

## P R E S S   R E L E A S E

### 2016 1st HALF RESULTS

At the meeting on 22 September 2016 chaired by Dominique Coutière, Gascogne's Board of Directors examined the accounts for the first half of 2016. The accounts underwent a limited audit by the statutory auditors.

In €m	1st Half 2015	1st Half 2016
<b>Sales</b>	218.9	212.8
<b>EBITDA</b>	10.8	11.7
<b>Underlying operating profit</b>	6.4	7.0
<b>Operating profit</b>	7.3	6.0
<b>Net financial items</b>	-0.4	-1.3
<b>Pre-tax profit</b>	7.0	4.9
<b>Consolidated net profit</b>	7.2	5.1

The first half of the year was impacted by some favourable macro-economic factors (the price of oil was still relatively low and the exchange rate between the euro and the dollar was stable) and, locally, by the start of a slight drop in wood prices, which remain high.

**Sales** in the first six months of the year totalled €2128m, down 2.9% on the first half of 2015, mainly due to the Paper Division.

**EBITDA**<sup>1</sup> rose by 8%, from €10.8m to €11.7m.

This increase of €0.9m was mainly the result of:

- a slight decrease in the absolute value of the gross margin of -€2.9m, due to the drop in sales
- energy savings of €2m, brought about by the use of the biomass boiler
- overall control of staff costs, which were down by €2.6m (-5.5%)
- an increase in maintenance costs of €0.5m (+6.5%)

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<sup>1</sup> EBITDA: Underlying operating profit + net additions to amortizations + net operating provisions and impairments

Consequently, the **underlying operating profit** increased from +€6.4m to +€7.0m.

The **operating profit** was €6.0m and integrates other non-operating income and expenses for a total of -€1.0m, compared with +€0.9m in the first half of 2015.

**Net financial items** were negative at -€1.3m, down by -€0.9m compared with the first half of 2015, due to the drop in exchange rate results (-€0.1m, compared with +€0.7m in the first half of 2015).

**Net profit** stood at +€5.1m, compared with +€7.2m in the first half of 2015.

In the second half of the year, the Group will benefit from the effects of the various measures taken as part of the plan.

### Analysis by division

In €m	WOOD		PAPER		SACKS		LAMINATES	
	2015	2016	2015	2016	2015	2016	2015	2016
Sales	39.3	38.8	57.5	53.1	57.7	56.9	64.4	64.0
EBITDA	0.0	0.0	3.7	3.3	3.6	3.6	3.6	4.7
Underlying Operating Profit	-0.4	-0.3	3.4	2.8	1.6	1.5	2.1	3.2

The **Wood Division** failed to improve its profitability in the first half of the year, mainly because the timber frame walls activity is still running at a loss and the ramp-up of the cutting-jointing line is still in progress.

The sales activity of the **Paper Division** was affected by a level of production that fell short of expectations. This shortfall in sales mechanically impacted the half-year's EBITDA, despite the savings achieved.

The **Sacks Division** maintained its EBITDA, despite a slight drop in sales.

The **Laminates Division** reaped the benefits of the actions taken in the last three years (industrial efficiency, control of fixed costs, rationalisation of the customer portfolio) and continued to improve its profitability, with constant sales and against a backdrop of relatively stable material costs.

## Financial structure

Balance sheet	31/12/2015	30/06/2016
Shareholders' equity (€m)	94.4	97.6
Shareholders' equity per share (€)	4.6	4.8
Net debt (€m)	96.0	97.6
Working capital requirement (€m)	93.1	91.5

Flows	1st half-year 2015	1st half-year 2016
Operating cash flow (€m)	-11.7	8.2
Net investment cash flow (€m)	-12.1	-10.6
Financing cash flow (€m)	1.0	8.7
Variation in cash flow (€m)	-22.8	6.3

The variation in cash flow was positive in the first half of the year, at +€6.3m:

- The €8.2m of operating cash flow was mainly made up of €11.7m of EBITDA, a +€0.5m positive variation in the WCR, interest paid (-€1m) and €2.4m of one-off charges not directly related to operations.
- The investment plan continued, with €10.6m of outlay in the first half of 2016.
- Financing cash flow stood at +€8.7m: mainly the €6m rise in factoring financing, €2m of pre-financing for the Competitiveness and Employment tax credit (CICE) and the receipt of a €1.7m advance on a subsidy from the ADEME (the French Environment and Energy Management Agency).

The structure of the balance sheet (net debt and shareholders' equity) was stable in comparison with 31 December 2015.

### *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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