



St Paul-lès-Dax, 27 March 2015

Full-year 2014 results

At its meeting held on 26 March 2015, Gascogne's Board of Directors, chaired by Dominique Coutière, accepted the accounts for the 2014 financial year. The consolidated financial statements have been audited. The certification report will be released, once the procedures required to publish the annual financial report have been finalised.

Income statement

In €m	2013	2014
Sales	418.3	410.9
EBITDA ⁽¹⁾	10.0	11.0
Underlying operating profit	-4.0	0.8
Operating profit	-42.7	-2.1
Net financial items	-7.5	-3.9
Pre-tax profit	-50.3	-5.9
Consolidated net profit	-55.7	-5.7

In an economic climate that remains difficult, sales totalled €410.9m, down by 1.8% on 2013.

EBITDA¹ was up slightly by 10%, increasing from €10m in 2013 to €11m in 2014, despite the contraction of the gross margin rate, partly due to the rise in the price of wood in the second half of 2014 (additional material costs of €6.5m).

Fixed costs remained under control, with a drop in (i) staff costs of €3.4m, or 3.6% (non-replacement employees who retired, moderate pay policy and the effect of the Competitiveness and Employment tax credit (CICE), in (ii) energy costs of €1.6m (due in part to the drop in oil prices over the last 2 months), and in (iii) other fixed costs.

The **underlying operating profit** was positive, at €0.8m, whereas it was negative by €4m in 2013. The €35m of impairment of assets at the end of 2013 resulted in a drop in depreciation of €4.7m in 2014. Without these “savings”, the underlying operating profit would have been stable.

The **operating profit** stood at -€2.1m and included -€2.9m of other non-operating income and expenses resulting from debt write-offs by the banks and the State, which offset a significant part of the restructuring costs and other provisions.

¹ EBITDA: Underlying operating profit + net additions to amortizations + net operating provisions and impairments

Net financial items totalled –€3.9m, representing a €3.6m improvement on 2013 (-€7.5m), due to the €2.9m drop in financial expenses and a €0.7m improvement in exchange rate results.

Corporation tax stood at +€0.2m.

The **net profit of the consolidated whole** was –€5.7m, compared with –€55.7m in 2013. The 2014 results included €35m of asset impairment that did not affect the cash flow.

The **results by division** are detailed in the table below.

In €m	<i>WOOD</i>		<i>PAPER</i>		<i>SACKS</i>		<i>LAMINATES</i>	
	2013	2014	2013	2014	2013	2014	2013	2014
Sales	80.9	71.9	103.6	101.2	113.7	113.4	120	124.2
EBITDA	-1.8	-4.1	3	4.9	6.6	6.1	3.1	4.5
Underlying Operating Profit	-2.3	-5.9	-1.3	4	2.5	2.5	-1.1	1.3

Financial situation

	2013	2014
Balance sheet		
Shareholders' equity (€m)	6.1	85.6
Shareholders' equity per share (€)	3.1	4.2
Net debt (€m)	104.9	60.7
Working Capital Requirement (€m)	50.7	85.6
Flows		
Operating cash flow (€m)	19.4	7.0
Investments (€m)	-14.7	-18.8
Income from divested businesses (€m)	2.4	0.0
Financing cash flow (€m)	-7.1	39.9
Variation in cash flow (€m)	0.2	27.6

The €27.6m change in net cash in 2014 included the effects of the financial restructuring, with the increases in capital (€37.5m) and the provision of new financing used to bolster the cash position, finance the WCR and resume investments.

The structure of the balance sheet has improved significantly, thanks to the debt reduction resulting from the financial restructuring (€51.7m of debt write-offs/conversions and capital increases of €37.5m).

Impact of the changes to the factoring contracts

The factoring contracts were renegotiated. The new, more competitive contracts maximise the amounts of financing, with a significant drop in the guarantee accounts and an extension of the scope of the transferred assets.

These contracts are no longer deconsolidating in character, which means that transferred assets and debt appear on the balance sheet, a fact that superficially increases the Group's debt by €30.5m (deconsolidated amount on 31 December 2013) and the WCR by €35.6m.

For comparison purposes, this change of presentation reduced the Group's net debt by €74.7m in 2014.

	2013 published (a)	Deconsolidate d factoring (b)	2013 with factoring (a) + (b)	2014	Variation
Net debt (€m)	104.9	30.5	135.4	60.7	-74.7
Working Capital Requirement (€m)	50.7	35.6	86.3	85.6	-0.7

Financial information manager

Dominique Coutière, President and CEO - Tel.: +33 (0)5 58 56 54 07

About the Gascogne Group:

The Gascogne Group is the leading player in the wood industry in France, operating at every stage of the processing of forest resources, and the only player in France that is totally integrated along the complete wood-paper-processing chain. With its four close-fitting activities, the Gascogne Group is the leading multi-specialised operator in the wood industry in France, the world's leading producer of machine-glazed natural Kraft paper, the third European producer of industrial and consumer sacks and one of the world's leading producers of packaging and protection laminates.

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