St-Paul-lès-Dax, France, 1 August, 2013

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

2013 1st HALF RESULTS
REVIEW OF THE GROUP'S FINANCIAL SITUATION

Results of first half 2013

At its meeting held on 24 July 2013 chaired by Frédéric Doulcet, Gascogne's Board of Directors accepted the accounts for the first half of 2013. The accounts underwent a limited audit.

In accordance with the IFRS 5 standard, contributions from divested business and business classified as held for sale are included in the discontinued operations. Consequently, operations on the Dax and Linnich (Germany) sites have been reclassified as continuing operations, further to the Board of Directors' decision to keep the main sites of this division within the scope of the Group, in view of their potential for short- and medium-term growth. To facilitate comparability, the 2012 accounts are presented in the same way.

In €m	1st half 2012 restated (*)	1st half 2013
Sales	216.2	216.3
EBITDA	6.8	6.3
Underlying operating profit (**)	-1.7	-0.2
Operating profit	-7.4	-3.1
Net financial items	-4.8	-3.6
Pre-tax profit	-12.0	-6.8
Net profit from continuing operations	-9.9	-6.7
Net profit from discontinued operations	-3.0	-0.6
Consolidated net profit	-13.0	-7.3

(*) Data in accordance with IFRS 5, i.e. excluding divested business and business classified as held for sale (Gascogne Laminates Switzerland, Mupa and Jarnac activities).
(**) In the first half of 2012, the Laminates division was classified as business held for sale. In application of IFRS 5, the assets of this division were not amortised in the first half of 2012, a fact that had a positive impact of €1.2m on the underlying operating profit compared with the first half of 2013.

- The economic climate remained difficult in the first half of 2013, and some of our markets shrunk significantly. Against this backdrop, sales remained stable at €216.3m, in comparison with the first half of 2012.

- EBITDA dropped by €0.5m, compared with the first half of 2012, to €6.3m, but included the non-recurrent impact of the start-up costs of the Dax new facility amounting to€0.44m.

- After taking into account depreciation and other provisions, the underlying operating profit represents a loss of €0.2m.

- The operating profit represents a loss of -€3.1m. This aggregate includes €2.9m of exceptional factors, and in particular €1.4m restructuring plan for the adaptation of the workforce and the production capacity of the Wood division. On 30 June 2012, this aggregate included €4m of impairment provisions. No adjustments to these provisions were deemed necessary this year.

- Net financial items are up from -€4.8m to -€3.6m due to a €0.6m decrease in the cost of net debt (drop in interest rates).

- Based on comparable figures, net profit stands at -€6.7m, compared with -€9.9m on 30 June 2012.

- Following the application of the final adjustment linked to the divestments of Mupa and Jarnac, which were finalised at the start of the year, the Group net profit amounts to -€7.3m on 30 June 2013, compared with -€13.0m on 30 June 2012.

Main financial indicators

Balance sheet	**31/12/12**	**30/06/13**
Shareholders' equity (M€)	60.7	54.0
Shareholders' equity per share (€)	30.0	27.0
Net debt (M€)	99.5	99.4
Working capital requirement (€m)	71.4	64.1
Flows	**1st half 2012**	**1st half 2013**
Operating cash flow (€m)	-6.4	5.3
Capital Expenditure(€m)	-12.0	-6.9
Income from divested businesses (€m)	0.7	0.9
Financing cash flow (€m)	-6.3	-1.6
Variation in cash flow (€m)	-24.0	-2.3

Shareholder's equity stands at €54.0m, down from €60.7m on 31 December 2012, taking into account the loss recorded over the half year. Net financial debt stands at about €100m.

The sharp improvement in the operating working capital requirement, down by €7.3m, due in particular to the significant reduction of inventory, has allowed the Group to post a positive operating cash flow of €5.3m, up by €11.7m compared with the first half of 2012.

But the operating cash flow does not completely cover the capital expenditure of €6.9m in the first half of the year. The payment of the balance for the new coating line at Dax (Laminates) and the new biomass boiler at Castets (Wood) accounted for most of this expenditure.

The negative financing cash flow of -€1.6m can be explained by the continued reimbursement of bank loans.

Financial position on 30 June 2013

The movement in the Group's net debt (*) is as follows:

In €m	**31-Dec -11**	**30-Jun-12**	**31-Dec-12**	**30-Jun-13**
Gross debt	111.6	125.8	106.4	104.5
Cash surplus	-10.7	-5.6	-6.8	-5.1
Net debt (*)	**100.9**	**120.1**	**99.5**	**99.4**

(*) Net debt comprises loans, medium- and long-term financial debt, overdrafts, revolving credit and short-term commercial papers, minus cash and the cash equivalents of continuing operations and operations held for sale.

The authorised undrawn debt stands at €4m.

In January 2013, the Group, which had not complied with the syndicated contract agreements and the conciliation protocol, obtained:

- an agreement from the banks not to request advance repayment of the entire debt (excluding new money) until 30 April 2013 at the earliest. This agreement was renewed until 30 September 2013;
- an agreement from the banks and the shareholder EEM to postpone the scheduled repayments of the balance of the loan of new money until 30 April 2013. This agreement was renewed until 30 September 2013.

The Group is continuing the discussions with all its financial partners to come to an agreement over the course of 2013, and continues to look for solutions to finance its debt and meet its cash flow requirements.

Analysis by division

	Wood		Paper		Sacks		Laminates	
	1st half 2012	1st half 2013	1st half 2012	1st half 2013	1st half 2012	1st half 2013	1st half 2012	1st half 2013
Sales	42.4	41.4	48.8	52.3	61.8	59.6	63.1	62.7
EBITDA	0.9	-1.1	-0.4	2.1	3.6	3.8	3.3	1.9
UOP	-1.3	-1.3	-3.7	-0.1	1.5	1.7	3.4	0.4

Wood: declining profits on a very difficult market

Despite the intensification of silviculture consulting operations, the division's sales slumped by 2.3% to €41.4m, due to the harsh weather in the first half of the year (frost) and the lacklustre performance of the decoration sector. The first half of the year also saw the launch of the Wood for Energy activity, although it still only makes a marginal contribution to sales.

The drop in activity and pressure on prices directly impacted the EBITDA, which showed a loss of -€1.1m. The plan to rightsize the workforce and production capacity was rolled out, resulting in a drop in the permanent headcount of 32 in the first half of the year.

- **Paper: profits on the rise, thanks to the absence of scheduled plant shutdown**

Sales grew by 7.2% to €52.3m. This growth was due to a favourable underlying factor (no 15-day plant shutdown) and price increases introduced to offset the rise in material and energy costs.

The growth in activity resulted in a significant rise in EBITDA to +€2.1m, compared with -€0.4m on 30 June 2012. This performance was also due to tight controls of maintenance costs.

Following the inclusion of depreciation, down by €1.3m compared with the first half of 2012, the underlying operating profit broke even, compared with a -€3.7m loss in the first half of 2012.

- **Sacks: improved profitability, despite declining volumes**

The weakness of the division's markets in Europe saw sales decline by 3.6% to €59.6m. Only the Tunisian subsidiary increased its sales on a healthy local market.

Nevertheless, thanks to strict cost controls, in particular in Germany, and some scope for price increases, the division's EBITDA increased during the period by €0.2m to +€3.8m, compared with +€3.6m on 30 June 2012.

The underlying operating profit also increased by €0.2m to +€1.7m. The division demonstrated its capacity to withstand the harsh economic conditions.

- **Laminates: decline in underlying operating profit, against a backdrop of major investments**

The operational restructuring was finalised in the first half of 2013, with the sale of Mupa Emballages' assets and Gascogne Laminates' Jarnac site. The division has only been operating two sites, Dax and Linnich, since the beginning of March.

The Laminates division's sales dropped slightly by 0.6% to €62.7m. But this apparent stability conceals some significant variations amongst the sectors with which the division works: slump in envelopes, growth in insulation materials for the construction industry and pharmaceuticals.

EBITDA stands at +€1.9m, down €1.4m on the +€3.3m posted on 30 June 2012, due to:

- strong pressure on prices that could only be partly offset by cutting the costs of the main raw materials, resulting in a net charge of €0.5m,
- the negative impact of the sales mix, in addition to the drop in prices,
- €0.5m of non-recurrent costs for the start-up costs of new coating line.

After including the impact of €1.5m of provisions for depreciation, the underlying operating profit stands at €0.4m. On 30 June 2012, this depreciation had been written off due to the division's status as an asset being held for sale.

The new equipment provides the division with the production capacity and the technological edge required to fuel its growth on the composites market for the aeronautical, medical, technical adhesive tape and graphic arts markets in the coming months.

Financial information manager   ***Investor Relations***   ***Press Relations***
Patrick Bordessoule, CEO   Guillaume Le Floch, Actus   Jean-Michel Marmillon, Actus
Tel: +33 (0)5 58 56 54 01 - Fax: +33 (0)5 58 74 55 48   Tel: +33 (0)1 72 74 82 25   Tel: +33 (0)1 53 67 07 80

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
www.groupe-gascogne.com