

## Business as of 30 September 2012: Sales down for continuing operations

### Review of discussions with banking partners

<i>Consolidated Sales in €m</i>	3 <sup>rd</sup> quarter			9 months		
	2011	2012	Variation	2011	2012	Variation
Wood	20.0	18.1	-9.5%	65.9	60.6	-8.0%
Paper	24.5	27.1	+10.6%	74.4	76.0	+2.2%
Sacks	31.4	28.9	-8.0%	92.8	90.8	-2.2%
Other	0.1			0.6		ns
<b>Total Continuing Operations</b>	<b>76.0</b>	<b>74.1</b>	<b>-2.5%</b>	<b>233.7</b>	<b>227.4</b>	<b>-2.7%</b>
Laminates	39.0 (*)	35.9	-7.9%	137.4 (*)	129.5	-5.7%
<b>Group total</b>	<b>115.0 (*)</b>	<b>110.0</b>	<b>-4.3%</b>	<b>371.1 (*)</b>	<b>356.9</b>	<b>-4.8%</b>

(\*) Restated, for comparison, without Sales generated in September 2011 by Gascogne Laminates Switzerland (€3.7m). Gascogne Laminates Switzerland's assets were divested on 31 August 2012.

In an increasingly difficult economic climate, the sales generated from Gascogne's continuing operations stand at €74.1m (compared with €76.0m in 2011 for the same period).

Over 9 months, the sales generated from the Group's continuing operations stand at €227.46m, down by 2.7%. Integrating the Laminates division, classified as held for sale, the Group's sales total €356.9m, representing a drop of 4.8% based on comparable data, in relation to 2011.

#### Analysis of business by division

##### **Wood**

In the third quarter, business activity was still penalised by the decline in demand for sawing and decoration, the division's two main markets, with trends similar to those previously observed during the first half.

### **Paper**

The division's growth accelerated in the third quarter with sales up by 10.6% to €27.1m, due to the effects of both volume (commercial successes) and price (increase in sale price since July following the rise in the price of raw materials).

At the end of September, sales were up by 2.2% to €76.0m, despite the scheduled 15-day plant stoppage in April 2012.

### **Sacks**

The division's sales experienced a downturn of 8.0% over the third quarter, after figures were up slightly (by 0.6%) in the first half of 2012, resulting in sales down by 2.2% over the first nine months.

During this quarter, the division was essentially affected by a drop in demand for industrial sacks, mainly due to the economic downturn in Europe's construction industry.

### **Laminates**

Sales for the Laminates division dropped by 7.9% to €35.9m over the third quarter, like-for-like, with Gascogne Laminates Switzerland's business divested at the end of August 2011. The drop over the 9 months was 5.7% to €129.5m.

This trend is mainly explained by orders which were lower than initially expected from certain originators due to the economic climate, but also by the Group's decision to reduce the production of non-profitable products.

### **Information regarding discussions with banking partners**

The trend in the Group's net debt is as follows:

	<b>31-Dec-11</b>	<b>30-Jun-12</b>	<b>30-Sept-12</b>
Gross debt	111.6	125.8	113.8
Cash surplus	-10.7	-5.6	-5.4
<b>Net debt</b>	<b>100.9</b>	<b>120.1</b>	<b>108.4</b>

The authorised undrawn debt stood at €7.8m on 30 September 2012, the drawdown for €4.5m of which is subject to conditions.

As per the provisions of the protocol agreed last July between the Group, the banks and EEM, the parties met again in October 2012 to pursue their discussions in order to examine the suitability of the measures in relation to the trends observed.

Despite the decrease in business which continues to affect the cash position, the Group paid back, after the discontinuation of Gascogne Laminates Switzerland in September 2012, a first payment of €7.4m on bank loans and shareholder advances made available in the first half of 2012, in compliance with the provisions in the protocol.

The rest of the protocol's provisions are monitored on a monthly basis with the banks and EEM.

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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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