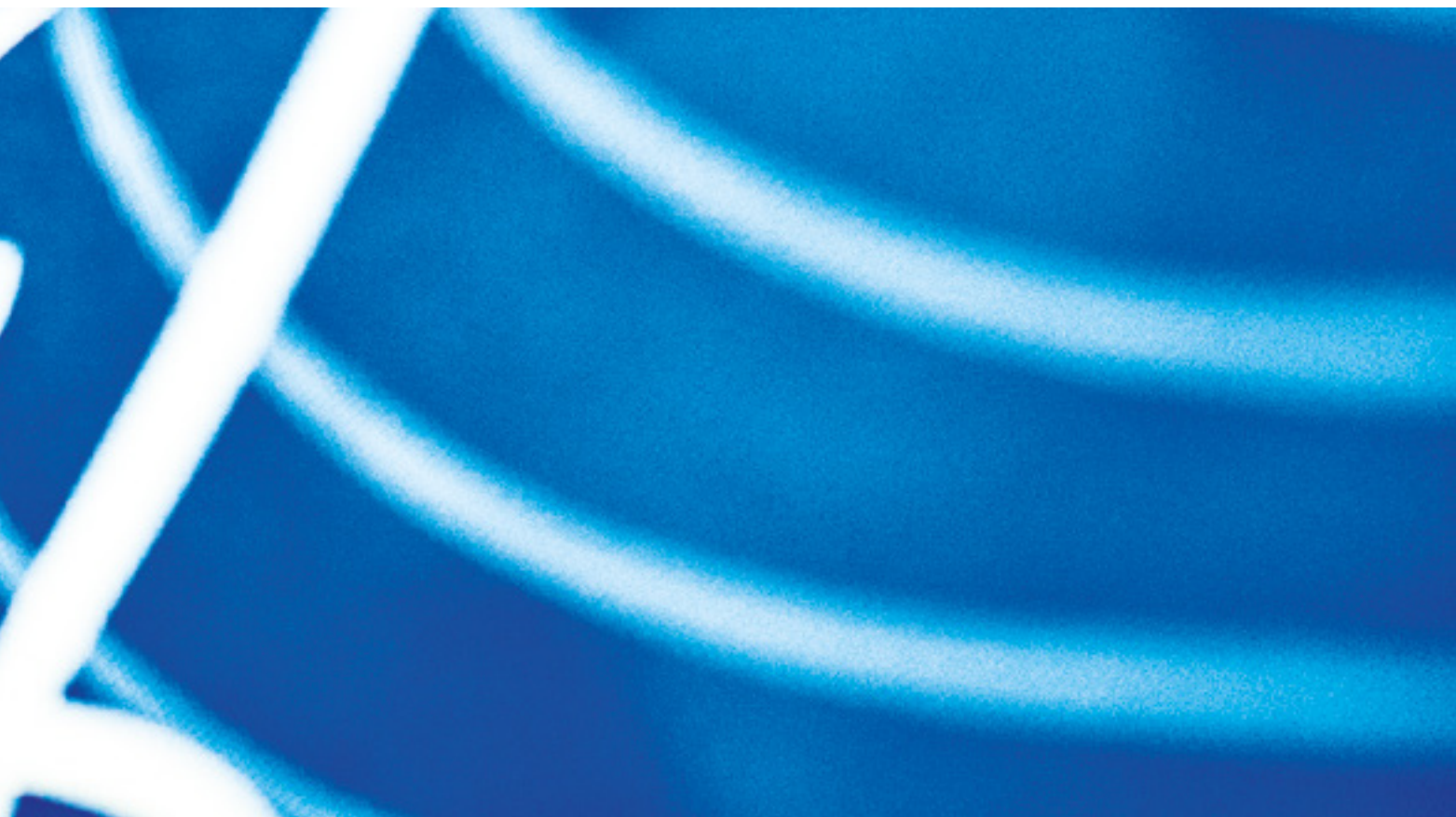


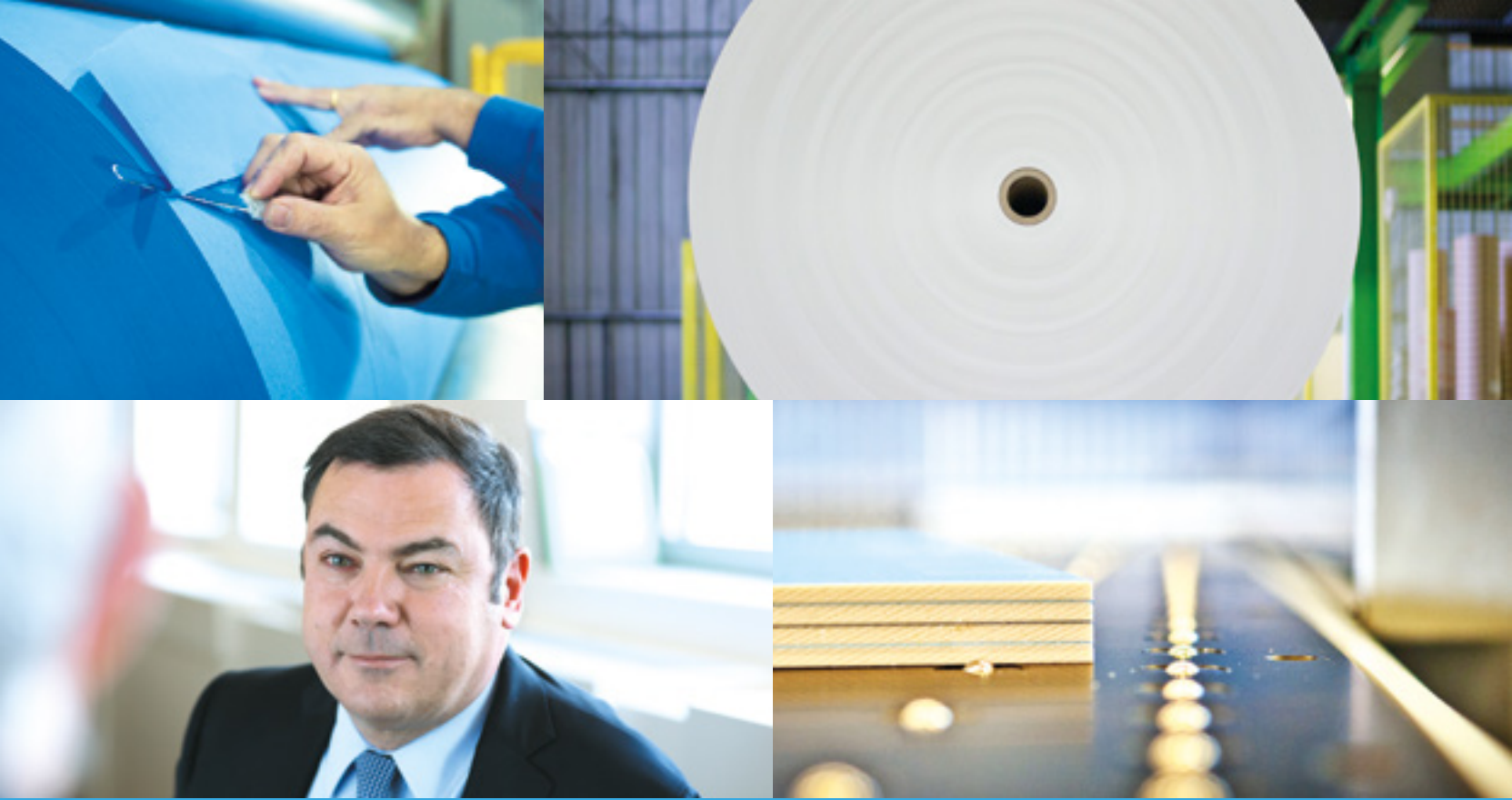
DEVELOPING AT ALL LEVELS





ELS WITHIN THE GROUP





Interview with the Chairman and CEO

What is your overall impression looking back on 2013?
Once again, our Group had to do business in a very difficult market. Printing and writing papers volumes continued to decline in 2013, with a sharper-than-expected drop in the second-half of the year. These conditions, combined with strong pressure on selling prices and a deterioration in the product mix in the fine papers segment, hurt our operating performance and sales

were down 7.7% for the year. So, even though we reduced operating costs by €55 million – due largely to the closure of the Dalum and Ivybridge mills in 2012 and late 2013, respectively – our EBITDA dropped 12% to €117 million. Moreover, these deteriorating market conditions also forced us to write off €295 million in non-recurring expenses, comprising €262 million in asset impairment charges and €48 million in restructuring costs. Once financing costs, taxes and non-recurring items are factored in, the net loss for the year came out at €301 million. In the circumstances, the Board of Directors of Sequana has decided to recommend not paying a dividend for 2013 at the Annual General Meeting.

In spite of the difficult market conditions, you carried out two operations to consolidate the paper sector during the year. What impact has this had on the Group?
Antalis did indeed acquire Xerox's Western European office paper distribution

business representing annual sales of nearly €300 million together with an exclusive license to market and distribute Xerox-branded paper. This is an important operation for our Group as it doubles its European market share in a segment where scale is crucial. This business is already being successfully incorporated into the Group and it will start boosting Antalis' earnings as early as 2014. On the production side, we sold the Casting Paper business to the Italian group Favini for €26.5 million. We did not have the requisite critical mass on this market and this divestment will help forge a world leader in the segment. In any case, we have secured an exclusive long-term agreement to supply Favini with base paper and coated paper for a minimum period of five years, thus enabling the Group to continue to leverage its technical and industrial expertise.

In early April, the Group announced a restructuring plan. Why was this?

Printing paper – Arjowiggins' main market in volume terms – is a structurally declining market due to the proliferation of computerised tools and the internet. Over 40% of market volumes were lost definitively between 2008 and 2013! This creates overcapacity, exacerbating competition and putting a huge strain on selling prices – and on our margins. The difficult business environment is also causing companies to cut their corporate marketing and communication budgets which accelerates the decline in volumes, leading to a deterioration in our product mix in the fine papers segment. To address this situation, in the past and more recently, we have taken significant measures to restructure our business activities, in particular in Argentina, France, the UK and Denmark. However in spite of these efforts, we have been unable to secure a lasting recovery of the economic situation of Arjowiggins and generate the cash flow necessary to fund our business activity. So, this major overhaul of our printing and writing paper businesses is necessary to set Arjowiggins back on a competitive footing and safeguard its future.

What are you expecting to achieve?

Arjowiggins is only a mid-table player in the standard coated paper segment. Unlike the international heavyweights, it does not have its own integrated source of virgin pulp and its raw materials costs are high. Therefore, the Group is not able to set prices. This context heavily weighs on our businesses and – if you factor falling volumes into the equation – this makes for a chronic loss-making situation. By definitively exiting the US market and sharply reducing our exposure to this segment in Europe, we will be able to focus on specialty markets, especially recycled paper where we are No. 1 in Europe. In the creative papers segment we intend to cement our leadership and restore our competitive edge by recasting our business model. This strategy will focus on streamlining the product offering and boosting production efficiency as a means of strengthening brand leadership in our traditional markets and continuing to grow the business in emerging countries.

As regards this strategy, the Group must have had to make some difficult decisions?

Indeed! The restructuring plan does have a major impact on the workforce as five mills are concerned, including two in France and one each in the US, Spain and the UK. Three of these mills – in France and the US – have been put up for sale and if no buyer is found, they will have to be closed. We are doing everything we can to find a buyer and recent trends show that it can be done. We have commissioned a firm specialised in this field to maximise our chances of finding a buyer. This is a very difficult time for the employees concerned but we really had no other choice than to implement this restructuring programme in order to put the Group back on the long-term road to growth, repositioning it in specialty markets and giving it a healthier balance sheet going forward.





The business transformation plan will be accompanied by a financial restructuring plan. Why is this?

Between 2008 and 2013, we pumped over €550 million into restructuring measures that generated savings of more than €300 million. Over the same period, the Group shed 4,900 employees and the number of mills fell from 29 to 20, but unfortunately all of these considerable efforts have proved to be insufficient. Faced with the relentless deterioration in the market and the forecasts for the next few years, it is imperative that Arjowiggins refocuses on specialty production businesses such as security solutions and eco-friendly papers. Our strategic plan – which has been unanimously approved by the Board – paves the way for a major restructuring of our production businesses and this requires healthier finances. Hence the need to restructure our whole financial profile and this involves both a commitment from our shareholders to fund part of the restructuring plan and negotiations with our creditors concerning our balance sheet structure.

What exactly is involved in this financial restructuring plan?

It will help us get back on an even financial keel thanks to a number of key measures. Arjowiggins' credit facility will be reduced from €400 million to €100 million and maturity will be extended through to 2020. Antalis' €520 million credit facility has also been rescheduled by diversifying the means of

financing through a €200 million factoring programme to be set up by the end of 2014 and an extended amortization schedule through to 2018 giving it an enhanced debt maturity profile. The Sequana holding company's debt will be cut from €26 million to €10 million.

In exchange for these considerable efforts, our banking partners will hold 30% of Sequana's share capital.

The financial restructuring will be rounded out by a €64 million rights issue to be taken up by three of our main shareholders (Bpifrance, Exor SA and Allianz group) who have committed to subscribe to the offering and to underwrite the remainder of the issue. This financial restructuring will be used to deploy our business strategy.

As we have said, the restructuring programme is hard on employees, but neither has it been easy for our banking partners and shareholders, and I would like to take this opportunity to thank them for all their efforts and commitment both in a personal capacity and on behalf of Sequana's Executive Committee.

What strengths can you rely on to successfully implement this transformation plan?

With a healthy balance sheet, refocused on the specialty businesses that will eventually generate 95% of its sales, Arjowiggins has all the tools it needs to prepare for the future. We are also

investing €30 million in a deinked pulp unit at the Bessé-sur-Braye mill to enable Arjowiggins to continue growing and developing the market for recycled papers where it is Europe's No. 1 player. Its recycled pulp mill will then be able to fully supply the growing demand of its external customers.

Antalis for its part will continue its acquisition-based growth strategy in Packaging and Visual Communication. These segments already account for 32% of its gross margin and the aim is to get this contribution up to 50% fairly quickly. In its traditional businesses where it already holds market leader positions, Antalis will continue with its strategy of participating in the consolidation of the paper sector and growing the business in emerging countries.

I have every confidence in the ability of our teams to rally around our development challenges and support all of our different stakeholders going forward.

PASCAL LEBARD,
*Chairman and Chief Executive Officer
of Sequana*

Executive Committee

The Executive Committee comprises senior executives from Sequana, Antalis and Arjowiggins and is structured to provide proactive operational management for all Group businesses.

All members of the Group's Executive Committee have been with Sequana for at least five years and have over ten years' experience on average in the paper industry.



1



2



3



4



5

1. Pascal Lebard

51 years old, Chairman and Chief Executive Officer of Sequana, Chief Executive Officer of Antalis and Arjowiggins

2. Hervé Poncin

50 years old, Chief Operating Officer of Antalis

3. Xavier Roy-Contancin

55 years old, Group Chief Financial Officer

4. Antoine Courteault

57 years old, Company Secretary

5. Guy Léonard

61 years old, Group Human Resources Director and Chief Operating Officer of Arjowiggins

Change in corporate governance

After the Annual General Meeting of 27 June 2013, the Board of Directors of Sequana decided to combine the roles of Chairman of the Board of Directors and Chief Executive Officer of the Company, and to appoint Pascal Lebard to this position. The Board's internal rules were also amended to strengthen the role of Vice-Chairman and this position was entrusted to Jean-Pascal Beaufret.

The Board of Directors

As the terms of office of certain directors had expired, the appointment of new directors and reappointment of two existing directors was approved by the Annual General Meeting of 27 June 2013.

Sequana's Board of Directors comprises 11 members and its composition complies with the recommendations set out in the AFEP-MEDEF corporate governance code both in terms of director independence and gender equality.

The Board met on ten occasions in 2013, with an attendance rate of 82%. Meetings focused mainly on the Group's financing, external growth transactions (Antalis) and divestments (Arjowiggins), a review of the consolidated financial statements and specific governance-related issues.





Board of Directors

1. Pascal Lebard

51 years old, Chairman and Chief Executive Officer of Sequana, Chief Executive Officer of Antalis and Arjowiggins

2. Jean-Pascal Beaufret

63 years old, Vice-Chairman, independent director, partner at Portalis AM and member of the Investment Committee of Aurinvest Capital 3

3. Luc Argand

66 years old, independent director, partner at the law firm of Pfyffer & Associés (Switzerland)

4. Odile Desforges

64 years old

5. Jean-Yves Durance

71 years old, independent director, Chairman and Chief Executive Officer of Société Immobilière du Palais des Congrès (SIPAC)

6. Marie Lloberes

56 years old, independent director, General Manager, Mail operations – La Poste

7. Pierre Martinet

64 years old, Managing Director of Old Town (Luxembourg)

8. Michel Taittinger

70 years old, independent director

9. Allianz France, represented

by **Peter Etzenbach**, 46 years old, member of the Executive Committee in charge of the Finance Unit and CFO of Allianz France

10. Bpifrance Participations SA

(formerly Fonds Stratégique d'Investissement) represented by **Bertrand Finet**, 48 years old, Head of SME equity investment at Bpifrance Investissement

11. Éric Lefebvre

46 years old, non-voting observer, Head of Investment at Bpifrance Participations

The Board's committees

The Board's committees act within their remit as defined by the Board. Although they prepare the Board's work and make recommendations, they have no decision-making power. The committees regularly report to the Board, which takes decisions that are then relayed to shareholders by the Chairman.

The different committees were reshuffled in 2013 in strict compliance with good corporate governance principles.



The Nominations and Compensation Committee is composed of three members – two of whom are independent – and is chaired by **Jean-Yves Durance**. The purpose of this committee is to make recommendations on compensation to be paid to corporate officers and key executives, and to review stock option plans and proposals for share award plans. It also reviews all matters relating to the composition of the Board and its committees, how they are organised and how their business is conducted. The Nominations and Compensation Committee met five times in 2013, with an attendance rate of 93%.

The Audit Committee is composed of three members – two of whom are independent – and is chaired by **Jean-Pascal Beaufret**. It focuses on five main areas: verification of accounting principles; approval of half-yearly and annual parent company and consolidated financial statements; internal control; review of the financial position of the Group and any risks to which it may be exposed; and the status of the Statutory Auditors (appointment, independence). The Audit Committee met five times in 2013, with an attendance rate of 85%.

The Strategy Committee is chaired by **Luc Argand**. It is composed of five members, two of whom are independent. It makes recommendations on the Group's key strategic focuses and examines investment opportunities. The Strategy Committee met once in 2013, with an attendance rate of 67%.



Stepping up the pace of the business transformation plan

In 2013, Sequana continued to consolidate Antalis' position as European leader in paper distribution as well as playing a role in the consolidation of the paper industry via Arjowiggins. Faced with the accelerating deterioration in market conditions for printing papers and the expected trends in the market in the medium term, Sequana has decided to step up the pace of Arjowiggins' plan and to refocus on specialty businesses where it holds top-ranking positions.

Refocusing Arjowiggins on its specialty businesses

Printing paper – especially standard coated – is a structurally declining market. Profound changes linked to increased computerisation of communications (internet, digital media) are driving new consumption patterns and the economic crisis in Europe is exacerbating the situation: reduction in corporate marketing and communication budgets and a switch to mid-range papers in the fine paper segment. The excess capacity resulting from the slump in volumes is also placing a huge strain on selling prices.

Faced with the accelerating decline in printing paper volumes witnessed in 2013 and the expected trends in the market in the medium term, Sequana has decided to implement an operational restructuring plan targeting its industrial operations. This plan aims to:



- Significantly reduce Arjowiggins' exposure to the standard coated paper segment.

This market suffers from overcapacity. The Group does not have its own integrated source of virgin pulp and as a moderate-sized player (no. 4 in the US, no. 6 in Europe) it has to contend with strong pressure on its selling prices. By definitively exiting the US market for paper used in graphic applications and by consolidating production for the Graphic division at Bessé-sur-Braye and Le Bourray (France), the Group will be able to refocus on the specialty businesses in which it is a market leader. The reorganisation of the Graphic division will involve transferring production to Bessé-sur-Braye from the Wizernes mill (France) which will be sold or closed if no buyer can be found.

Sequana: stronger going forward

Sequana has restructured its financial position in order to have a stronger and healthier balance sheet. In April 2014, an agreement in principle was signed with the Group's banks to reduce total debt by nearly €300 million, €132 million of which will be converted into bonds redeemable in shares, and to extend the maturities of Arjowiggins and Antalis credit facilities through 2020 and 2018, respectively. Thanks to acquisition baskets, Antalis will be able to continue to fund its development in emerging economies and in Packaging and Visual Communication, which now contribute more than 30% of the Group's gross margin.

At the same time, Sequana will launch a €64 million rights issue with the support of its three main shareholders (Bpifrance, Exor SA and the Allianz group), who have pledged to underwrite the operation in proportion to their shareholding, and to underwrite the remainder of the issue.



FRANCISCO MIQUEL,
Managing Director, Antalis Abitek

“The future means doing everything we can to consolidate our presence in geographical segments with growth potential.”

Antalis acquired Abitek in September 2012. What does your company represent on the packaging market?

Antalis Abitek is a packaging distribution company, created in Santiago de Chile in 1993, and the third-largest packaging distributor on the still highly fragmented Chilean market with a market share of some 15% – the top four distributors have sales of around €37 million. Our two sales branches in southern Chile employ 130 people and serve over 1,500 client companies, mostly in the food, pharmacy, fish, agriculture and wine sectors. Antalis Abitek generated €22 million in sales in 2013.

What is your main competitive strength?

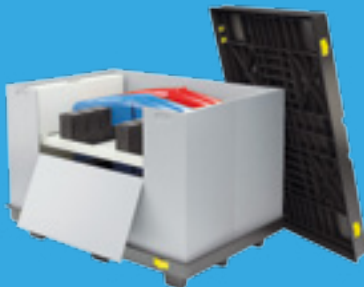
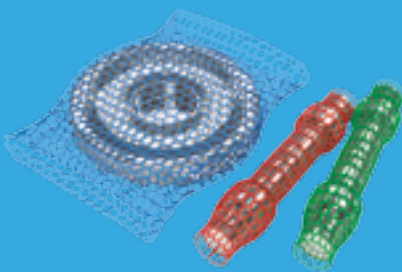
Our integrated offering of packaging products, services and technical solutions. In particular, we offer our clients both standard packaging materials (stretch film, corners, etc.), data capture and reading systems and special masking tapes, as well as machines, technical solutions and automation systems (pallet wrappers, filling systems, etc.), coding and process control systems (X-rays, dynamic weight checkers, etc.) and traceability solutions.

What are the benefits of belonging to a group such as Antalis?

Undoubtedly our expansion in Latin America! Antalis’ footprint in various countries in the region has allowed us to deploy our expertise in new markets. In 2013, for example, we began operating in Peru. Just like Antalis has done in Europe, we have also begun to sell packaging products to the Group’s paper and graphic supplies customers in Chile and Peru.

What are your objectives for 2014?

Growth potential in South America is significant, not only because packaging is a booming business, but also because the region is growing far faster than Europe. Our first priority is therefore to continue consolidating our positions in Chile and to expand into new markets. For example, we will be targeting Bolivia in 2014.



- Strengthen the Graphic division's position in recycled paper where it is European market leader

by setting up a deinked pulp unit at the Bessé-sur-Braye mill to be operational by mid-2016. This investment will allow the division to continue growing its recycled paper business and meet increasing demand from external customers through its Greenfield mill – the leading European producer of recycled pulp.



- Consolidate Arjowiggins' leadership in the creative papers segment

by changing the division's business model and concentrating the bulk of its production at Stoneywood (UK). As part of this reorganisation, the Group plans to dispose of or, in the event that no buyer can be found, close the Charavines mill (France) and transfer its production to Stoneywood. Meanwhile, the number of shifts at the Chartham mill (UK) will be reduced and the Gelida mill (Spain) will gradually refocus on the bookbinding market.



Consolidating leadership in distribution

In 2013, Antalis continued to strengthen its positions in its core markets. In late September it acquired Xerox's office paper and digital print media distribution business in 16⁽¹⁾ Western European countries together with an exclusive license to market and distribute Xerox-branded paper in the region. This business – representing sales of around €280 million and 280,000 tonnes of paper – was incorporated into Antalis from the beginning of November and all of its office paper and digital print media is now sold under the Antalis Document Supplies name. Acquiring this internationally-renowned brand represents a major coup for the Group. First of all, it strengthens Antalis' position in the office paper segment with a market share of nearly 20% in Europe.

It allows the group to offer a wider selection of products and boosts its presence in customer segments such as copy shops, as well as expanding its customer base through new sales channels (Xerox resellers). This acquisition also gives Antalis more clout with strategic suppliers. It brings new expertise into the Group and unlocks synergies, especially in the logistics domain. Finally, participating in the consolidation of the office paper market, where size is key, provides Antalis with an additional means of maximising cash flow and enhancing profitability.



(1) Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK.

Stepping up development in growth markets

Far from hampering Antalis' development in emerging economies and in Packaging and Visual Communication, the Xerox acquisition will provide the group with a stronger platform in Europe from which to expand into these markets which now contribute 32% of the Group's gross margin, three points more than in 2012. This growth is being driven by the increase in cross selling, i.e., sales of packaging and visual communication media to customers who already buy print and office paper from the Group, as well as by the successful consolidation of the packaging distributors acquired in 2012, namely Ambassador (UK), Pack 2000 (Germany), Branopac (Czech Republic) and Abitek (Chile).



Participating in the consolidation of the paper industry

At the end of December, the Arjowiggins Creative Papers division sold its casting paper commercial business and dedicated finishing equipment to Italy's Favini group for €26.5 million. Casting paper is used to produce synthetic leather for the automotive, fashion and furniture industries. It generated sales of €34 million in 2013 and employs

around 15 people in marketing and sales. Moreover, thanks to an exclusive long-term agreement whereby Arjowiggins Creative Papers will supply Favini with base paper and coated paper for a minimum period of five years, the group will continue to leverage the technical and industrial expertise of its Creative paper teams. By selling this business to Favini, Arjowiggins is enabling it to develop and grow as part of a Group that is a leading player in this market.

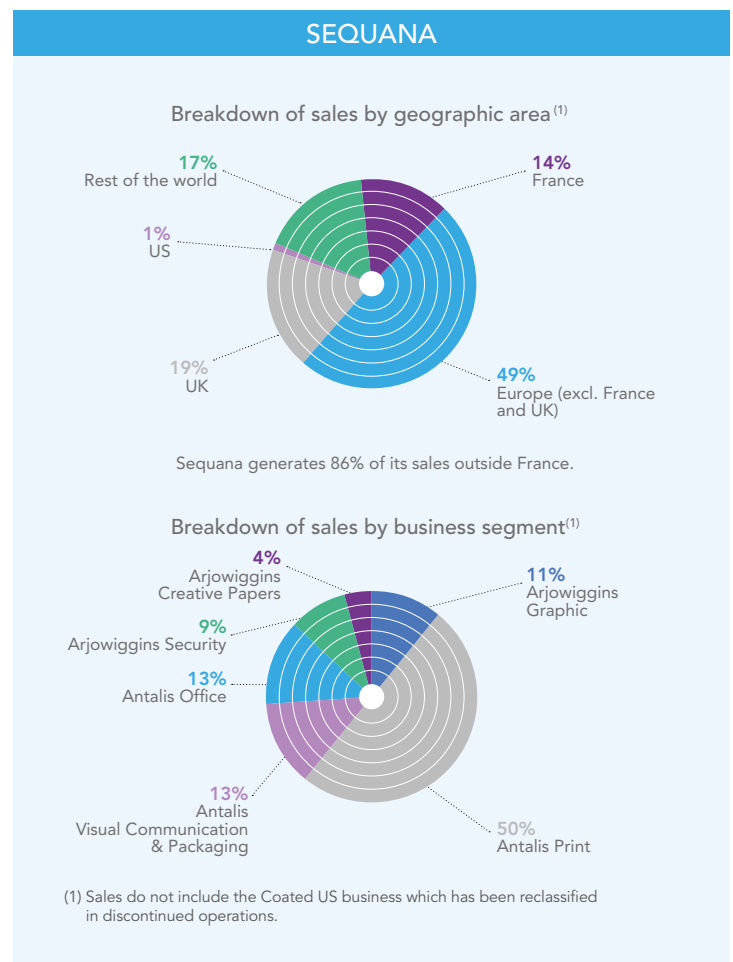
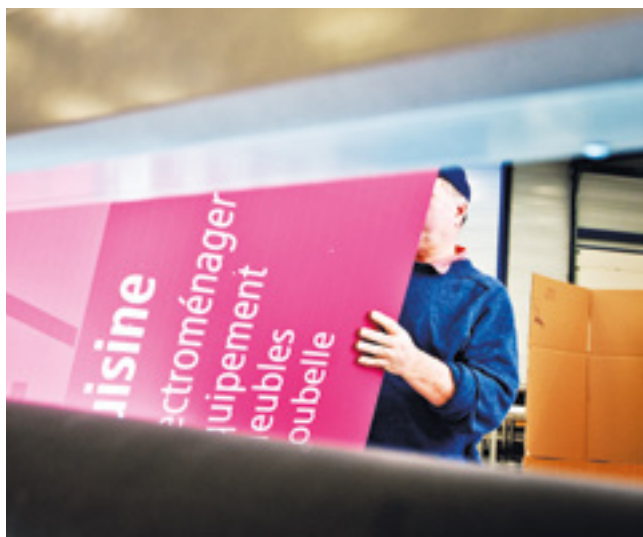
2013 results

The decline in printing and writing paper volumes in Europe accelerated in 2013 with a sharper-than-expected decline in volumes in the second half of the year, and the situation was compounded by strong pressure on selling prices and a deterioration in the product mix in the fine papers segment. Business was better in Arjowiggins' specialty businesses and in Antalis' Packaging and Visual Communication businesses.

The Group

Sales dropped 7.7% year-on-year (down 5.4% at constant exchange rates), reflecting lower printing and writing paper volumes, pressure on selling prices and a deterioration in the product mix in the fine papers segment. Lower sales were partially offset by more resilient performances in the Group's other businesses, together with the successful integration of Xerox's office paper distribution business over the last two months of the year.

EBITDA was down 11.6% on 2012 to €117 million. Sequana benefited from the positive impact of the reduction in fixed costs resulting from the closure of Arjowiggins mills in Denmark and Argentina in 2012 and in the UK in 2013, as well as from Antalis' restructuring measures in logistics. Recurring operating income, which included a €12 million gain on changes to pension plans, was down 15.2% year on year. Factoring in net non-recurring expenses of €295 million (mainly comprising €262 million in asset impairment charges and €48 million in restructuring costs), the net loss attributable to owners was €301 million.



Sequana's condensed income statement

€ millions, except for per share data	2013	2012 ⁽¹⁾	% change 2013/2012 *
Sales	3,326	3,603	-7.7%
EBITDA**	117	133	-11.6%
EBITDA margin (as % of sales)*	3.5%	3.7%	-0.2 points
Recurring operating income	49***	58	-15.2%
Operating margin (as % of sales)*	1.5%	1.6%	-0.1 points
Net income (loss) attributable to owners	(301)	(123)	–
Diluted earnings (loss) per share (€)	(12.07)	(6.02)	–
Average number of shares after dilution****	24,916,884	20,407,999	–

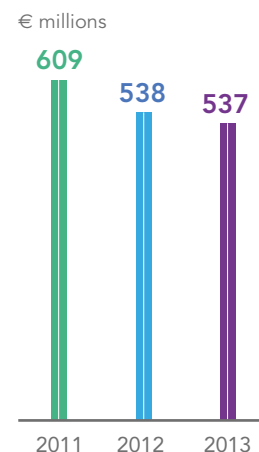
(1) Data for 2012 has been restated to reflect the reclassification of Arjowiggins' US Coated business in discontinued operations and the first-time application of the revised IAS 19 in 2013.

(*) Percentage and margin changes are based on figures rounded out to one decimal place.

(**) EBITDA: recurring operating income before depreciation and amortisation and excluding movements in provisions.

(***) Includes a €12 million gain on changes to pension plans.

(****) These figures reflect the corporate actions carried out in 2012 and 2013.

Consolidated net debt
(at 31 December 2013)

Antalis

Antalis sales were €2,528 million, down 6.2% year-on-year, or down 3.8% at constant exchange rates, reflecting the two-fold impact of a decline in volumes and strong downward pressure on selling prices for printing and writing papers in Europe. In this tough business environment, Antalis continued to pursue its proactive gross margin protection policy by maintaining selling prices for its stock business and keeping a close watch on bad debt risks. The Packaging and Visual Communication businesses proved more resilient. Xerox's Western European office paper distribution business was consolidated as from 1 November 2013 and added €40 million to full-year sales.

EBITDA declined 16.1% on the year to €70 million (2012: €83 million), chiefly reflecting contracting volumes for printing paper, partially offset by an improved product mix and reduced overheads, particularly in the logistics network. Despite the tough conditions, Antalis' gross margin held firm thanks to the increasing contribution of the Packaging and Visual Communication businesses.

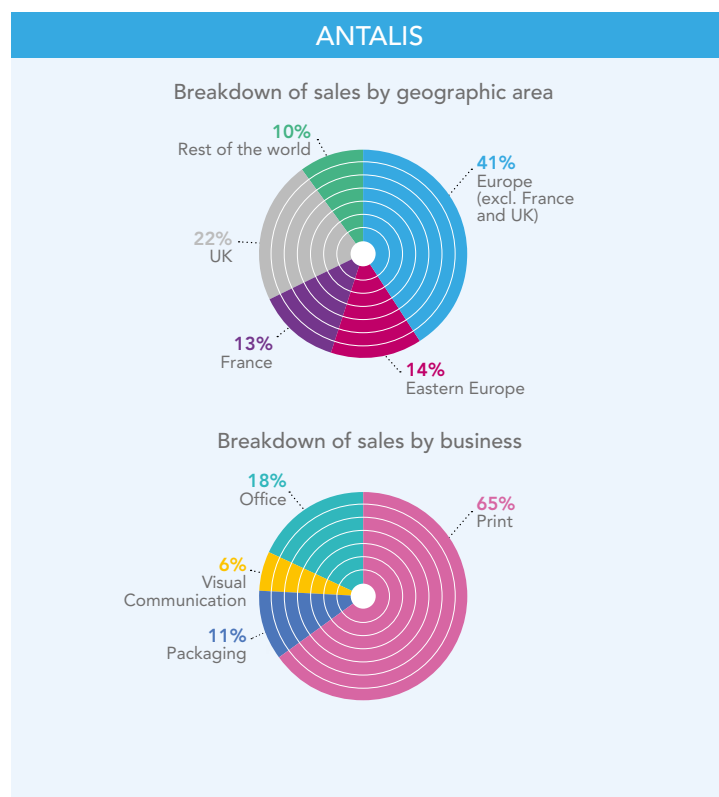
Recurring operating income, which included a €5 million gain arising on changes to pension plans, fell back from €52 million in 2012 to €44 million this year. Thanks to a healthy cash flow achieved by carefully managing its working capital requirements, Antalis has been able to significantly reduce its debt from €245 million at end-2012 to €199 million at end-2013.

Antalis key figures

€ millions	2013	2012	% change 2013/2012
Sales	2,528	2,695	-6.2%
EBITDA	70	83	-16.1%
EBITDA margin (as % of sales)	2.8%	3.1%	-0.3 points
Recurring operating income	44⁽¹⁾	52⁽²⁾	-15.6%
EBITDA margin (as % of sales)	1.7%	1.9%	-0.2 points
Capital employed	476	604	
ROCE	9.2%	8.6%	

(1) Including gains of €5 million arising on changes to pension plans.

(2) Data for 2012 has been restated to reflect the retroactive application of Revised IAS 19.

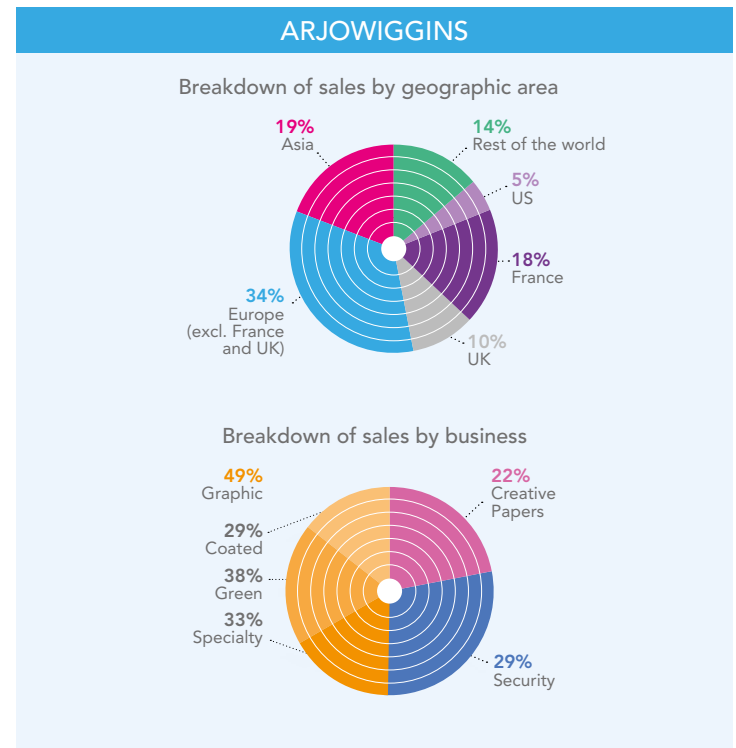


Arjowiggins key figures

€ millions	2013	2012 ⁽²⁾	% change 2013/2012
Sales	1,039	1,170	-11.2%
EBITDA	56	63	-11.1%
EBITDA margin (as % of sales)	5.4%	5.4%	-
Recurring operating income	15⁽¹⁾	20	-24.6%
EBITDA margin (as % of sales)	1.5%	1.7%	-0.2 points
Capital employed	235	357	
ROCE	6.6%	5.7%	

(1) Includes a €7 million gain arising on changes to pension plans.

(2) Data for 2012 has been restated to reflect the reclassification of Arjowiggins' US Coated business in discontinued operations and the first-time application of Revised IAS 19 in 2013.



Arjowiggins

Sales were down by 11.2% on 2012 to €1,039 million (down 9.7% at constant exchange rates) due to a sharp drop in printing and writing paper volumes in Europe, strong downward pressure on selling prices and a deterioration in the product mix for fine papers. Specialty businesses (laminated and transfer papers and security solutions) and recycled pulp held up well.

Input costs (pulp, chemical products and energy) remained high, albeit at lower levels than in 2012. Arjowiggins benefited from the positive impact of lower overheads resulting from the closure of the Dalum (Denmark) and Witcel (Argentina) mills in 2012 and the closure of the Ivybridge (UK) mill in 2013. EBITDA declined 11.1% on the year to €56 million (2012: €63 million).

Recurring operating income – which included a gain of €7 million arising on changes to pension plans – was €15 million versus €20 million in 2012.

Sequana on the stock market

In 2013, Sequana stepped up its financial communication drive in order to give shareholders a better idea of what is going on in the Group. The first Letter to Shareholders presented an overview of the businesses as well as the highlights of the first-half of the year.



Timely information provided to all stakeholders

Sequana provides the market with quarterly updates on its results and its strategic focuses and publishes full or condensed financial statements twice a year. A financial notice is also published in the French media when the Group publishes its annual and half-yearly earnings. All Group financial and stock market information can be consulted on Sequana's website which has a dedicated "Shareholders' corner".

Sequana published its first Letter to Shareholders in 2013. It will come out twice a year and feature both financial results and main events both in the distribution (Antalis) and production (Arjowiggins) businesses. The newsletter will also keep shareholders abreast of milestones reached by each of the businesses, any new products, deals and ongoing initiatives to improve operating efficiency.

Reverse stock split

On 15 November 2012, Sequana carried out a reverse stock split based on the exchange of one new Sequana share with a par value of €9 for six old Sequana shares with a par value of

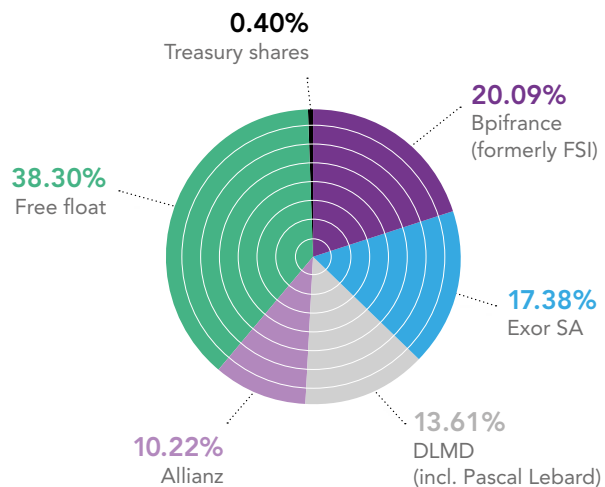
€1.50 each. This operation will last two years through 14 November 2014. Shareholders who need further information can access a special module on the Group's website.

Pre-reverse split shares (ISIN code FR0000063364, ticker symbol SEQNR) have not been traded since 15 May 2013, however, they may be traded over the counter (OTC) until 14 November 2014.

After 15 November 2014, new unclaimed Sequana shares corresponding to old (pre-reverse split) shares will be sold on NYSE Euronext. The proceeds

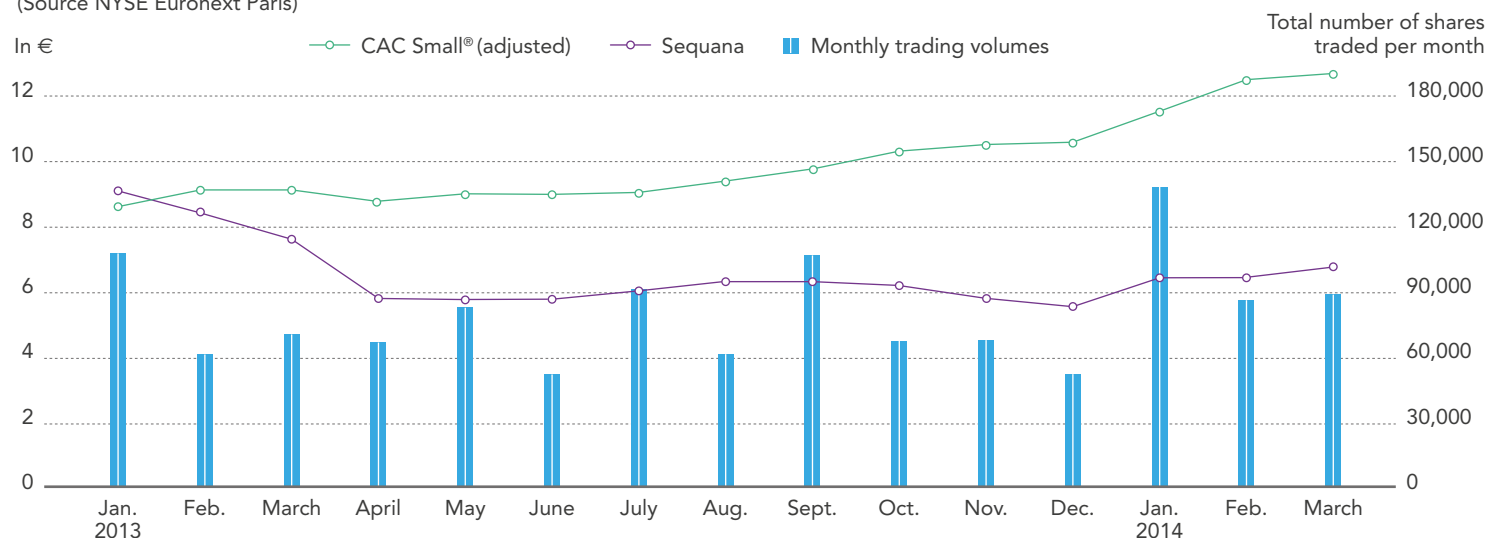
from the sale will be placed in an escrow account opened at a credit institution and may be claimed by shareholders or their beneficiaries during a ten-year period. Once this period has expired, the sums will be placed with Caisse des Dépôts and may be claimed by shareholders or their beneficiaries in accordance with the applicable laws and regulations and with the statute of limitations concerning the period after which the funds shall be paid to the French State.

Ownership structure at 31 December 2013



Share performance between 1 January 2013 and 31 March 2014

(Source NYSE Euronext Paris)



Share data over the last three years

	2013	2012	2011
Number of shares at 31 December	25,011,221	25,009,372	49,545,002
Dividend (in €)	— ⁽¹⁾	—	—
Share price (in €)⁽²⁾			
High	9.63		
(from 1 Jan. to 14 Nov.)		6.70	
(from 15 Nov. to 31 Dec.)		10.75	14.25
Low	5.13		
(from 1 Jan. to 14 Nov.)		1.12	
(from 15 Nov. to 31 Dec.)		5.97	2.76
Closing	5.70	8.24	4.29
Market capitalisation (in € millions)			
At 31 December	143	206	213

(1) Decision subject to shareholder approval at the Annual General Meeting of 25 June 2014.

(2) On 15 November 2012, Sequana carried out a reverse stock split based on the exchange of one new Sequana share with a par value of €9 for six old Sequana shares with a par value of €1.50, leading to a similar adjustment in the quoted share price.

Key dates in 2014

30 July 2014: First-half 2014 results
24 October 2014: Third-quarter 2014 sales

Sequana on the stock market

Listed on Eurolist of NYSE Euronext (Segment B)
Indices: CAC Small® and CAC Mid & Small® – Eligible for the “long-only” segment of the deferred settlement service (SRD)
Ticker symbol: SEQ
ISIN code: FR0011352590
Par value per share: €9.00

Contact us

Sequana – Investor Relations
8, rue de Seine
92517 Boulogne Cedex, France
Tel: +33 1 58 04 22 80
E-mail: contact@sequana.com

Share accounts are administered by

BNP Paribas Securities Services
Investor Relations
9, rue du Débarcadère
93500 Pantin, France
Tel: +33 826 109 119

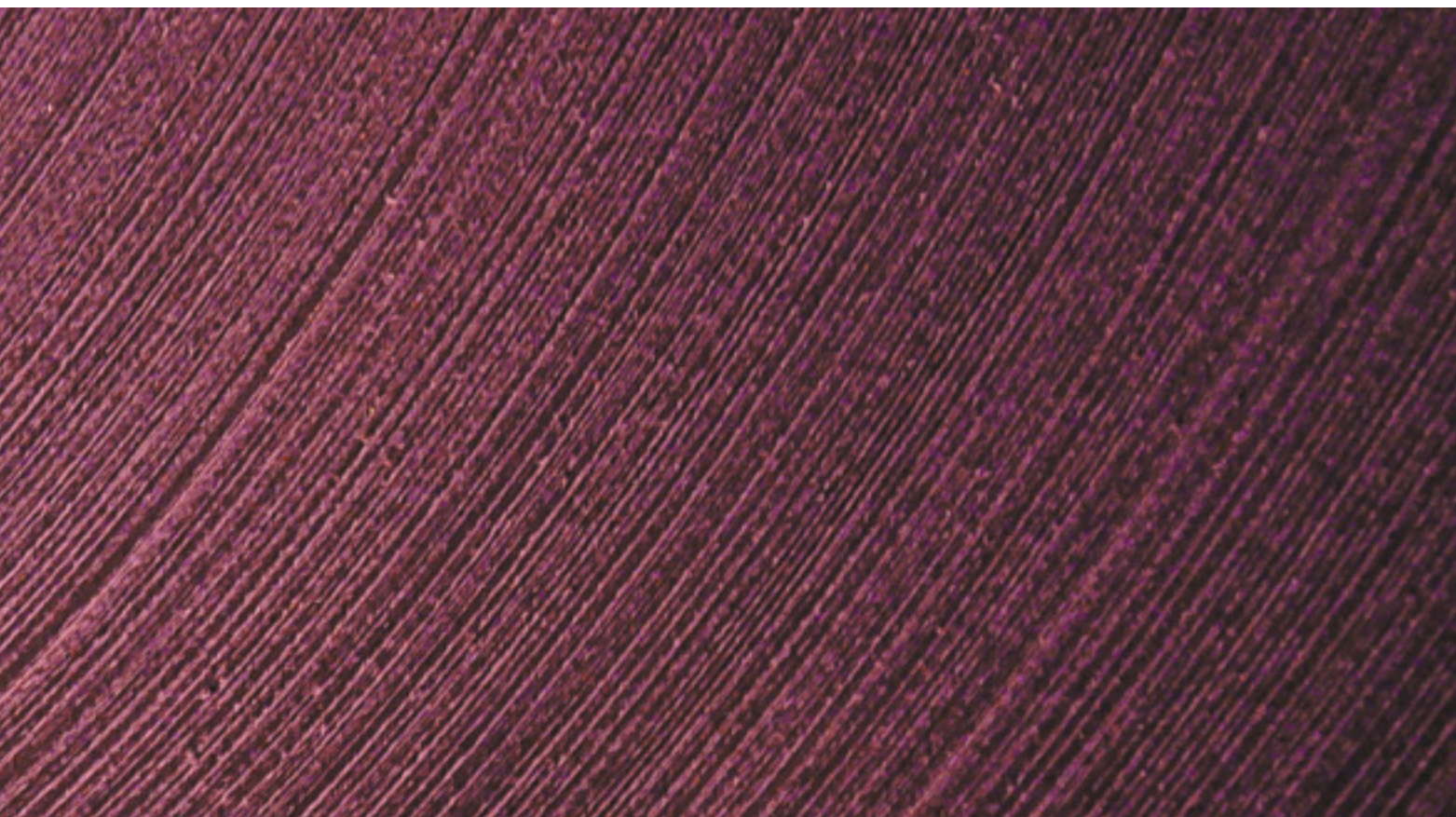


CHANGING TO SERVE OUR CUS





TOMERS MORE EFFECTIVELY





JOANNA SMOLIŃSKA,
Managing Director, Antalis Poland

“The future means being a genuine partner to our customers and supporting their development.”



Antalis Poland launched its new web store last April. What are the main benefits for your customers?

It's easier, faster and richer! We have made logging on easier – without skimping on security – and it takes fewer clicks to get into the product catalogue. We have also set up 500 key words to allow visitors to call up the details of a product by simply keying in one or two words. To make searching easier, we have created profile-based customer access according to their business with dedicated content. And the new features don't stop there! Visitors can search for information by brand or service. They can also use a selector beginning on the home page to refine searches for digital media, packaging products or envelopes based on specific criteria such as type of machine and finishing, applications, eco-certification required, etc.

How do you measure the impact for your customers?

The figures speak for themselves: the proportion of orders placed online jumped from 13% in April to over 19% in December. Our customers have clearly grasped the benefits of the website in terms of information and being able to track their credit limits and place orders around the clock. We're talking real value added here

and it has convinced customers to consult and buy our products online.

What are the benefits for Antalis?

Our customers need less hand-holding so our sales teams have more time to provide them with tailored support and to resolve complex questions that still get asked over the phone. Everyone is more productive and customers see us as an effective partner with its finger on the pulse.

And what are the plans going forward?

We plan to put more content and services on the website – special offers/promotions, customer events, etc. This year, we will also be offering online credit card payment to customers with or without an Antalis account. These initiatives should boost both the proportion of orders placed online and our customer satisfaction ratings.



“The future means reaffirming our product quality and the expertise in our mills.”

JEAN-CHARLES MONANGE,
Sales and Marketing Director, Arjowiggins Graphic



Why create a “Made in France” logo?

Arjowiggins Graphic is European market leader in recycled graphic paper which now accounts for over half our production, compared to just 10% four years ago. Our innovation capabilities coupled with the technical expertise at our four mills – all of which are located in France – allow us to deliver very high quality white

or natural paper that is either 100% or partially recycled. We need to showcase this expertise, thence the new logo, synonymous with French quality, that now adorns all of our products.

At the same time, you launched the “Signez recyclé, signez français” (Recycled, French-made) campaign. What was the objective here?

This campaign reflects both our internal and external commitment to sustainable development and it aims to promote awareness among printers, local authorities and end users of the papers we produce using 100%-recycled pulp at our Greenfield mill. Companies who choose this type of product are supporting the development of the circular economy as well as local jobs.

Since 2013, your French mills have been producing all of the ranges transferred from the Dalum mill (Denmark) which closed in 2012. What impact has this had on your customers?

Transferring all of the Cyclus™ and RePrint Deluxe™ ranges which are key brands in our products portfolio to our French mills was carried out in a totally transparent manner for our customers and they all continue to stress high quality and excellent printability of our products. This outcome is the result of the expertise of our teams and our unstinting efforts to improve our paper quality.



Constantly improving performance

Making Antalis' new sales organisation part of the Group's DNA, allowing Arjowiggins to manage its capacities in a more optimal manner, continuing to innovate on both the distribution and production sides of the business in order to keep one step ahead of the game, and leveraging the expertise of the teams - these were just some of the challenges met by the Group in 2013.

Strengthening operating and industrial efficiency

The RACE 2012 business transformation plan was launched by Antalis in late 2010 with two key objectives: boosting e-commerce and telesales, and generating more sales and margins from non-paper businesses, i.e., Packaging and Visual Communication. Once this plan was completed in late 2012, the DNA (Deliver the New Antalis) initiative kicked in to harness the efficiency and profitability levers developed within the scope of RACE 2012 and give the company a real edge in the conduct of its day-to-day business.

32%

of Antalis' gross margin now comes from the Packaging and Visual Communication businesses.

The company uses reporting schedules to track progress by country and for the group as a whole in certain indicators such as the development of the Packaging and Visual Communication businesses. These activities now contribute 17% of Antalis sales – thanks notably to the success of cross selling – and 32% of the Group's gross margin (versus 29% in 2012).



Arjowiggins has continued to optimise its production capacities. After the closure of the Witcel (Argentina) and Dalum (Denmark) mills in 2012, it closed the UK Ivybridge mill in late 2013. All product lines formerly produced at these mills were transferred to other group sites thanks to the paper machines' flexibility. By cutting its capacity by 126,000 tonnes, i.e., the total production of the three sites, Arjowiggins boosted the capacity utilisation rate at its other mills to over 90%. This enabled it to partially offset the drop in volumes for printing paper in particularly tough market conditions in 2013.

All Arjowiggins divisions continued to improve the mills' efficiency, notably by reducing their energy consumption. Arjowiggins Healthcare's plans to generate energy from biomass at its Palalda mill (France) from 2014 and Arjowiggins Graphic's achievement of ISO 50001 certification which it obtained in early 2014 are a testimony to this strategy.



Keeping one step ahead

In distribution and production, innovation is the by-word, both in terms of products and services and marketing.



Antalis has pioneered the use of eco-friendly papers. Its broad range of recycled and FSC®- and PEFC-certified papers together with the organisation of special customer events like Green Days illustrate its credentials in this area. The ambitious Green Connection communication strategy launched in 2013 is designed to showcase Antalis' actions by enabling communications and sustainable development directors to select paper in line with their CSR policy and strategic commitments. It is structured around different tools – a scale for evaluating a product's green credentials, a "green white paper", a brochure of recycled products, etc. – which will be deployed throughout Europe in 2014.

On the production side of the business, Arjowiggins also used innovation to spearhead the development of its different divisions. Cocoon Jet Silk, the first 100% FSC® Recycled silk coated paper, rounds out Arjowiggins Graphic's range of recycled papers for full-colour inkjet publishing. They provide the division with new development opportunities in direct marketing and transpromo printing (personalised printing incorporating text, images and data).

COCOON® Jet Silk



Arjowiggins Healthcare continued to innovate in the reinforced packaging segment, notably with the launch of Polybond. This super-resistant, hybrid cellulose substrate provides medical equipment manufacturers with a real alternative to 100% synthetic packaging for large cumbersome medical equipment.

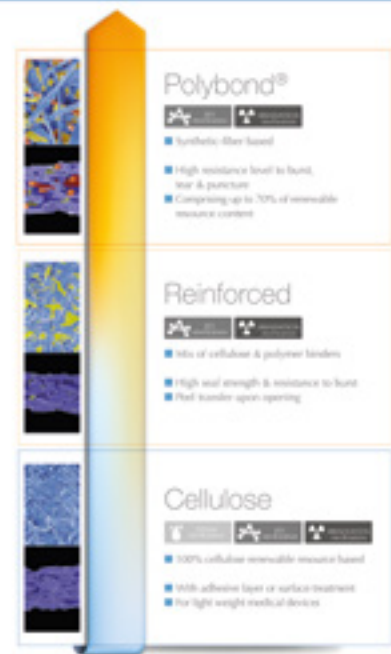


signoptic™
by Arjowiggins Security



Thanks to its Signoptic technology based on "matter biometry", Arjowiggins Security has been retained by the Brazilian government to devise traceability solutions for products such as tobacco and alcohol. The division has also begun generating revenues in the US cosmetics segment, consolidating its market leader position in product traceability solutions for luxury perfumes.

PACKAGING SOLUTIONS FOR MEDICAL DEVICES





JEAN-MARIE VAU,
Group Technology & Innovation Director,
Arjowiggins Creative Papers

“The future means constantly renewing our offering to provide our customers with high added value products.”

How is innovation of key importance for your customers and for Arjowiggins?

In the world of designers and creative people who buy our creative paper, you have to be constantly at the cutting-edge of what's happening. Paper reflects a brand's image and we aim to offer papers with surprising features in terms of their composition, texture, feel, shade or finish. We also want to break into new markets such as paper for printed electronic applications.



How does the innovation process in Arjowiggins Creative Papers work?

First off, the sales, marketing and R&D teams sit down together to determine the future needs of our customers. Next, we set up a technical platform – which usually requires considerable investment in R&D – and once this has been finalised, we usually file one or a number of patents. Then, adapting a new technology to a range of products goes relatively quickly and this enables us to stay in phase with the market and to launch innovative new products like Curious Matter, our newest creative paper, made with microscopic spherical particles of raw starch.

You have just launched PowerCoat®: what is so revolutionary about this product?

The high-potential market for printed electronic applications has spurred us into finding a real alternative to the plastic that has been used in applications in this segment up until now. Thence PowerCoat®! This exceptionally smooth substrate offers excellent plastic-free printability as well as optimising the use of costly chemicals and inks. PowerCoat® is 100% recyclable, biodegradable and certified FSC®. To extend its use to as many applications as possible, two new products have been added to the range: PowerCoat™ HD is designed for high-definition patterning while PowerCoat™ XD is more suited to high-throughput applications that require less definition such as smart ticketing and labelling.



XAVIER JOUVET,
*Group Marketing & Purchasing Director,
Antalis*

“The future means providing customers with innovative solutions and services.”



Why have you devised a system for evaluating a product’s green credentials?

Paper is a key part of a businesses’ corporate social responsibility strategy but because of the abundance of certification labels – FSC®, PEFC, FSC® MIX, FSC® Mixed Sources, FSC® Recycled, ISO, EU Ecolabel, etc. – it is not always easy to assess a product’s real “greenness”. We have devised a simple system that requires neither detailed explanations nor expert knowledge to help our customers quickly and easily evaluate the eco-credentials of a given type of paper.

How does this fit with your overall environmental policy?

As one of Europe’s leading paper distributors, we need to blaze a trail here and play a pioneering role. We have been integrating sustainability into our products and marketing initiatives for years. To showcase our commitment more effectively, we recently launched the Green connection programme, featuring the Green star system which provides communications and CSR directors with simple tools for selecting paper in phase with their sustainable development policy.

This strategy is part of our stated aim of constantly delivering excellence to our customers through innovative, high added value solutions.

Applying Green Star System criteria, an eco-responsible product is one with



How does the system work?

Our approach factors in the origin of the raw material – for example, whether the pulp comes from sustainably managed forests – and the percentage of recycled fibre used to make the product and the manufacturing process used – for example, does the mill have ISO 14001 or European Ecolabel certification? By evaluating these criteria, we award each of our products between one and five stars, which allows companies to select products according to their “greenness”.

Showcasing our expertise

Anticipating the needs of customers and end users and coming up with new product uses and applications are part and parcel of the Group's ongoing innovation policy. Antalis and Arjowiggins use innovative marketing campaigns and trade fairs to promote awareness of their offering.

With over 70 different services, Antalis provides the Group with the largest customer offering in Europe. To showcase this offering more effectively, the customer catalogue was given a makeover based on the Customer Relationship Cycle, which makes it easier for customers to identify the services and costs that concern them. The new catalogue was distributed in ten countries in 2013 and will be available throughout Europe in 2014.

Antalis Cube was another landmark event in 2013. This ultra-contemporary modular "filing cabinet" allows artistic directors, designers and printers to store all of their samples and present the latest designs to customers, including Arjowiggins' creative papers.



Arjowiggins also worked hard to showcase its expertise during the year. The participation of Arjowiggins Creative Papers in 11 international trade fairs significantly boosted the market profile of PowerCoat® just one year after its launch. This was borne out by some of the international awards it garnered during the year, which included the Printed Electronics Awards in Berlin in the "Best Product Development" category, the Intertech Technology Awards in Chicago for innovative excellence, and the World Technology Network Awards in New York in the Materials category. PowerCoat® is also listed in Material ConneXion®, a global materials consultancy and library of innovative and sustainable materials.

Arjowiggins Security's expertise received timely recognition with the Regional banknote of the year 2013 award for the Eva Perón commemorative banknote issued in 2012. This prize was awarded by an international jury for the artistic qualities and security features of the banknote, particularly through the use of Picture Thread™ technology.



Image Yourself

Image Yourself is an innovative marketing campaign to promote the Antalis Image range of office papers that targets both end customers and resellers. End users can enter the competition by taking a picture of themselves with a ream of Image paper and sharing this photograph on the dedicated Image Yourself app, or on a Facebook page or dedicated website. Resellers can win the same prizes by accumulating points each time they buy Image products or by encouraging end users to participate in the competition to be organised in Europe between September 2013 and June 2014. The idea is to tap into the viral potential of mobile phones and social networks against the backdrop of the 2014 Football World Cup in Brazil.





ANTICIPATING STA





KEHOLDER NEEDS





OLIVIER GUICHARDON,
*Group Corporate Social
Responsibility Director*

“The future means even stronger commitments to all of our stakeholders and developing the resources needed to meet their expectations.”



What are the origins of Sequana’s CSR policy?

In 2012, Sequana implemented a group-wide Corporate Social Responsibility (CSR) policy. We used ISO 26000 to define eight priorities corresponding to the Group’s four key challenges and this enabled us to highlight the focuses needed to be able to fully develop the notion of responsibility both in terms of our businesses and relations with stakeholders. The strategy was reinforced in October 2012 when we signed the United Nations Global Compact.

What were the major breakthroughs in 2013?

This year we fine-tuned the CSR strategy and developed action plans for each of the eight priorities. We ranked them in terms of regulatory constraints, maturity of the process within the Group and strategic importance and this led us to focus more specifically on four major challenges in 2013, namely

governance, management of natural resources, promoting employee development in a safe working environment, and encouraging customers to purchase responsible products.

You introduced a new Group Code of Good Conduct. What are its broad underlying principles?

The Code is designed to meet the need to continually reinforce our rules on governance in order to track compliance with existing regulations and to strengthen and reaffirm the Group’s good governance credentials. It covers all compliance-related topics: commercial relations, anti-trust rules, confidentiality and insider trading, etc., as well as security, conflict of interest, respect and dignity in the workplace and environmental principles.

The Code has been widely distributed throughout the Group and the countries in which it is present, and awareness-raising initiatives and training have also been organised for employees.

Legal affairs specialists now take part in various management committee meetings and an e-learning programme kicked off in early 2014.

Good management of natural resources has been identified as one of the Group's priorities. Has there been any progress in this area?

Absolutely! In 2013 we launched a new centralised traceability platform to collate information on Antalis' suppliers that provides closer scrutiny over product sourcing as well as guaranteeing compliance with new EU timber regulations. The platform will also ensure more effective cooperation with suppliers by centralising the exchange of information and consolidating control over our supply chain.

One of the objectives for 2013 was getting customers to switch to eco-friendly products.

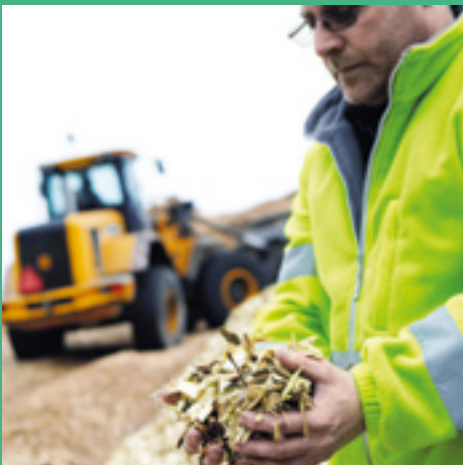
How do you help them to do this?

Well first of all, we have devised a common Group-wide definition for eco-friendly products to make it easier for customers to evaluate the offering. This can sometimes be difficult due to the profusion of labels and certifications. By factoring in the impacts of paper throughout its

life cycle, we have clearly identified and ranked the guarantees on offer from the market and come up with a reliable analytical framework that draws on internationally recognised standards – FSC®, PEFC, ISO 14001, EU Ecolabel, etc. – to preclude any risk of greenwashing. This gives customers the tools they need to procure genuine green products.

Could we finish up with a few words on safety?

This is the Group's top priority – both in production and distribution – and the only possible objective here is zero accidents. But there is no such thing as zero risk and the teams need to be made aware of the need to evaluate and control risks. Antalis and Arjowiggins encourage managers and employees to become more closely involved in risk prevention, training and improving work conditions. Sequana's steadily improving results make it one of the "good students" but much work still remains.



Global Compact

Sequana's decision to sign the UN Global Compact in October 2012 was in phase with its CSR strategy and core values. It reflects the Group's wish to belong to a global corporate community that aims to build a more sustainable and inclusive world economy. As signatories, Sequana, Antalis and Arjowiggins are committed to providing regular progress reports. In December 2013, the Group submitted the Global Compact's Communication On Progress (COP) in which it reported on the four priorities. This report may be consulted on the Global Compact's website.



Driving skills and mindsets forward

In 2013, the Group stepped up its pro-active training policy so that employees can boost their skills and perform their duties in the best possible conditions.

Enhanced skills

Developing manpower skills is core to Antalis' human resources policy. Following the creation of Antalis Sales Academy as part of the RACE 2012 programme, the group set up eXcellence, an online skills and performance management platform. It was revamped in 2013 to incorporate values and mindsets into employee performance evaluations.



Another milestone was achieved with the launch of the Leadership management training programme. The first part of this programme includes a three-day session on team management, driving change and managing business. In the second phase, a team drawn from different functions within the Group heads up a project over a six- to eight-month period with milestone reviews and a final presentation before a jury of senior executives. This programme has already been deployed in Western Europe (Benelux, France, Iberia), Poland, Czech Republic, the UK and the Packaging business, and will be extended to the rest of Europe in 2014. The aim is to turn out 350 manager-graduates between now and the end of 2014.

Another key area of progress has been Antalis' new satisfaction survey for measuring employee commitment, a key performance indicator in tough market conditions. The survey was conducted in the UK and Ireland in 2013 and will be used throughout the rest of Europe in 2014. The aim is to use the areas highlighted for improvement to deploy action plans that commit employees to change enablement and progress.

Arjowiggins has also continued its training efforts in both business-related areas and in personal and equipment safety.

Arjowiggins has continued to deploy its site safety programme and extended it to finishing equipment. The sites have been active as well: over two-thirds have reassessed their risks and devised tailored employee training initiatives while half of all sites have increased the degree of management and employee involvement in reporting dangerous situations and resolving problems. Finally, 50% of sites have been working hard on reducing the risk of occupational illness.

Making security a priority

Employee safety is the Group's overriding concern, particularly in the mills and distribution centres which are most exposed to operational risks. Antalis has developed a new health and safety programme underpinned by 10 golden rules. It will be deployed everywhere in early 2014 and provides a common reference framework for developing country-specific action plans. Key initiatives have been taken in the UK and France focusing on getting management more involved and on operational excellence with a stress on risk control and safe behaviour. Measures have also been taken in many countries to improve working conditions, especially for those employees specialised in handling or most exposed to noise and dust.



“The future means constantly enhancing the skills of all our employees.”



From left to right, EVA SUÁREZ, JOSÉ MANUEL VIÑAMBRES, JOSÉ PÉREZ CAMPOS AND CRISTINA PÉREZ

José Manuel Viñambres (Logistics Manager, Spain and Portugal) belongs to one of the three groups taking part in the Leadership programme in Spain and Portugal. His group – which includes Cristina Pérez Díaz (Sales Advisor & Telesales Manager Spain), José Pérez Campos (Regional Sales Manager Print), and Eva Suarez (Iberian Finance Manager) – has been working on the “Juego de Tronos” (“Game of Thrones”) project for five months. This project is designed to benchmark competitors and deploy a plan to forge customer loyalty and win market share.

Why did your group choose this project? What will it bring to the company?

The project emerged out of a common goal: to pool our knowledge of the market and of our customers in order to increase market share and boost sales. Our aim is to collate and analyse all relevant data – particularly for those customers whose potential we are failing to maximise – and to incorporate it into a matrix. This will then allow us to roll out specific action plans for each existing or prospective customer.

What do you get out of your involvement in the Leadership programme and how do you incorporate it into your day-to-day work?

The project offers all of us a great opportunity to learn from each other, share experiences, achieve consensus, and come up with the best ways of making meetings between project team members based in different locations as dynamic and effective as possible. One key aspect of leadership is managing your time effectively and this is what we

try to do by pre-defining priorities and each person’s roles and responsibilities. This allows each and every one of us to bring added value to the project and incorporate it into our day-to-day work.

What changes has this learning experience brought to your everyday practices?

It has given us a much broader view of operations, since our group is made up of people engaged in different functions such as finance, sales and logistics. It has also allowed us to take the pulse of the market and determine how to act going forward. This clearly gains individual and collective buy-in to both the projects and the company’s results. Lastly, devising strategies and knowing how to set goals that incorporate different visions drives both personal development and company growth. This is why we need to continue developing a culture of constant progress.



STÉPHANE COURTOT,
Managing Director, Antalis Western Europe

Why is the Leadership programme so important for Antalis?

RACE 2012 recast our entire sales organisation and *modus operandi*. DNA looks to roll out our strategy

by embedding these changes in our everyday practices. To achieve this, our group needs proven, committed leaders. Hence leadership training for our managers is vital in unlocking their ambitions and potential. This programme is an excellent lever for training tomorrow’s leaders.

What do you specifically expect your region to gain from the programme?

In Western Europe – and in the Group as a whole – the notion of ‘region’ has supplanted the notion of ‘country’ and our management structure is now based around an Executive Committee consisting of French, Spanish, Belgian and Dutch members. As there are no country-level management

committees, this structure involves different ways of working with our teams. We need more autonomous managers who can work remotely with their own managerial hierarchy and handle teamwork between different departments more effectively. In a nutshell, the Leadership programme turns managers into leaders.

What is the next phase in the programme?

We are obviously taking stock as we go along but our priority is for all managers to have received training by the end of 2015. 50 employees in Western Europe have already attended the Leadership programme in 2013.

2013 HR indicators

Average headcount by company

	2013	Year-on-year change	2012	2011
Antalis	5,881	(162)	6,043	6,023
Arjowiggins ⁽¹⁾	4,673	(445)	5,118	5,223
Sequana and Sequana Ressources & Services (SRS)	54	(1)	55	63
TOTAL	10,608	(608)	11,216	11,309

(1) including the headcount of the Coated US division

Average number of employees by business and geographic area

10,608
employees worldwide

Antalis 5,881
Arjowiggins 4,673

Europe

8,170⁽¹⁾

Antalis 4,701
Arjowiggins 3,415

France

o/w 2,990

Antalis 611
Arjowiggins 2,325

North America

674

Antalis -
Arjowiggins 674

Asia-Pacific

451

Antalis 255
Arjowiggins 196

South America

910

Antalis 525
Arjowiggins 385

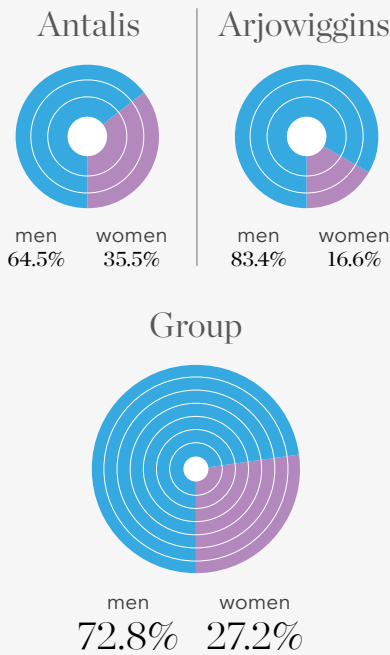
Africa-Middle East

403

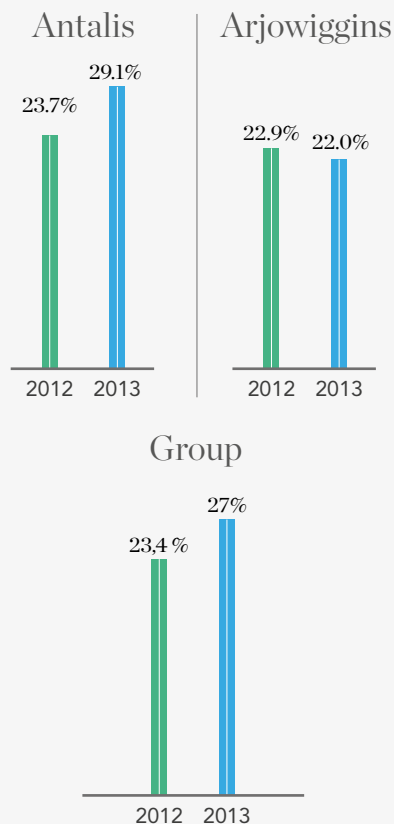
Antalis 400
Arjowiggins 3

(1) Including the headcount of Sequana.

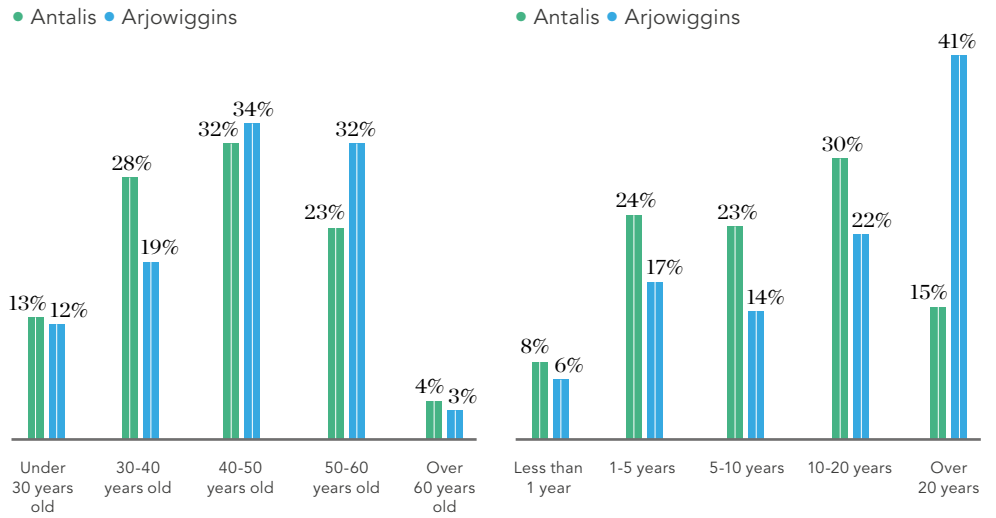
Breakdown by gender



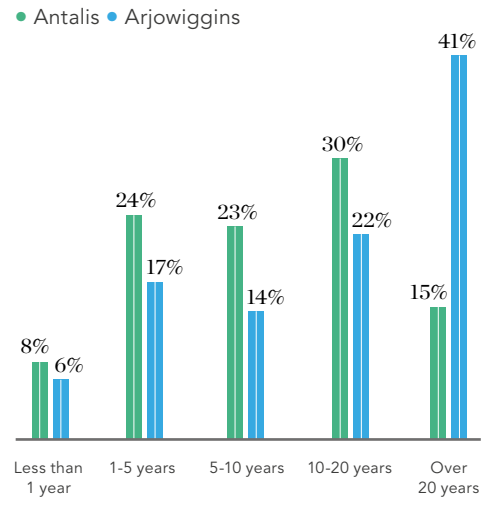
Percentage of women in management⁽¹⁾



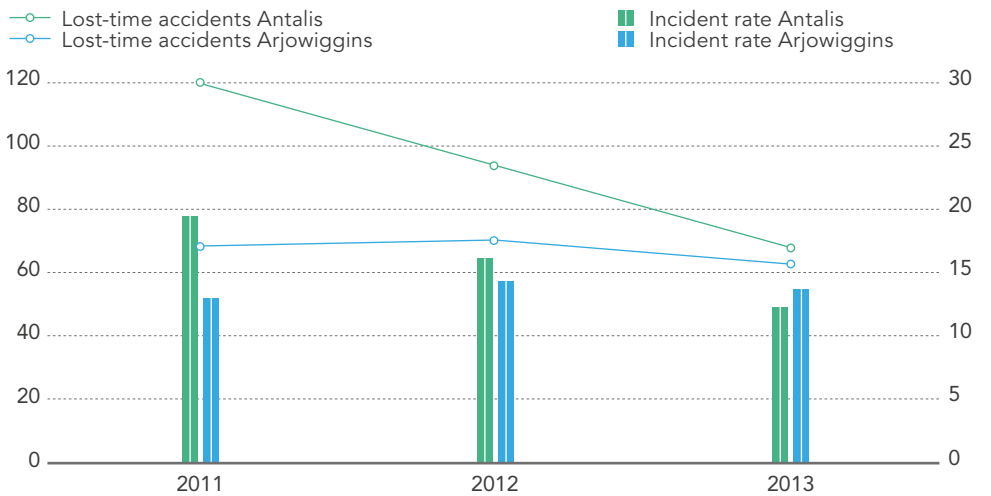
Breakdown by age group in 2013



Breakdown by length of service in 2013



Employee safety



Incident rate = number of lost-time accidents/number of full-time employees and temporary personnel x 1,000
Data calculated based on a scope of 100 distribution centres for Antalis and 20 mills for Arjowiggins (excluding headquarters).

Employee training

	Antalis	Arjowiggins	Total
Number of training days per employee in 2013	2.85	2.60	2.80
Number of training days per employee in 2012	2.09	2.90	1.84

Absenteeism

	Antalis	Arjowiggins	Total
Percentage of absenteeism in 2013	2.85%	3.75%	3.30%
Percentage of absenteeism in 2012	3.53%	3.83%	3.64%

(1) Data calculated based on all Group entities.

Protecting the environment and natural resources

Careful management of natural resources and encouraging customers to purchase responsible products are two of the Group's four key CSR priorities. Major initiatives have taken place in both areas that have enhanced coordination with the Group's suppliers and provided customers with decision-making tools for buying eco-friendly products.



Enhancing product traceability

Sustainable supply chain management is a key issue in paper production where the Group does not have its own integrated source of virgin pulp, as well as in the distribution of finished goods. Although the bulk of the Group's requirements comes from sustainably managed European forests with recognised certification labels (FSC® or PEFC), a tiny portion of supplies still come from regions where deforestation is a real problem. By steadily increasing the proportion of FSC® or PEFC-certified wood and consolidating data gathering for product traceability, the Group guarantees that its raw materials come from sustainably managed forests and that illegally sourced wood is excluded from its supply chain.

Antalis has set up a centralised platform for handling information on its 250 largest suppliers that tracks the origin and regulatory compliance of the products in question and analyses the CSR policies of the suppliers themselves. As the single



point of entry into the Group, the platform is also a source of efficiency for suppliers who simply receive one annual order instead of having to handle a plethora of orders placed at local and Group level.

For Antalis, this pioneering tool which is among the first of its kind in the paper sector, makes it easier to assess the risks and practices of a given supplier and enables it to give enhanced guarantees to its own customers.

Improving energy efficiency

The Group's paper production business and 20 mills consume a lot of energy, mostly in the form of gas, steam, electricity and biomass, as well as fuel and coal to a lesser degree. To improve energy efficiency and reduce its carbon footprint, the Group strives to optimise its energy mix by limiting its dependence on increasingly expensive fossil fuels while increasing the portion of renewable energy in its overall consumption.



Focus on EU timber regulations

EU Timber Regulations aim to ban all illegally harvested timber and timber products – and these include pulp and paper – from the European Union. They do not cover recycled or printed products such as books, magazines and newspapers. The regulations came into force on 3 March 2013 and require all enterprises (operators) placing timber or timber products on the European market for the first time to ensure that no illegally harvested wood gets into their supply chain. They also require enterprises selling timber products (distributors) within the EU to keep information on their suppliers and their customers to ensure product traceability.

As both an operator and distributor, Sequana is totally committed to the sustainable management of forests and sourcing of fibres. Its system for sourcing fibres together with its processes for manufacturing recycled pulp, paper and cardboard have all been certified ISO 14001, FSC® Controlled Wood and FSC® and, when necessary, they have obtained PEFC Chain of Custody certification. Together with the Group's in-house oversight systems – i.e. Antalis' centralised platform for handling information, and Arjowiggins' questionnaires concerning the source of timber that have to be completed by all suppliers – these regulations make it much more difficult for illegally harvested timber to get into the supply chain.



GILLES LHERMITTE,
Sustainable Development Director,
Arjowiggins Graphic

“The future means striving for greater energy efficiency.”

Why is Arjowiggins Graphic seeking ISO 50001 certification?

ISO 50001 is an opportunity for any company to improve its energy management system on an ongoing basis. It helps businesses prepare for – or at the very least comply with – constantly evolving legislation and it also provides them with a benchmark for devising action plans and cutting costs. It also fits with the strategy of Arjowiggins Graphic which has long been committed to reducing its environmental footprint.

What are the different stages involved in certification?

In late 2012, Agnès Roger, Managing Director of Arjowiggins Graphic, decided to launch a process to obtain certification for our four French mills (Bessé, Le Bourray, Wizernes and Château-Thierry). A steering committee was set up consisting of representatives from the mills to address systems-related aspects, technical experts to oversee action

plans, and myself. Next we took stock of our consumption patterns and wastage to determine what has the greatest impact on our energy performance. This enabled us to come up with benchmark consumption levels for gas, electricity and steam at each stage of the manufacturing process and to set annual reduction targets. This culminated in an audit in December 2013, followed by certification of our mills in January 2014.

What are the areas for improvement?

To achieve our targeted reduction in energy consumption, we have simultaneously deployed technical solutions to optimise facilities and initiatives to train the operators of the most energy-intensive machines.



Arjowiggins Graphic's four mills have been ISO 50001 certified since January 2014.

Its immediate concern is to optimise the energy efficiency of its production facilities and energy management systems have been deployed for this purpose. In 2013, Arjowiggins Graphic began the process of obtaining ISO 50001 certification for its Bessé-sur-Braye, Le Bourray, Wizernes and Château-Thierry mills, which together account for over 40% of the group's energy consumption. This certification, which is proof of the holder's green energy credentials, makes Arjowiggins Graphic a pioneer both within Group and within the paper industry as a whole. Together with the division's commitment to the WWF International Climate Savers programme, it means that the division is the only graphic paper producer committed to voluntarily cutting its GHG emissions.

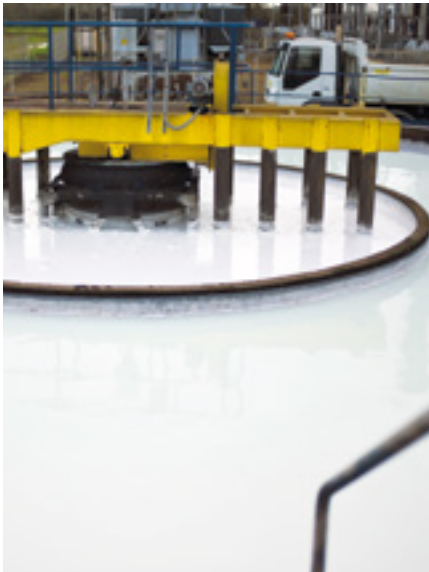


Reducing the Group's dependence on fossil fuels will take longer and finding alternatives requires major investment as well as financial partnerships with dedicated operators. The Group's objective is to boost the proportion of energy generated from plant biomass over the coming years.

The commissioning of two biomass boilers in early 2014 using wood chips at the Palalda mills (France) is a testimony to the Group's willingness to invest in greener energies and projects in other mills are also under review.

Optimising water management

For Sequana, the value of water does not reside simply in its use for producing paper. Throughout its 20 mills, the Group strives not merely to reduce its water footprint, especially in strategic river basins, but to constantly improve the quality of the water released back into the natural environment. It used over 26.5 million cubic metres of water in 2013 but its responsibility also extends to waste water quality as 24.9 million cubic metres were released back into the environment. It must also ensure that all water used in its manufacturing processes is treated before being discharged locally and waste effluent at each mill is purified at an internal treatment plant using either biological (anaerobic) or chemical processes.



A closed-loop water treatment system

Arjowiggins Security's Crèvecœur mill is currently conducting a very worthy experiment in water use. A loop has been installed to reuse water discharged by the treatment plant. This purified water goes through five sand filters before being treated with ammonium bromide and released back into the manufacturing cycle at a temperature of 25-30° (compared to 15° for water drawn off). The liquid released into the inflows is mainly used for cleaning. This closed-loop system greatly reduces potential impacts on flora and fauna.

Coordinating good practices in conjunction with specific local features and constraints related to different manufacturing processes is also a key focus for the Group. In 2013, a working group was set up to study water use and the related constraints in each region containing one of the Group's mills and in early 2014 it produced a map of current and future water use at all production facilities. This will enable the group to set targets for reducing its water consumption, especially in regions suffering from hydric stress.

Getting customers to switch to eco-friendly products

End users are proving increasingly demanding in terms of the environmental and social characteristics of the products they consume. The Group positioned

itself as a key player in recycled paper production and green paper at a very early stage. To consolidate its leadership here it has devised its own specific strategy based on a clear and simple definition of environmentally friendly paper. Clear but rigorous, as it is based on internationally recognised standards as well as on the key impacts of paper

over its life cycle. Providing guarantees with regard to the origin of raw materials and manufacturing processes gives consumers a clear analytical framework for evaluating both the environmental and social aspects of paper.



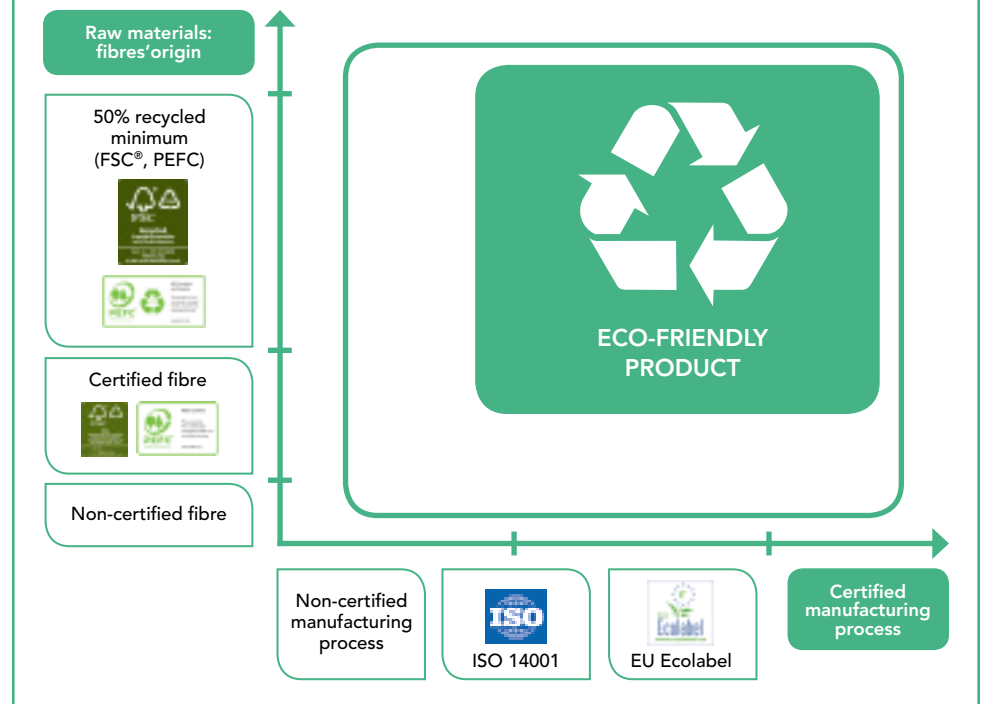
Evaluation process of an eco-friendly product

The system for evaluating the “greenness” of a product manufactured or distributed by the group factors in the source of the raw materials, the percentage of recycled fibre contained in the product and the environmental safeguards built into the manufacturing process.

If these criteria are applied to the Group’s products, eco-friendly products as a proportion of sales are as follows:

- Arjowiggins Graphic: 91%
- Arjowiggins Creative Papers: 97%
- Antalis: 72% of stock products

In the case of Arjowiggins Healthcare and Arjowiggins Security, the small proportion of wood fibres in finished products means that a definition specifically based around paper products is not really relevant.



Key environmental performance data 2013

Indicator	Unit	Graphic		Coated		Creative Papers		Healthcare		Security		TOTAL	
		2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Water consumption/ Water use/Net sellable production	m ³ /tonne of paper	12.3	12.2	50.3	40.0	60.0	65.0	43.0	47.0	87.4	120.3	28.7	27.9
Discharge into the environment Discharge/Net sellable production	m ³ /tonne of paper	11.1	11.1	49.4	40.0	59.0	63.0	32.0	32.0	86.6	112.9	27.1	26.2
Suspended Solids (SS) SS effluent/Net sellable production	m ³ /tonne of paper	0.18	0.18	0.68	0.52	1.15	0.92	0.11	0.20	0.40	0.60	0.37	0.33
Chemical Oxygen Demand (COD) COD/Net sellable production	Kg/tonne of paper	1.35	1.35	4.20	3.41	6.07	5.32	3.86	3.56	5.60	9.54	2.63	2.51
5-day Biochemical Oxygen Demand (BOD 5) BOD 5/Net sellable production	Kg/tonne of paper	0.10	0.10	0.28	0.26	0.89	0.98	0.90	0.96	2.21	3.47	0.35	0.38
Analysis of nitrogen (N: Nitrogen) N/Net sellable production	Kg/tonne of paper	0.06	0.04	0.10	0.03	0.04	0.05	-	-	0.01	0.01	0.06	0.04
Analysis of phosphorus (P: Phosphorus) P/Net sellable production	Kg/tonne of paper	0.003	0.004	0.022	0.019	0.049	0.047	-	-	-	-	0.010	0.011
Analysis of nitrogen oxide (NOx: Nitrogen Oxides) NOx/Net sellable production	Kg/tonne of paper	0.02	0.02	-	-	1.78	1.30	-	-	-	-	0.18	0.23
Analysis of CO₂ (scopes 1 & 2) CO ₂ emissions/Net sellable production	Kg/tonne of paper	259	305	1,964	1,884	1,263	1,419	581	597	1,266	1,522	717	775
Gas consumption (Energy) Gas consumption/Net sellable production PCI	KWh/tonne of paper	918	1,133	1,776	1,133	4,725	5,581	2,383	2,454	1,154	899	2,121	1,862

Indicator	Unit	Graphic		Coated		Creative Papers		Healthcare		Security		TOTAL	
		2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013
Steam purchased externally (Energy)													
Steam purchased/Net sellable production	KWh/tonne of paper	729	543	21	-	123	132	-	-	-	-	481	358
Electricity consumption (Energy)													
Electricity consumption/Net sellable production	KWh/tonne of paper	795	729	1,559	1,388	73	101	-	-	1,930	2,209	1,053	1,001
Energy consumption													
Energy consumption/Net sellable production	KWh/tonne of paper	2,342	2,350	5,812	5,352	5,511	6,142	3,420	3,509	4,334	4,807	3,360	3,418
Biomass consumption (Energy)													
Biomass consumption/Net sellable production PCI	KWh/tonne of paper	-	-	1,407	1,773	-	-	-	-	-	-	243	1,351
Analysis of sludge: Total quantity and annual cost													
Production of sludge (dry)/Net sellable production		0.14	0.14	0.06	0.06	0.03	0.05	0.02	0.02	0.05	0.05	0.11	0.11
OIW (Ordinary Industrial Waste) – excl. waste sold													
Volume of OIW	tonne of paper	18,287	18,038	-	-	365	435	3,100	3,238	119	128	21,871	21,839
SIW (Special Industrial Waste)													
Volume of SIW	tonne of paper	365	384	-	-	4	1	127	70	19	16	515	471





A sense of solidarity

For several years, Sequana's corporate philanthropy programme has been focused on culture and children. In 2013, the Group stepped up its solidarity-based commitment by encouraging all Head Office employees to support various local associations. Local child-focused and welfare initiatives were also launched in the different countries in which the Group is present.

Cultural patronage and sponsorship

For ten years, the Group has been working to make art as widely accessible as possible through its sponsorship agreement with the Louvre and in 2013 Sequana helped to produce several catalogues, including those for the *Art of Outline* and *The Springtime of the Renaissance* exhibitions. Sequana also continued to partner the FIAC international contemporary art fair for its 40th edition in 2013.

The Group's distribution and production businesses are also involved in a host of initiatives promoting culture. This year, Antalis partnered a number of different events including the Fourth Festival of International Music in Germany and the Neighbours exhibition at the Turkish Museum of Modern History. In Latvia, Antalis and the Academy of Arts made it possible for fashion students to express their full creativity in the White Paper, White Christmas, White Dresses competition. The ten best drawings chosen by the jury were turned into paper bridal dresses and exhibited in one of Riga's largest shopping centres.

RéciproCité, Head Office's community-based project

For the past two years, the head offices of the different entities have all been based in Boulogne-Billancourt near Paris. In 2013, Sequana created RéciproCité with the dual objective of investing in the local community and strengthening its civic engagement. This project is sponsored by the Group's Executive management and it gives employees the opportunity to support community initiatives in partnership with local associations. Five priorities have been identified: academic support, help with employability, combating loneliness, providing associations with expertise, and cultural and sporting outings for young people from underprivileged backgrounds. Every employee who gives 20 hours of their time to RéciproCité gets an extra day's "community" leave. In four months, 32 employees gave a total of 90 hours to a project by participating regularly or from time to time.





SOFIANE BOUKTIT,
Head of the association *L'Oiseau Lyre*

As part of *RéciproCité*, *Sequana* works with *L'Oiseau Lyre*, a not-for-profit association in Boulogne-Billancourt near Paris made up of salaried employees and volunteers involved in different areas such as running the library, and academic support, etc.

Sofiane Bouktit, head of the association, explains what it gets out of its partnership with *Sequana*.

“The *RéciproCité* project benefits our association in three ways. The participation of *Sequana* employees strengthens our team on the ground and means we can

offer more types of support. It brings together our young people who are often isolated within the confines of where they live in the Square de l'Avre and Square des Moulineaux, with other people from very different backgrounds. And this really does give them a new view of society and the outside world. Lastly, it allows us to add activities such as being able to visit the Louvre Museum. *RéciproCité* shows that a partnership between a company and an association can go way beyond the financial aspect to become a real human adventure.”



ÉRIC BERGERON,
Accountant, *Sequana*

“The future means being a civic-minded company with roots in the local community and being involved in people’s day-to-day lives.”

You provide academic support as part of *RéciproCité*. What are your reasons for doing so?

I became involved in charity work at an early age. When I was a student, I volunteered for *Restos du Cœur* (French popular soup kitchens) and then for an association that provides help in the home up until 2004. *RéciproCité* allowed me to get back into this kind of work by giving a few hours every week to help children with their schoolwork – a new experience for me. What really interests me is helping people.

What do you learn from your contacts with the children?

It is not a parent-child type relationship. It is important to keep your distance and to adapt your tone and language. You need to be diplomatic and patient, especially as these children are struggling at school. Their behaviour differs considerably depending on their age. Primary school children are more attentive and more receptive to the working methods we try to use, and less easily led than high school students. If they have learned something by the end of the session, then it has been worth it.

How do you balance your life between work, home and volunteering?

It’s a question of organising your time around your constraints, whatever these may be. When we’re closing the accounts, for example, I can’t really be there. I don’t think there is any such thing as a big or small contribution. It is personal commitment that will allow this project to continue over the long term.

Community involvement

Both Antalis and Arjowiggins are heavily involved in humanitarian initiatives and actively participate in a number of child-focused and sickness eradication programmes. In Poland, Antalis partnered the SOS Children's Villages' initiative "Also you can be a Santa Claus" to buy Christmas presents for underprivileged children. Nearly 125 employees distributed gifts in three Warsaw orphanages.



Arjowiggins Graphic was also very active, and it used the Cyclus 2013 campaign to organise a collection for SOS Children's Villages in Dafra, Burkina Faso. The aim was to give 3,000 people around the village access to drinking water and hygiene for one year. In Spain, Arjowiggins Graphic, Arjowiggins Creative Papers and Antalis all supported *Ayuda en Acción* by donating the paper they needed to make their 2013 greeting cards. The funds raised from selling these cards will go towards the cost of building a school in the village of Matagalpa in Mexico.

Antalis Ireland began partnering the Jack & Jill association which looks after children with serious disabilities that require medical care in the home. In Finland, the Group threw all its weight behind *Uusi Lastensairaala 2017*, which aims to build a new children's hospital.



Antalis has continued to support anti-cancer initiatives such as the Association against cancer in Denmark and Wear it Pink and Movember in the UK. Antalis supports UNICEF in a number of different countries, including Hong Kong via the Little Artists, Big Dreams Drawing Competition launched to coincide with China Children Week (CCW). The competition is open to all children under 12 and raises money to pay for essential medical care for underprivileged kids and their families. Finally, Arjowiggins Graphic donates eco-friendly paper to UNICEF in Spain for use in its various publications.

Designed by

TERRE DE SIENNE Paris | www.terredesienne.com

Photo credits

Photothèques Antalis and Arjowiggins©
©Arjowiggins Healthcare – All rights reserved

Foto & Co (Denmark)

William Beaucardet

Jean-Lionel Dias

Noël Hautemanière

Grégoire Korganow

Michel Labelle

Julien Lutt/Capa Pictures

Brendan Mc Neil/Capa Pictures

Pierre-Olivier/Capa Pictures

Olivier Placet

Gilles Rolle/Réa, Corbis

Cristel Sasso/Capa Pictures

Lucas Schifres/Capa Pictures

This report is printed on eco-friendly paper manufactured by Arjowiggins Graphic and distributed by Antalis: Cocoon Silk 350 g for the cover and 150 g for the inside pages.






COCCOON[®] Silk

Cocoon Silk is a 100%-recycled, semi-matte, extra-white coated paper, FSC[®] Recycled (FSC C021878) and European Ecolabel certified (FR/011/003).

conqueror[†]

The insert is printed on Conqueror Vélin Blanc Diamant 120 g, FSC[®]-certified paper produced by Arjowiggins Creative Papers and distributed by Antalis.

By choosing to print its annual report on Cocoon Silk instead of non-recycled paper, Sequana has reduced the carbon footprint of this publication by*:

-  4,105 kWh of energy,
-  43,597 litres of water,
-  181 kg of CO₂, which is equivalent to:
 -  a 1,809 km trip in the average European car,
 -  1,670 kg of landfill waste.

Printer

AMI, Imprim'Vert[®], FSC[®] and PEFC certified

* Source

Carbon footprint data evaluated by FactorX in accordance with the Bilan Carbone[®] methodology. Calculations are based on a comparison between the recycled paper used versus a virgin fibre paper according to the latest European BREF data (virgin fibre paper) available. Results are obtained according to technical information and subject to modification.

Printed in France in June 2014

©Sequana[®] All rights reserved



SEQUANA



Sequana
8, rue de Seine
92100 Boulogne-Billancourt – France
Tel.: +33 1 58 04 22 00
www.sequana.com

Antalis
8, rue de Seine
92100 Boulogne-Billancourt – France
Tel.: +33 1 58 04 21 00
www.antalis.com

Arjowiggins
32, avenue Pierre Grenier
92100 Boulogne-Billancourt – France
Tel.: +33 1 57 75 92 12
www.arjowiggins.com