

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

2013 activity and information on the Group's development

Update on the progress of ongoing discussions

Within the framework of its search for financial solutions to meet its debt and financing requirements, Gascogne is continuing its discussions with all of the Group's bank, tax and social creditors, as well as with the consortium of investors, with a view to concluding a global agreement on debt restructuring and recapitalisation of the company.

2013 activity: Sales fell by 2.2% in the 4th quarter of 2013

2013 sales are presented in accordance with IFRS 5. The contribution of sites which have been sold or are in the process of sale are included in discontinued operations. For purposes of comparability, the same presentation has been made for the 2012 financial statements.

<i>Consolidated Sales (in €m)</i>	4 th quarter			12 months		
	2012	2013	Variation	2012	2013	Variation
Wood	20.6	20.6	0.0%	81.2	80.9	-0.3%
Paper	25.1	25.4	1.4%	101.0	103.6	2.6%
Sacks	30.5	26.9	-12.0%	121.3	113.7	-6.3%
Laminates	27.6	28.5	3.5%	116.2	120.0	3.3%
Other	-0.1	0.0	ns	0.0	0.2	ns
Total Continuing Operations	103.7	101.4	-2.2%	419.7	418.4	-0.3%
Discontinued operations (*)	4.9			45.8	3.2	ns
Group total	108.6	101.4	-6.6%	465.5	421.6	-9.4%

(*) (*) Sales

- by Gascogne Laminates Switzerland (€27.1m in 2012, €0m in the 4th quarter of 2012), divested August 31st, 2012
- by MUPA Emballages (€6.5m in 2012, €2.1m in the 4th quarter of 2012, divested January 1st 2013)
- by Gascogne Laminates Jarnac (€12.2m in 2012, €2.8m in the 4th quarter of 2012 and €3.2m in the 1st quarter of 2013), divested March 2013

Against the background of a still difficult economic environment, the Gascogne Group made sales of €101.4m in the fourth quarter of 2013, down 2.2% compared to the same period in 2012. This change includes loss of sales, estimated at €3m, following the technical incident at the Mimizan paper plant which halted pulp production for one month (from December 10th 2013 until January 10th 2014). Without taking this impact into account, sales for the fourth quarter would have seen a slight increase of 0.7%. With the boiler stoppage having continued into the first days of 2014, the sales for the first quarter of 2014 will also be impacted.

Over the year, the Group saw a decrease of 0.3% in its activity.

Analysis of business by division

Wood

In the 4th quarter sales were stable, in continuity with preceding quarters. The growth of sawing activities for industrial markets offset the fall in the segments of decoration and wall construction and timber framed houses, which continue to be affected by the difficult economic environment.

Paper

The 4th quarter was mainly influenced by the impact of technical problems with the boiler, causing the cessation of pulp production from December 10th, 2013. Despite this incident, sales increased by 1.4% over the quarter and by 2.6% over the year 2013.

Sacks

This division saw a sharp decline in sales in the 4th quarter, with an acceleration of the decline (-3% in the first half of year, -6% in the 3rd quarter and, and 12% in the 4th quarter).

This underperformance is linked to a backdrop of economic sluggishness in the key target markets (food processing and livestock feed, construction, pet food). This decrease was partially anticipated, but the extent of the decrease accelerated towards the end of the year. The period was utilised for repositioning the range in order to be less dependent on the wide variations in orders from large contractors.

Laminates

After a sluggish first half, this division saw an increase in its activity, with growth of 3.5% in the 4th quarter and 3.3% over the full year. Renewed confidence of clients enabled this division to concretise numerous business opportunities.

Information on the Group's 2013 results

As part of the preparation of its consolidated financial statements, the Gascogne Group performed valuation tests of the assets on its balance sheet. In accordance with IFRS accountancy standards, the tests performed by the Gascogne Group are based on the comparison between the value placed on the asset and value in use. The calculation of value in use is based on discounted future cash flows.

Therefore the net profit will include a significant non-recurring charge of approximately €40m, related to asset depreciation, without impact on the Group's treasury.

Information on the Group's financial structure

The evolution of the Group's net debt (in €m) is as follows:

	31-Dec -12	30-Jun-13	31-Dec-13
Gross debt	106.4	104.5	110.7
Cash surplus	-6.8	-5.1	-6.0
Net debt	99.5	99.4	104.7

As of December 31st, 2013, the Group's net debt was slightly below €105m, up €5.3m over the last six months. This increase is a direct result of the final sentence imposed by the European Commission against the Gascogne SA and Gascogne Sack Deutschland companies (*see press release dated November 26th, 2013*). The €13.2m fine, plus accrued interest of €3.6m, was covered by a bank guarantee which was called, leading to an increase of net debt of €10.5m.

Authorised and undrawn debt amounted to €7.2m as of December 31st, 2013.

The Group, not meeting its commitments under the syndicated credit facility, and the New Money credit, obtained:

- the agreement of the banks not to demand early repayment of total debt (excluding new money), this agreement being renewed until February 28th, 2014
- the agreement of the banks and the EEM shareholder to defer reimbursement of due dates for the New Money credit, this agreement being renewed until February 28th, 2014.

Moreover, the banks agreed to defer deposit redemption until February 28th 2014.

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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.

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