



St Paul-lès-Dax, 10 February 2014

2014 business activity: information on sales, estimated results and Group changes

2014 business activity: sales down by 3.2% in the 4th quarter

<i>Consolidated Sales (in €m)</i>	4th quarter			12 months		
	2013	2014	Variation	2013	2014	Variation
Wood	20.6	17.0	-17.8%	80.9	71.9	-11.2%
Paper	25.4	25.5	-0.6%	103.6	101.2	-2.3%
Sacks	26.9	26.8	-0.2%	113.7	113.4	-0.3%
Laminates	28.5	29.0	1.7%	120.0	124.2	3.5%
Other	0.2	0.0	ns	0.2	0.1	ns
Group total	101.6	98.3	-3.2%	418.4	410.7	-1.8%

In an economic climate that remained difficult, the Gascogne Group posted sales of €98.3m in the fourth quarter of 2014, down 3.2% on the same period in 2013, due to a slump in activity in the Wood Division. Activity in the other divisions was stable or grew slightly.

Analysis of business by division

Wood

The slowdown observed since the start of the year was accentuated in the fourth quarter. This trend is due to the industrial activity of Gascogne Wood Products (now Gascogne Bois), which temporarily shrunk in the last quarter, thereby failing to offset the structural slowdown of the decoration markets.

Furthermore, the timber frame houses business, which is currently being reorganised, remains very limited.

Paper

Sales were stable, despite a favourable comparison baseline, since the last quarter of 2013 was impacted by the incident with the BWE boiler. In the last quarter of 2014, production in October was disrupted by operational problems that prevented the volumes for sale from being optimised. These problems have since been resolved. Nevertheless, the market trends remained healthy.

Sacks

Sales in this division were stable in the fourth quarter. Rising sales on the French and Greek sites made up for the slowdown in activity in Tunisia, which continued due to the local political situation and the difficulties in supplying the Libyan markets. The activity of the German site remained stable.

Laminates

This division continued its growth observed in the preceding quarters, but with a slowdown on the French site, as a result of the strategic withdrawal from certain market segments due to their poor profitability. This activity has not yet been totally offset by the other sectors that have become priority targets (composites and medical). The Linnich site in Germany continued to restore its volumes.

Information on the estimated results for 2014

The Gascogne Group's EBITDA should be about €11m, up slightly on 2013 (€9.9m), with a balanced underlying operational profit, in view of the continued drop in amortisation further to the depreciation of the assets booked in the accounts at the end of 2013, whereas it was negative, at -€4.3m, in 2013.

Other operational income and expenses should be slightly negative, since the provisions for restructuring are offset to a large extent by the write-offs of debt, compared with -€38.7m in 2013.

Net financial items should improve significantly, at about -€4m compared with -€7.5m in 2013, in view of the drop in interest rates and the restructuring of the Group's debt.

In global terms, the 2014 consolidated net result should represent a loss of about €6m, compared with a loss of €55.7m in 2013.

This financial information is estimated. The main accounting options were discussed with the Audit Committee and approved by the meeting of the Board of Directors on 18 December 2014. These estimates are currently being audited by the Auditors. The 2014 accounts will be accepted at the meeting of the Board of Directors on 26 March 2015 and published on the next day after the stock exchange closes.

Information about Group changes

Following the finalisation of the financial restructuring in September 2014, a number of projects have been launched that will continue throughout 2015 in order to durably improve the Group's economic performance and cut costs.

- Organisation:
 - o The paper, sacks and laminates divisions have been grouped together in a single Packaging Division, with a single management structure and shared support activities
 - o The recovery plan has been launched in the Wood Division. This plan includes significant capital outlay and the restructuring of industrial manufacturing, which

will simultaneously result in new jobs, reductions in activity or workshop stoppages. This organisational change will be part of a Job Protection Plan that will be implemented in 2015.

- In the Packaging Division, an asbestos plan will be implemented in 2015 that will allow employees who meet certain criteria of presence on the site in Mimizan (paper and sacks activity) to claim their entitlement to early retirement.

- Legal:

- The Group organisation chart is being simplified
- The French companies were renamed at the start of 2015
 - Gascogne Wood Products (which was merged with Forestière de Gascogne and Allwood France) is now called Gascogne Bois
 - Gascogne Paper is now called Gascogne Papier
 - Gascogne Sack is now called Gascogne Sacs
 - Gascogne Laminates is now called Gascogne Flexible
- The under-capitalised companies (Gascogne Bois, Gascogne Papier, Depland) were recapitalised at the end of 2014

- Manufacturing: the main investments in the recovery plan were initiated in the course of the last quarter (cutting-jointing unit at Saint Symphorien, biomass boiler at Mimizan, sacks line at Nantes)

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About the Gascogne Group:

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, one of the European leaders in the industrial and consumer sacks market, and one of the world's leading producers of packaging and protection laminates.

ISIN:FR0000124414 / Reuters: GASP.PA / Bloomberg: BI FP / FTSE: 460

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