



Mimizan, 27 September 2021

1st half results of 2021

At the meeting on 27 September chaired by Dominique Coutière, Gascogne's Board of Directors examined the accounts for the first-half 2021. The accounts underwent a limited audit by the statutory auditors.

The first half of 2021 was marked by a gradual return to dynamic sales activity on the majority of our markets. Business has improved considerably since the month of March, after a sluggish start to the year. The economic recovery has also been characterised by sharp increases in prices on most of our raw materials and longer supply times, in addition to higher transport costs and energy costs (electricity), which weigh on profitability.

Against this backdrop, EBITDA in the first half-year dropped by 8.5%, penalised by the regulatory shutdown of the paper mill for three weeks during the month of February.

Income statement

In €m	1st half-year 2021	1st half-year 2020
Sales	199.0	182.7
EBITDA	12.9	14.1
Underlying operating profit	5.6	6.4
Operating profit	7.3	2.6
Net financial items	-1.6	-2.2
Pre-tax profit	5.7	0.4
Consolidated net profit	5.5	0.4

Sales increased by 8.9% to €199 million over this half-year. Overall, the Group was less affected commercially by the health crisis and has already returned to pre-pandemic business activity levels.

Sales for the Wood Division (10% of consolidated sales) were up 11.0%, benefiting from a favourable basis for comparison. Business activity was also hit hard by the closure of DIY shops and the stoppage of construction sites in first-half 2020.

Packaging Division sales (90% of consolidated sales) were up by 8.6%.

EBITDA¹ was down by €1.2 million (– 8.5%) from €14.1 million to €12.9 million, due to the regulatory shutdown of the paper mill for three weeks in February.

The **underlying operating profit** decreased by €0.8 million, tied to the drop in EBITDA.

Net profit stands at €7.3 million vs €2.6 million for first-half 2020.

In first-half 2020, a provision had been recognised as a non-current expense under the Planned Redundancy Programme drawn up for the Castets site.

In first-half 2021, insurance proceeds were recognised for the boiler destroyed in a fire in Saint-Symphorien, which occurred in May 2020.

Net financial items improved, at – €1.6 million due to a more favourable exchange rate.

The **consolidated net profit** was €5.5 million.

¹ EBITDA: Underlying operating profit + net amortisation allowances + net operating allowances and depreciation

Analysis by activity

In €m	WOOD Division		PACKAGING Division		Of which: Paper Activity		Of which: Sacks Activity		Of which: Flexible Activity	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sales	21.0	18.7	178.1	164.0	61.8	51.7	60.6	56.2	55.7	56.1
EBITDA	0.6	-1.2	12.3	15.2	0.3	3.9	6.9	6.0	5.0	5.0
Underlying operating profit	0.2	-1.8	5.6	8.2	-2.3	1.0	5.0	4.0	2.9	3.1

EBITDA for the **Wood Division** is positive at €0.6 million, an improvement of €1.8 million.

The improvement is the result of cost reductions associated with the reorganisation of production facilities combined with sustained demand, which is favourable for increasing overall sales by 11% with respect to 2020.

The **Packaging Division** saw its EBITDA decrease by €2.9 million due to the Paper Activity.

- The **Paper Activity** saw its EBITDA decrease by €3.6 million.

Buoyed by strong demand for paper, sales increased by nearly 20%, but only in terms of volume, as sales prices were still low in the first half-year. EBITDA was partly affected by these low sales prices and also by the regulatory shutdown which caused 3 weeks of production to be lost and generated additional maintenance costs which were not negligible.

- **The Sacks Activity** increased its EBITDA by €0.9 million, through increased sack manufacturing in a context of sustained demand since the month of March across all markets and for all types of sacks. Despite a context that has been increasingly affected by inflation on raw materials since the month of April, the companies were able to maintain their margins overall.
- EBITDA for **the Flexible Activity** remained stable at €5.0 million.

EBITDA for Gascogne Flexible in Dax increased (+ 10%) as the result of the price increases introduced to cover rises in the cost of raw materials.

The German site experienced a less favourable period, as sales and EBITDA were down in the half-year.

Financial structure

Balance sheet	30.06.21	31.12.20
Shareholders' equity (€m)	149.4	142.8
Shareholders' equity per share (€)	6.2	5.9
Net debt (€m)	111.4	107.4
Working capital requirement (€m)	105.6	97.8

Flows	1st half-year 2021	1st half-year 2020
Cash flow from operating activities (€m)	8.4	15.3
Cash flow from investing activities (€m)	-10.8	-7.6
Cash flow from financing activities (€m)	-8.1	33.3
Variation in cash flow (€m)	-10.5	41.0

Flows from operating activities decreased (- €6.9 million) to €8.4 million, due to the increase in Working Capital Requirement over the half-year, a consequence of the recovery of activity.

Cash flows from investing activities amounted to €10.8 million, an increase of €3.2 million with respect to first-half 2020, a period during which investments were limited due to lockdown.

Financing flows amounted to – €8.1 million including loan reimbursements of €14.7 million and a wider use of the factoring line for €6.6 million associated with the increase in sales. In the 1st half of 2020, financing flows amounted to €33.3 million. This includes drawing on the capex credit line balance, drawing on the revolving credit and the implementation of the State-Guaranteed Loan.

Cash flow variation was negative at – €10.5 million. Cash available on 30 June stood at €27.8 million.

Net debt increased slightly over the half-year.

Outlook for 2nd half

Sales should experience sustained demand over the 2nd half, and prices for our main raw materials should reach very high levels at the same time.

The Group is actively working on an implementation project involving a new paper machine for the Mimizan paper mill and its financing. This new machine should make it possible to keep pace with changes in the packaging market and help future-proof the paper mill.

Financial Information Officer

Julien Ellie – Chief Financial Officer Tel: +33 (0)5 58 04 28 44

About the Gascogne Group:

The Gascogne Group is the leading player in the French wood industry, operating at every stage of forest resource processing. It is the only French player that is totally integrated across the entire 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, the No. 3 European producer of industrial and consumer sacks and one of the world's leading producers of packaging and protection flexible solutions.

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