



Mimizan, 24 March 2022

## **Full-year 2021 results**

At the meeting on 24 March 2022 chaired by Dominique Coutière, Gascogne's Board of Directors examined the accounts for the 2021 fiscal year. The annual and consolidated financial statements were audited. The certification reports will be released once the procedures required to publish the annual financial report have been finalised.

The year 2021 was marked by a very dynamic economic recovery following the highly disruptive effects of the health crisis in 2020.

This economic recovery resulted in a return to a strong sales activity in most market segments from March onwards. It was associated with a significant and simultaneous rise in the cost of all raw materials and transportation that the Group was, for the most part, able to pass on to its customers. Lastly, from September, the Group was heavily penalized however, in particular its paper mill, by the unprecedented rise in energy prices, which it was unable to offset over such a short period of time given the suddenness and scale of the rise.

In this context, keeping EBITDA at €32.1m demonstrates the robustness of the Gascogne Group's business model. The profitability of the Wood Division and the processing activities of the Packaging Division (Sacks Activity and Flexible Activity) rose significantly in 2021, offsetting the major drop for the Paper Activity caused by the sudden rise in the cost of electricity over the last 4 months.

## **Income statement**

<b>In €m</b>	<b>2021</b>	<b>2020</b>
Sales	398.9	358.8
EBITDA	32.1	32.1
Underlying operating profit	16.0	16.3
Operating profit	16.6	13.3
Net financial items	-2.8	-4.8
Pre-tax profit	13.8	8.4
Consolidated net profit	12.9	8.3

**Sales** increased by 11.2% to €398.9m in 2021. The Group regained a level of activity comparable to its situation before the pandemic.

Packaging Division sales (90% of consolidated sales) were up by 11% and Wood Division sales were up by 12.3%.

**EBITDA**<sup>1</sup> remained steady at €32.1m, highlighting a solid performance, taking into consideration the sharp rise in the cost of raw materials since the start of the year and in electricity over the last 4 months.

**Underlying operating profit** was stable at €16m.

**Operating profit** stood at €16.6m vs €13.3m in 2020. In 2020, a provision had been recognised as a non-current expense under the Planned Redundancy Programme drawn up for the Castets site.

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

**Net financial items** improved by €2m due to the exchange rate.

The **consolidated net profit** was up 56% at €12.9m.

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<sup>1</sup> 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	40.9	36.4	357.9	322.3	124.7	106.8	121.5	111.4	111.7	104.3
EBITDA	0.7	-3.1	31.4	35.2	7.1	13.5	13.3	11.9	10.0	8.8
Underlying operating profit	-1.0	-3.9	17.0	20.1	1.6	7.9	9.9	7.8	5.6	4.4

EBITDA for the **Wood Division, which is growing**, was positive at €0.7m, an improvement of €3.8m.

The sustained demand from customers was conducive to the growth of global sales and to the improvement in margins, the latter being sustained by the costs cut by restructuring the industrial assets.

The **Packaging Division** saw its EBITDA decrease by €3.8m due to the Paper Activity.

- **The Paper Activity** saw its EBITDA decrease by €6.4m despite an increase in sales.

Paper sales volumes increased by 13.6% in 2021, sustained by high demand.

EBITDA was mainly impacted by the regulatory shutdown and by the unprecedented four-and-a-half-fold rise in electricity prices between June and December, equating to additional costs of around €7m.

- **The Sacks Activity** increased its EBITDA by €1.4m (+12%), through increased sales recorded by the five sack manufacturing sites in a context of sustained demand since March across all markets and for all types of sacks.
- **The Flexible Activity** saw its EBITDA rise by €1.2m (+13%).

The EBITDA of the Gascogne Flexible company in Dax was up 23% due to the development of higher added-value markets.

The German site experienced a less favourable period, with sales and EBITDA down over the year.

## Financial structure

Balance sheet	2021	2020
Shareholders' equity (€m)	158.1	143.5*
Shareholders' equity per share (€)	6.5	5.9
Net debt (€m)	97.7	107.4
Working capital requirement (€m)	94.3	97.8

\* Impact of method change (IFRS IC IAS 19 interpretation): +€0.7m, net deferred taxes

Flows	2021	2020
Cash flow from operating activities (€m)	34.1	22.8
Cash flow from investing activities (€m)	-25.5	-13.8
Cash flow from financing activities (€m)	-17.1	12.6
Variation in cash flow (€m)	-8.5	21.6

Flows from operating activities were up (+ €11.3m) to €34.1m, with constant EBITDA, due to the drop in Working capital requirement (decrease in inventory) and the receipt of the insurance proceeds for the boiler disaster in Saint-Symphorien.

These flows include investment activities of €25.5m, which practically doubled compared with 2020, a period during which investments were limited due to the lockdowns.

Flows from financing activities rose to – €17.1m including loan repayments of €28.4m, greater use of the factoring line for €5.5m linked with the increase in sales and the establishment of a new €5.0m loan.

Cash flow variation was negative at – €8.5m. Cash available rose to €29.7m.

**Net debt** decreased by nearly €10m (-8.6%) and dropped below €100m.

## **Outlook**

The sustained trend in sales activity over the first months of the year should continue for the majority of 2022 in a context of continuing uncertainty caused by the major geopolitical crisis in Ukraine.

The Group states that it makes less than 1% of its sales in Russia, has no customers in Ukraine or in Belarus, and does not procure any raw materials directly from these 3 countries.

However, the prices of raw materials, transportation and energy have continued to rise since the start of the year and it is still difficult to measure the impacts of this crisis on logistical flows and potential interruptions in the procurement of some materials.

The Group is moving forwards with the implementation project involving a new paper machine for the Mimizan paper mill and its financing.

### ***Financial Information Officer***

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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, 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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