Rougier

Managing forests. Enriching wood.

**Press release - 2009 first-half earnings**
Paris, 23 September 2009

# Half-year earnings affected by the downturn in activity and elements linked directly to the international crisis

## Ramping up the cost reduction plan, preparing for the recovery as of 2010

*Paris, 23 September 2009 (5:45 pm) – As previously announced, earnings for the first half of 2009 reflect the impacts of the global crisis on the Group's activities. Income from ordinary operations came to €(7.4) million. Net income (Group share) totaled €(12.8) million, characterized by very high provisions, factoring in the impairment in value on assets in Cameroon and Congo for €(4.4) million under IFRS. Over the second half of 2009, in a market context that has now stabilized, Rougier is ramping up its efforts to drive down costs and manage its cash flow effectively in order to approach 2010 under better conditions.*

**INCOME STATEMENT**

| **€'000** | **H1 2009** | **H1 2008** | **2008** |
|---|---|---|---|
| **Revenues** | **61,044** | **87,451** | **158,513** |
| **Income from ordinary operations** | **(7,448)** | **6,551** | **2,451** |
| % of revenues | (12.2%) | 7.5% | 1.5% |
| **EBIT** | **(11,843)** | **7,007** | **(108)** |
| % of revenues | (19.4%) | 8.0% | 0% |
| **Net income** | **(12,778)** | **3,894** | **(3,081)** |
| **Net income (Group share)** | **(12,759)** | **3,852** | **(3,130)** |
| % of revenues | (20.9%) | 4.4% | (2.0%) |
| Of which, asset write-downs | (4,400) | - | (3,000) |
| **Cash flow from operations** | **(4,643)** | **7,000** | **6,291** |

**First half of 2009 marked by a difficult economic environment**

In a still highly deteriorated economic environment, Rougier recorded €61.0 million in revenues over the first half of 2009, down 30.2% on the first six months of 2008. The first quarter of 2009 represented a low, affected by the weak level of all the end markets, while sales have stabilized since the start of the second quarter of 2009.

**Downturn in profitability in line with expectations**

The France Import-Distribution segment posted €18.9 million in revenues at 30 June 2009, down by nearly 30% in relation to 30 June 2008, although the second quarter of 2009 saw business pick up again slightly. The ramping up of commercial efforts and ongoing moves to adapt the product range have made it possible to maintain a positive net income.

The Africa and International Trade segment generated €47.1 million in sales, some 28.4% lower than the first half of 2008 and 20.2% than the second half of 2008. Global demand, low due to the economic environment, has led to a long period of destocking as well as strong pressure over commercial margins. This change has resulted in industrial and forest activities being voluntarily scaled back and shut down.

The sharp drop in business has significantly affected income from ordinary operations, which came to €(7.4) million, compared with €6.5 million at 30 June 2008. Il has been hit by a high level of expenses resulting from the global economic context, and more specifically costs not absorbed from plants shut down and provisions on inventories, for around €7.5 million.

The Group's EBIT came to €(11.8) million; in accordance with IFRS, it exceptionally factors in write-downs for impairments on certain assets in Cameroon and Congo for a total of €4.4 million.

The cost of net financial debt is down to €1.2 million from €1.3 million one year earlier, with the debt structure benefiting from the drop in variable rates.

In the end, total net income is negative, representing €12.78 million (€12.76 million Group share).

**Sound financial structure**

After taking half-year earnings into consideration, shareholders equity totaled €60.1 million at 30 June 2009 (€72.3 million at 31 December 2008). Net financial debt was €39.2 million at 30 June 2009 (€34.6 million at 31 December 2008), representing 66% of shareholders' equity (Group share).

In addition to maintaining its financial balances in this way in a difficult context, it has scaled down its investments (€2.9 million at 30 June 2009, compared with €8.0 million one year earlier), while managing inventories and payment times effectively, with a favorable impact on working capital over the first half of 2009 (+€3.2 million).

**Outlook**

The economic environment is expected to continue affecting business over the second half of the year, even if the low was reached during the first part of the year. However, faced with the first signs of end markets stabilizing, the two industrial and timber sites that were previously shut down are scheduled to be opened up again in the fourth quarter.

In this context, Rougier is forecasting that it will end the year with a loss, while seeking to limit it through stronger savings measures: reducing staffing levels, consolidating the reduction in costs, improving commercial management and production planning. These actions are being combined with a focus on optimizing cash generation thanks in particular to the effective management of inventories and a low level of investment.

Rougier is looking to further strengthen its commercial appeal and competitiveness, built around its medium and long-term strategy, founded on its global expertise across the industry, value creation and good forest management certification. All of these measures are expected to pave the way for an upturn in growth and earnings as of 2010.

**Next date:** 2009 third-quarter revenues on Monday 9 November 2009 (after close of trading)

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