

St-Paul-lès-Dax, 23 September 2014

P R E S S R E L E A S E

2014 1st HALF RESULTS

FINALISATION OF THE FINANCIAL RESTRUCTURING – START OF A NEW PHASE OF DEVELOPMENT

- Reduction of debt	- €51.6m
- Strengthening of shareholders' equity	+ €96.3m
- Additional financing	+ €30.5m

Finalisation of the financial restructuring

The operations to restructure the share capital and the debt set forth in the conciliation protocol entered into on 9 April 2014 (the “Conciliation Protocol”), mentioned in the operation note in the prospectus, which received AMF approval no. 14-237 (the “Operation Note”) and approved by the Combined Shareholders’ Meeting held on 13 June 2014, were completed on 19 September 2014.

As part of the restructuring of Gascogne’s share capital, the Board of Directors of Gascogne SA proceeded with and acknowledged the following operations:

- on 9 July 2014:
 - o the completion of the share capital increase of the company for an aggregate amount of €34.1m, including the issue premium, released by the companies Attis 2 SAS and Électricité et Eaux de Madagascar SA for a respective amount of €32.7m and €1.4m, by compensation with due and payable claims on the company,
 - o the completion of the reduction of the company’s share capital, in view of previous losses, by way of decreasing the nominal value of each share in the company’s capital from €5 to €2.5,
- the completion of the share capital increase open to the public from 21 July 2014 to 8 August 2014, for an aggregate amount of €10.2m (corresponding to the maximum authorized amount) by issuing new shares, of which Attis 2 subscribed to €4.8m, EEM to €2.8m and other shareholders to €2.5m,

- on 19 September 2014:
 - o the completion of the share capital increase reserved to Attis 2 and EEM for an aggregate amount of €31m by issue of new shares, respectively subscribed by Attis 2 for €26.6m, entitling it to 10,639,933 new shares, and by EEM for €4.4m (of which €3.8m released by compensation of current account), entitling it to 1,777,345 new shares,
 - o the issue of ORAN 1 and 2 reserved for bank creditors for €12m.

All the loan documentation resulting from the Conciliation Protocol was signed on 19 September 2014.

These operations represent the final completion of the measures to restructure the share capital and debts pursuant to the agreements entered into with the investors and financial partners who took part in the conciliation procedures.

Following the completion of these operations:

- 70.6% of the share capital, which now totals 20,397,464 shares, is held by Attis 2, 17.45% by EEM and 11.95% by other shareholders;
- shareholder equity and financial debt have been improved as follows:

<i>In €m</i>	Amounts on 30 June 2014 (a)	Restructuring of the debt and increases in capital (b)	Amounts after restructuring and increases in capital (a) + (b)
Shareholders' equity	-1.7	96.3	94.6
Gross debt	147.5	-51.6	95.9
Net debt	142.0	-89.1	52.9
Gearing	-8,354%		56%

Following these operations, the Gascogne Group is now in a position to launch an investment programme that is essential to modernise and adapt its means of industrial production in order to enhance productivity and secure the company's long-term future.

A page has been turned in the Group's history for management, employees, partners and customers alike, with the ambition to make Gascogne a properly functioning and sustainable industrial group.

Results of first half 2014

At its meeting held on 19 September 2014 chaired by Dominique Coutière, Gascogne's Board of Directors approved the accounts for the first half of 2014. These accounts underwent a limited audit by the statutory auditors.

In €m	1st half 2013	1st half 2014
Turnover	216.3	212.5
EBITDA	6.0	3.8
Underlying operating profit	-0.2	-2.0
Operating profit	-3.1	-4.5
Net financial items	-3.6	-2.8
Net profit from continuing operations	-6.7	-6.9
Net profit from discontinued operations	-0.6	-
Consolidated net profit	-7.3	-6.9

- The economic climate in the first half of 2014 remained unfavourable. Against this backdrop, sales dropped by 1.8% compared with the first half of 2013. This variation includes the loss of turnover, estimated at €3.7m, in the first half of 2014 due to the technical incident at the Mimizan paper plant that occurred in December 2013 and, as already announced, disrupted the production of pulp for much of January. This impact aside, sales were stable in the first half of the year.
- EBITDA fell to €3.8m on 30 June 2014, (compared with €6.0m on 30 June 2013), due on one hand to the impact of the technical incident at the paper plant in Mimizan, totalling about €2m, and on the other hand, to the rise in the price of wood (€1.6m), which could not be totally offset by the sale prices of our activities.
- Underlying operating profit of the continuing operations remained negative at -€2.0m, compared with -€0.2m in 2013,
- The operating profit represents a loss of -€4.5m. This aggregate includes €2.5m of non-recurring items, of which €1.9m representing the cost of all the operations that lead to the renegotiation of the debt and the signing of the Conciliation Protocol.
- The net profit from continuing operations represented a loss of -€6.9m, a result similar to that of the first half of 2013 (-€6.7m on 30 June 2013).

Analysis by division

In €m	WOOD		PAPER		SACKS		LAMINATES	
	2013	2014	2013	2014	2013	2014	2013	2014
Turnover	41.4	38.8	52.3	50.3	59.7	58.3	62.8	65.1
EBITDA	(1.1)	(1.1)	2.1	(0.5)	3.8	3.5	1.9	2.5
UOP	(1.3)	(2.4)	(0.1)	(0.7)	1.7	1.6	0.4	0.8
Operating cash flow	3.0	(3.4)	1.6	1.5	2.8	0.3	2.8	1.2
Investment flows	(1.9)	(0.2)	(1.3)	(3.2)	(0.6)	(0.8)	(3.9)	(1.1)

- Wood: stable profits on a very difficult market
- Paper: performance is still impacted by the consequences of the serious technical incident with the boiler at the end of 2013
- Sacks: margins resisted well in an unfavourable climate
- Laminates: increase in sales and profitability

The results by operation are given in detail on pages 9 and 10 of the financial report on the six months till 30 June 2014.

Financial structure as of 30 June 2014 (before the recapitalisation and restructuring operations resulting from the Conciliation Protocol)

Flows	1st half 2013	1st half 2014
Operating cash flow (€m)	5.3	0.6
Investments (€m)	-7.9	-5.6
Income from divested businesses (€m)	1.9	-
Financing cash flow (€m)	-1.6	2.7
Variation in cash flow (€m)	-2.3	-2.3

The Group posted an operating cash flow of €0.6m, meeting management's goal to keep cash flow under control against a backdrop of extremely constrained liquidity.

Investment flows totalled €5.6m, down €1.2m with respect to those in the first half of 2013.

In terms of financing flows, the structure modification of the operational cycle financing by extending the factoring contract to all the operations of the Group's French companies allowed the revolving credit to be reimbursed, generating a net excess of about €6m. After using this excess, partly to reimburse storm loans, the net variation of financing flows showed an excess of €2.7m.

Debt	30-Jun-13	31-Dec -13	30-Jun-14
Debt excluding Dailly/factor	93.2	99.6	99.4
Dailly-factor	11.3	11.3	48.1
Gross debt	104.5	110.9	147.5
Cash surplus	-5.1	-4.7	-5.5
Net debt	99.4	106.2	142.0
Deconsolidating factor (1)	39.9	33.3	2.9 (1)
Net debt (including deconsolidating factoring)	139.3	139.5	144.9

(1) The net amount of the deconsolidating factor on 30 June 2014 covers the foreign subsidiaries Gascogne Laminates Germany (€1.8m) and Aigis (€1.1m)

Net debt rose sharply by €35.8m to €142m on 30 June 2014, mainly due to the renegotiation of the factoring contracts for the operations of the French companies.

These new contracts allowed for the consolidation of short-term financing and an increase of such financing by about €6m. They are more competitive and maximise the amounts of the financings to the Group's benefit. They are no longer deconsolidating, 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).

Consequently, the structure of the balance sheet on 30 June 2014 was as follows:

Balance sheet	31/12/2013	30/06/2014
Shareholders' equity (€m)	6.1	-1.7
Shareholders' equity per share (€)	3.1	-0.9
Net debt (€m)	106.2	142
Working capital requirement (€m)	50.7	84.8

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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, 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.

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