

Stability of sales in the first quarter of 2013

Information on the Group's evolution

Sales for the first quarter of 2013 are presented in accordance with IFRS 5. The contributions of divested sites or those in the divestment process are included in discontinued operations. For the purposes of comparability, the same presentation has been made for the 2012 financial statements.

<i>Consolidated sales (in €m)</i>	1st quarter		
	2012	2013	Variation
Wood	20.8	20.9	+0.7%
Paper	26.5	26.9	+1.3%
Sacks	30.8	29.7	-3.5%
Laminates	32.3	32.3	0.0%
Total Continuing Operations	110.4	109.9	-0.5%
Divested operations (*)	16.5	3.4	-79.5%
Group Total	127.0	113.2	-10.8%

(*) *Sales achieved*

- *by Gascogne Laminates Switzerland (€11.7m in Q1 2012), divested on 31 August 2012*
- *by MUPA Emballages (€1.4m in Q1 2012), divested on 1 January 2013*
- *by Gascogne Laminates Jarnac (€3.5m in Q1 2012 and €3.4m in Q1 2013), divested on 1 March 2013*

In an economic climate which is still difficult, the Gascogne Group achieved sales of €109.9m, seeing virtually stable activity for the second consecutive quarter.

Analysis of business by division

Wood

In the first quarter, the division returned to a slight increase in activity (+0.7%). This trend was supported by gains in market share in the decoration segment, thanks to commercial revitalisation implemented in recent months. It helped to offset a difficult start to the year in sawing activity, which was affected by poor weather conditions.

Paper

After a fourth quarter marked by a reduction in sales of - 4.6%, Paper operations began 2013 in much better oriented form, with growth in sales of 1.4% within a context of favourable prices. The absence of plant stoppages in the second six months and the confirmation of higher selling prices from May 1st are positive factors for the coming months.

Sacks

The decline seen in the first quarter was mainly due to sluggishness seen in the foodstuffs and feed markets. The stability of milk prices, the crisis in the meat market, and a decline in consumption are all unfavourable parameters, which, combined with harsh climatic conditions, affected the volume of activity for this division at the beginning of 2013. However, the resilience of sacks for pet food in France and "building materials sacks" activities for our foreign subsidiaries have limited the impact of the economic environment.

Laminates

The decline seen throughout 2012 came to a halt in the 1st quarter of 2013. The renewed confidence of clients, reinforced by the new strategic directions of this division, combined with the increasing capacity of the new production line for papers and silicon films at the Dax site, allowed this division to get back onto a more positive trend.

This new equipment, the result of an industrial investment of €12m, gives the division enough production capacity and technological advantage to ensure its development in the aerospace composites, medical, technical adhesive tapes and graphic arts markets for the coming months.

Information on the Group's financial structure

The Group's net debt (*) trend is as follows:

In €m	31-Dec-11	31-Mar-12	31-Dec-12	31-Mar-13
Gross debt	111.6	121.5	106.4	101.8
Cash surplus	-10.7	-6.5	-6.8	-4.9
Net debt (*)	100.9	115.0	99.5	96.9

(*) Net debt comprises loans and medium and long-term borrowings, overdrafts, revolving credit and short-term treasury bills, less cash and cash equivalents.

Authorised undrawn debt amounted to €14.7m as of 31st March 2013, including €5.7m whose drawdown is subject to conditions and is currently not available.

In January 2013, the Group, not complying with the financial covenants of the syndicated contract and conciliation protocol, obtained:

- the agreement of the banks not to demand early repayment for the entire debt (excluding new money) at least until 30 April 2013; the agreement was renewed until the 30 September 2013;
- the agreement of the banks and the EEM shareholder to defer repayment of instalments on the credit balance of New Money until 30 April, 2013; the agreement was renewed until 30 September 2013.

The Group is also pursuing discussions with all of its financial partners in order to strengthen its financial position in the medium term, with a view to finalising a new agreement in 2013.

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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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