

3rd quarter activity and trends within the Group

Sales remain stable in 3rd quarter

The sales in the 3rd quarter of 2013 are presented in accordance with IFRS 5. The contribution from divested business and business classified as held for sale are included in the discontinued operations. To facilitate comparability, the 2012 accounts are presented in the same way.

<i>Consolidated sales (in € m)</i>	3 rd quarter			9 months		
	2012	2013	Variation	2012	2013	Variation
Wood	18.2	18.9	3.9%	60.6	60.3	-0.4%
Paper	27.2	25.9	-4.6%	76.0	78.2	3.0%
Sacks	28.9	27.2	-6.1%	90.8	86.8	-4.4%
Laminates	25.5	28.7	12.5%	88.6	91.5	3.2%
Total Continuing Operations	99.8	100.7	0.9%	315.9	316.8	0.3%
Divested operations (*)	10.2	0.0	-100.0%	40.9	3.2	-92.1%
Group Total	110.0	100.7	-8.5%	356.8	320.0	-10.3%

(*)Sales generated

- by Gascogne Laminates Switzerland (€27.1m over 9 months in 2012, €5.8m in the 3rd quarter of 2012), divested on 31 August 2012
- by MUPA Emballages (€4.4m over 9 months in 2012, €1.5m in the 3rd quarter of 2012), divested on 1 January 2013
- by Gascogne Laminates Jarnac (€9.4m over 9 months in 2012, €2.9m in the 3rd quarter of 2012), and €3.2m in the 1st quarter of 2013), divested on 1 March 2013

In a persistently difficult economic climate, the Gascogne Group generated sales of €100.7m in the 3rd quarter of 2013, up 0.9% on the same period in 2012. This slight rise is proof of the resilience of the business since the start of the year, with the Group recording 0.3% growth in sales at €316.8m over 9 months.

Analysis of business by division

Wood

In the 3rd quarter, the division once again enjoyed growth with sales up by 3.9%. Business, firmly focused on the wood for energy and the timber frame wall and house sectors, enabled the group to largely offset the decline in sales recorded in the decoration segment, which continues to be impacted by the difficult economic climate.

Paper

Despite sales being up by 7.0% in the 1st half of the year, sales for the 3rd quarter were down by 4.6%. This decline, which only applies to certain sectors (paper for envelopes), is essentially due to the scheduled reduction in production levels over the summer months to allow for tool maintenance operations to be carried out.

Sacks

Sales for this division dropped quite significantly in the 3rd quarter with a 6.1% reduction in the last 3 months, almost twice as much as the decline recorded during the 1st half of the year. This underperformance is linked to a backdrop of economic sluggishness in the key target markets (food processing and livestock feed, construction, pet food).

Laminates

Following a lethargic 1st half of the year, business picked up strongly for the division in the 3rd quarter.

Renewed customer loyalty, associated with the increase in performance of its new silicon-coated film and paper production line at the Dax site, allowed the division to realise a number of business opportunities. This positive trend confirms the decision taken concerning the strategic repositioning of this division within the Group's business activities. Industrial investment in new equipment amounting to €12m will enhance the development capacity of this division over the coming months.

Information on the Group's financial structure

The Group's net debt (*) trend is as follows:

In €m	30-Sep-12	31-Dec-12	30-Jun-13	30-Sep-13
Gross debt	113.8	106.4	104.5	100.4
Cash surplus	-5.4	-6.8	-5.1	-6.3
Net debt	108.4	99.5	99.4	94.1

(*) Net debt comprises loans and medium and long-term borrowings, overdrafts, revolving credit and short-term treasury bills, less cash and cash equivalents.

Authorised undrawn debt amounted to €8.5m as of 30th September 2013, including €0.7m whose drawdown is subject to conditions.

In September 2013, since the Group had not fulfilled its commitments under the syndicated and New Money loan contract, it has obtained:

- the agreement of the banks not to demand early repayment for the entire debt (excluding new money); the agreement was renewed until the 30 November 2013;
- the agreement of the banks and the EEM shareholder to defer repayment of instalments on the credit balance of New Money; the agreement was renewed until 30 November 2013.

The Group is also pursuing discussions with all of its financial partners in order to strengthen its financial position in the medium term, with a view to finalising a new agreement in 2013.

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About Gascogne group:

Major player in the French wood industry, the Gascogne group is present at every stage in optimising the forest resource; it is the only French player fully integrated throughout the entire chain of the wood-paper-conversion sector. It has four complementary divisions: Gascogne is France's leading multi-specialist producer of wood products, the world's leading producer of natural machine glazed kraft paper, one of the European leaders of industrial and consumer sacks and one of the world's leading producers of laminates for packaging and protection applications..

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