



Gérer la forêt, faire vivre le bois

Press Release – Revenues at 31 December 2008
Paris - 12 February 2009

2008 Revenues: 158.5M€

Erosion of profitability in the second half of 2008

Adjustment of activities

Paris - 12 February 2009 – In a difficult economic context, Rougier's revenues for 2008 are down 11.2% at 158.5M€ compared with 2007 and at 8.8% at comparable exchange rates. The erosion of the market conditions owing to the global economic recession affected all the Group activities in the second half of 2008. The sudden drop in demand in the fourth quarter will have a considerable impact on the Group annual results. To preserve its profitability in 2009, Rougier implemented at the beginning of the fourth quarter of 2008 a series of measures to bring its cost structure into line with the new situation.

Evolution per business segment

In a market where business conditions are deteriorating, with declining demand and clients postponing their orders to 2009, in turn leading to increased inventory throughout the supply chain, sales for the second half of 2008, and notably for the fourth quarter, show a noticeable downturn, particularly taking account of the unfavourable 2007 base effect.

- France Import-Distribution: a good level of business activity in the face of the continued market downturn

The France Import-Distribution activities have increased by 4.7% for 2008 at 43.1M€. The healthy state of affairs for the business throughout the year is the result of sustained sales efforts, the development of the elaborated product range and client diversification. However in the fourth quarter, market conditions deteriorated and the segment recorded a drop in sales compared with the fourth quarter of 2007.

- Africa and International Trade: a drop in light of deteriorating market conditions

In 2008, the Africa and International Trade business segment recorded a drop in its sales of 16.1%, at 114.6M€. This downward turn is due to the depressed global economic climate, the impact of the sizeable drop in the cost of freight that is passed on to the sales prices (no direct impact on gross margins) and the strong increase in the euro against the dollar throughout 2008 (adverse effect of the exchange rate amounting to 4.2M€ for the year's revenues).

Evolution of the Product Mix

The sales of elaborated products have continued to increase and accounted for 69.3% of the sales in 2008 compared with 67.8% in 2007.

In continuation of the previous evolutions and in a context whereby production is being deliberately reduced, the log product line shows a drop of 15.2% and hence accounts for 30.7% of the consolidated revenue compared with 32.2% at 31 December 2007.

Despite the effects of the product mix in France, revenues from sawn timber and derivatives which are more exposed to market fluctuations are down 12.5% due to the drop in prices and volumes. Invoicing accounts for 46.4% of the consolidated revenue compared with 47.1% in 2007.

Due to sustained volumes and prices, the sales of plywood are resisting well at 22.9% of the consolidated revenue compared with 20.8% at 31 December 2007.

Evolution per geographic zone

At 31 December	2007	2008
Europe	63.8%	63.0%
Asia	20.9%	21.1%
Mediterranean Basin and Middle East	7.7%	10.9%
Americas	5.6%	2.7%
Sub-Saharan Africa	2.0%	2.4%

In the second half of 2008, invoicing evolved in a contrasting manner in each geographic area and is noticeably affected by the global economic downturn, more particularly in Europe, the American and in certain emerging markets. The continuous adaptation to the most promising markets nevertheless enabled the Group to achieve satisfactory levels of performance in the Middle East and in the countries of the Mediterranean Basin.

Evolution of the financial situation at 31 December 2008

The accelerated deterioration of business activity in the fourth quarter and the subsequent drop in the gross margin will weigh heavily on the operating profit recurring, that shows a profit but that will also be affected by significant non-recurring costs (stock depreciation allowance and costs of reducing the production capacities in forestry and in sawn timber units). Given the depreciation on certain intangible assets made necessary by the evolution of the economic conditions, the net income will show a loss at 31 December 2008.

Rougier specifies that its financial structure is particularly sound given the reasonable management of its debt (less than 50% of equity) and the efficient management of its cashflow.

Optimising costs for greater flexibility and enhanced competitiveness

To face a possible sustained downturn of the economic context, Rougier has over recent months set in place a certain number of measures for further reduction of costs in line with the reductions of its production capacities. In addition, in 2009 Rougier will closely monitor its investments.

The implementation of this rationalisation strategy will enable Rougier to a) ensure enhanced operating flexibility and competitiveness of its offering and b) reduce its inventories and hence attenuate in 2009 the impact of the downturn of the global economy if it was to last.

Outlook

Thanks to its diversified client portfolio, its critical size and its solid balance sheet, Rougier is confident that it is well positioned to ride out the current period of recession.

In order to prepare for the economic recovery in the best conditions possible, Rougier is continuing to focus its actions on:

- The creation of value thanks to the optimisation of the forestry concessions and the development of industrial added value;
- The deployment of an extensive range of certified products, based on the FSC certification obtained in Gabon in 2008, that enables the Group to develop its business in the mature markets that are sensitive to the environmental issues.

These structuring decisions will enable Rougier to achieve profits in line with its best standards.

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