

Mimizan, 24 March 2016

Full-year 2015 results

At its 24 March 2016 meeting chaired by Dominique Coutière, Gascogne's Board of Directors examined the accounts for fiscal year 2015. The consolidated financial statements have been audited. The certification report will be issued after finalisation of the requisite procedures for the purposes of the publication of the annual financial report.

The year 2015 was characterized by an active phase of restructuring and investments provided for in the recovery plan. In particular:

- The industrial restructuring of the wood division with the cessation or downsizing of the divisions incurring losses (charcoal, chestnut wood products, timber frame walls) within the framework of a Planned Redundancy Programme.
- The recovery investments (investment plan of 100 M€ for the period 2014-2017)
 - The cutting-joining unit in Saint Symphorien in the wood division installed during the second half of 2015 to start production at the beginning of 2016
 - The Mimizan biomass boiler will begin operating at the end of the 1st quarter of 2016
 - Modernisation of sack-making in Nantes carried out in the summer of 2015
- Setting up the Research and Development Cell of the Packaging Division at the Dax Plant
- Continuation of the pooling of support teams from the Packaging Division and the Holding Company

Income statement

In €m	2014	2015
Sales	410.9	415.1
EBITDA ⁽¹⁾	11.0	16.7
Underlying operating profit	0.8	7.7
Operating profit	-2.1	9.7
other non-operating income and expenses	-3.9	-1.9
Pre-tax profit	-5.9	7.9
Consolidated net profit	-5.7	7.1

Sales stand at €415.1m, an increase of 1.0 % as compared to 2014, marking a return to growth after 4 consecutive years of decrease.

This increase of €4.2m was achieved despite the shrinking of some markets (construction and milk powder for the Sacks activity) and continued streamlining of the product ranges.

EBITDA¹ has increased by over 50% from €11m in 2014 to €167m in 2015 despite the significant rise in the prices of wood which meant an extra cost of €85m as compared to 2014. This extra cost was nevertheless offset (€7m) in part by two other macro-economic factors: the drop in the price of oil and the strengthening of the dollar in relation to the euro.

The measures taken to cut costs have begun to bear fruit with a lowering of staff costs (including temporary work) of €5.3 m (- 5.6%) and better management of energy consumption (€2m not counting the drop in the price of fuel oil).

The **underlying operating profit** increased from +€0.8m to +€7.7m.

The **operating profit** is €9.7m and integrates other non-operating income and expenses for a total of +€2.0m.

The **net financial item** totals – €1.9m, an improvement of €2.0m as compared to 2014 thanks to the cutting of financial expenses (- €1.7m) a consequence of the financial restructuring and a result of a more favorable exchange rate result of €0.4m.

Corporation tax totalled – €0.8m in 2015 as compared to a product of + €0.2m in 2014.

The **net profit of the consolidated whole** stands at + €7.1m as compared to – €5.7m in 2014, an improvement of €12.8m.

The **results per division** are broken down in the table below:

In €m	WOOD		PAPER		SACKS		FLEXIBLE	
	2014	2015	2014	2015	2014	2015	2014	2015
Sales	71.9	74.0	101.2	106.8	113.4	110.7	124.2	123.6
EBITDA	-4.1	-0.9	4.8	4.1	6.1	5.8	4.5	7.3
Underlying Operating Profit	-5.9	-1.4	3.9	3.3	2.5	1.6	1.3	4.3

The **Wood Division** is seeing its sales increasing for the first time in many years and it is experiencing the beginning of an economic recovery thanks to the action taken to disengage or downsize the divisions incurring the greatest losses.

The **Paper Division** is enjoying good commercial performance (sales up by 5.5%) but its profitability is being eroded by the unprecedented rise in the price of wood that could not be totally offset by other macro-economic factors (price of fuel oil and exchange rate between the euro and the dollar), nor by cost control.

The **Sacks division** maintained its EBITDA in an unfavourable economic climate, with weak demand on its two main markets (construction and powdered milk).

The **Flexible Solutions division's** sales dropped slightly, but not to the detriment of its EBITDA, which increased, due in particular to an improved customer mix, an improved manufacturing performance and the control of fixed costs.

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

Financial position

	2014	2015
Balance sheet		
Shareholders' equity (€m)	85.6	94.4
Shareholders' equity per share (€)	4.2	4.7
Net debt (€m)	60.7	96.0
Working capital requirement (€m)	85.6	93.1
Flows		
Operating cash flow (€m)	7.0	-3.8
Investments (€m)	-18.8	-32.6
Income from divested businesses (€m)	0.0	1.7
Financing cash flow (€m)	39.9	8.2
Variation in cash flow (€m)	27.6	-26.3

After 2014, which was characterised by massive cash flow contributions with the financial restructuring, the group entered an active phase of its plan of operational recovery. Almost €24m of recovery investments were made in 2015 to modernise the industrial tool and increase competitiveness of the Group. The Group has also carried out indispensable restructuring (PRP in the wood division).

The financing of such operations, together with the logical increase in the working capital requirement in this phase of recovery, have led to expenditures for that fiscal period of €26.3m, which overall is in keeping with what the Group had anticipated

Financial information manager

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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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