



Mimizan, 30 September 2022

## **1<sup>st</sup> half results of 2022**

The inflationary business cycle beginning in early 2021 has continued throughout the whole first half of 2022 at a steady pace. Prices of raw materials as well as transportation and energy costs have all reached record levels. Supply issues have also been significant. In this context, Gascogne has sought to cover these rising costs, and is reaping the rewards of optimising its industrial processes actions.

The rise in EBITDA in the first half of 2022 was principally driven by the paper market, in a favourable context for the Group over these first 6 months of the year. As a reminder, the first half of 2021 was affected by the regulatory shut-down of the paper mill for three weeks in February 2021, with the next shut-down planned for November 2022.

In July 2022, the Group signed a syndicated loan agreement with a banking pool and a loan agreement with the European Investment Bank to fund its new capital expenditure programme, which includes a new paper machine at the Mimizan site, for which the Group has entered into exclusive negotiations with a European manufacturer.

This paper machine will replace 3 of the 4 existing paper machines. It will enable to optimize the quantities of paper produced by making full use of the plant's pulp production capacity, to provide the best grades of unbleached kraft paper, to better meet the packaging market demand, to improve the plant's energy efficiency and environmental performance, and finally to reduce production costs. This should ultimately improve performance and increase the Gascogne's EBITDA significantly.

The investment programme amounts to €300m over the next 5 years, of which €220m is allocated to the paper machine project, mainly financed by investment loans, as set out in the communication of 29 July 2022.

## **Income statement**

<b>(in €m)</b>	<b>1st half-year 2022</b>	<b>1st half-year 2021</b>
Sales	237.0	199.0
EBITDA <sup>(1)</sup>	29.8	12.9
Underlying operating profit	20.4	5.6
Operating profit	20.5	7.3
Net financial items	-0.8	-1.6
Pre-tax profit	19.7	5.7
Consolidated net profit	17.8	5.5

**Sales** increased by +19.1% to €237m over this half-year, largely as a result of the increase in sale prices, as amounts sold remained relatively consistent in each area.

**EBITDA**<sup>1</sup> grew by €16.9m (growth of 130%) from €12.9m to €29.8m.

The **underlying operating profit** increased by €14.8m, tied to the rise in EBITDA.

**Operating profit** stands at €20.5m vs €7.3m for first-half 2021

**Net financial items** improved, at – €0.8m due to a more favourable exchange rate, and lower financial expenses.

The **consolidated net profit** was €17.8m.

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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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sales	26.7	21.0	210.3	178.1	72.5	61.8	69.7	60.6	68.1	55.7
EBITDA	3.8	0.6	25.9	12.3	11.3	0.3	6.6	6.9	7.7	5.0
Underlying operating profit	2.9	0.2	17.5	5.6	7.5	-2.3	4.4	5.0	5.9	2.9

The EBITDA of the **Wood Division** rose by €3.2m to reach €3.8m.

The **Packaging Division** saw its EBITDA rise by €13.6m due to the Paper Activity.

- The **Paper Activity** saw its EBITDA increase by €11.0m.

Sales rose by 17% as a result of increases in sales prices in line with positive global trends in the paper market.

The EBITDA rose overall as a result of these increases, which alongside strict cost controls covered the inflation in the price of wood, energy and transportation costs.

The basis for comparison is also favourable: the EBITDA of the first half of 2021 was particularly weak, affected by the low sales prices and the regulatory shut-down, which halted production for three weeks and generated significant additional maintenance costs.

- The **Sacks Activity** maintained an EBITDA of €6.6m.

The Sacks Activity was subject to significant rises in raw material costs (and particular paper) and the cost of energy.

High demand offset these price rises, with sales rising by 15%, and allowed the group to maintain the overall EBITDA in various areas: French and German sack manufacturing generated a stable EBITDA, whilst Tunisia saw an increase and Greece a decrease.

- The **Flexible Activity** saw its EBITDA rise by €2.7m

The market positioning of Gascogne Flexible remains sturdy and EBITDA is continuing to rise (+60% compared to the first half of 2021).

The German site is recovering from a difficult 2021, and has seen a 13% rise in EBITDA.

## Financial structure

Balance sheet	1st half-year 2022	Fiscal year 2021
Shareholders' equity (€m) <sup>2</sup>	179.2	158.1
Shareholders' equity per share (€)	7.4	6.5
Net debt (€m)	87.4	97.7
Working capital requirement (€m)	103.7	94.3

Flows	1st half-year 2022	1st half-year 2021
Cash flow from operating activities (€m)	21.9	8.4
Cash flow from investing activities (€m)	-10.6	-10.8
Cash flow from financing activities (€m)	-8.7	-8.1
Variation in cash flow (€m)	2.7	-10.5

Flows from operating activities increased (+ €13.5m) to €21.9m as a result of the rise in EBITDA, tempered somewhat by the controlled rise in Working Capital Requirement.

Cash flows from investment activities were stable at €10.6m.

Flows from financing activities amounted to – €8.7m including loan reimbursements of €18.1m compensated by a wider use of the factoring line for €10m in line with the increase in sales.

Cash flow variation was positive at + €2.7m. Cash available on 30 June stood at €32.6m.

**Net debt** fell by €10.3m in the half-year to €87.4m (49% of shareholders' equity).

### Outlook for 2<sup>nd</sup> half

The second half-year should follow the overall trend of the first half-year, but will be negatively impacted by the regulatory shut-down of the paper mill, scheduled for November 2022. The global geopolitical and economic situation and the increased costs of raw materials, transportation and energy remain important factors that the Group will continue to monitor.

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<sup>2</sup> Including 4,821,137 bonds redeemable in shares or in cash (**ORANs**), with a nominal value of €2.50 each, giving a total nominal value of €12,052,842.50. The maturity date for these ORANs has been fixed as 31 December 2023. Gascogne may redeem these ORANs in cash before this date, if not, they will be automatically converted into shares. This conversion, if it takes place, would have the effect of diluting Attis 2's stake in Gascogne's capital, which would subsequently account for 58.32% of the latter's share capital. Biolandes Technologies would then hold 17.39% of Gascogne's capital directly as a result of this conversion.

## **Attis 2 has informed Gascogne of a project to grow its capital.**

Two minority shareholders, Bpifrance and Les Dérivés Résiniques et Terpéniques (“**DRT**”), who have worked with the Gascogne Group alongside Biolandes Technologies and the Crédit Agricole Group since its reorganisation in 2014 are allegedly selling their shares in Attis 2<sup>3</sup> to two existing shareholders and one new minority shareholder, Crédit Mutuel Equity, who brings together all of the Capital Investment activities of Crédit Mutuel Alliance Fédérale.

Since 2014, Attis 2 has retained 70.60% of the capital of Gascogne, which it entered at the time of its restructuring. The shareholding of Attis 2 is currently allocated as follows:

- 39.98% held by Biolandes Technologies;
- 33.33% held by Bpifrance;
- 13.89% held by the Crédit Agricole Group (via Sofagri Participations);
- 12.80% held by DRT.

On 30 September 2022, Attis 2 informed Gascogne of a project to grow its shareholdings, which would not affect its capital holdings in Gascogne. This project would involve the complete exit of Bpifrance and DRT from the capital of Attis 2, and the entry of a new shareholder, Crédit Mutuel Equity, as well as an increase in the shareholdings of Biolandes Technologies and the Crédit Agricole Group.

The sales of the Attis 2 shares by Bpifrance and DRT should be carried out based on a share value of Attis 2 of €58,749,824, which gives a value of €3.40 per Gascogne share in the current shareholding structure (before the possible conversion of the ORANs). As a reminder, the weighted average of the share values over the last 60 share-trading days has been €3.62 per share.

If these operations take place, the shareholding of Attis 2 would be allocated as follows:

- 51% held by Biolandes Technologies;
- 25% held by the Crédit Agricole group (via Sofagri Participations and the Fond Développement Filière Bois); and
- 24% held by Crédit Mutuel Equity.

The above operations will not affect the governance of Attis 2 or Gascogne, as Biolandes Technologies will maintain its position as majority shareholder (there currently exists a sub-party agreement between Biolandes Technologies and DRT, who together own about 52% of the shares of Attis 2, allowing Biolandes Technologies to act as majority shareholder).

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<sup>3</sup> As a result of DRT selling its Attis 2 shares, DRT will also divest its shares in Gascogne, which it holds directly, to Biolandes Technologies, which amounts to 45,126 shares accounting for 0.19% of Gascogne’s capital; to be sold at €3.40 per share.

This shareholding reorganisation will also not affect the listing of Gascogne's shares, the energy put into development projects or the sustainability of the Gascogne Group's activities, or indeed the provision of jobs in the Landes region, as the combined shareholders of Attis 2 are pursuing the same strategy implemented since 2014.

Its final execution shall be determined by a decision from the AMF that it is not necessary for Attis 2 and/or its shareholders to make a public acquisition offer on the basis of Article 234-7 of the AMF General Regulations.

***Financial Information Officer***

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**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.

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

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