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Press Release

Sperian Protection Full-year 2009 results: Strong resilience to economic crisis

- **High operating margin despite decline in volume**
- **A stronger financial position**
- **Recovery in organic growth in 2010**

Paris, March 2, 2010

Sperian Protection' board of directors has approved today the consolidated results for full-year 2009 of the Group, the reference leader in personal protective equipment (PPE).

In the midst of a world economic crisis of unprecedented severity in 2009, the entire personal protective equipment market was hit by a general downturn in business. At Sperian Protection, consolidated sales declined 12% for the year. Throughout this period, the Group demonstrated its ability to adapt to the crisis and managed to maintain a high operating margin. Sperian Protection also continued to invest in differentiation plans over the course of the year, and strengthened its financial position through rigorous management of working capital requirements and the renegotiation of its syndicated credit facility maturing in mid-2010.

In millions of euros	**2009**	**2009** at 2008 exchange rate	**2008**
Revenue	660.1	652.6	750.9
Income from operating activities	**63.7**	60.2	101.5
Operating margin (%)	***9.7%***	*9.2%*	*13.5%*
Net income	**18.7**	17.1	48.0
Net margin (%)	***2.8%***	*2.6%*	*6.4%*
Net debt	**216**		303
Net debt to EBITDA*	2.49x		2.49x

* pro-forma perimeter

- **2009 revenue in line with expectations**

As announced on January 28, consolidated revenue for the year 2009 amounted to €660.1 million, a 12.1% decline from €750.9 million in 2008. The recent acquisitions of Combisafe and Musitani contributed revenues of approximately €18 million (organic share only) and the strengthening of the dollar compared with the euro made a positive contribution of nearly €8 million over the period. The Group also deconsolidated its image wear business as of November 1, 2009.

In head protection, the decline in organic sales was limited to 10.9% thanks to the contribution of the respiratory protection businesses. This business was buoyed throughout the year by sales of disposable masks related to the fight against A-flu and the delivery of breathing apparatus to firefighters in California. Eye and hearing protection activities declined sharply in 2009, although hearing protection picked up again at the end of the year.

In body protection, revenue declined 20.3% in 2009. The fall protection business was hard hit by the recession in the construction industry. In gloves, 2009 was a transition year as the ramping up of the plant in Nantong, China, coincided with manufacturing restructuring in Europe and the United States and the rationalization of the product line. Clothing revenue reflects the deconsolidation of the image wear business as of November 1, 2009. Footwear and other activities were in line with market trends.

- **High operating margin despite decline in volumes**

Income from operating activities amounted to €63.7 million in 2009, compared to €101.5 million one year earlier. Operating margin represented 9.7% of revenues, compared with 13.5% in 2008.

The strengthening of the dollar compared with the euro had a favorable impact of €3.5 million on income from operating activities (average exchange rate of $1.39 per € in FY 2009 versus $1.47 per € in 2008).

Compared with the previous year, the decline in the operating margin is mainly due to the sharp decline in sales volumes, as well as to a less favorable product and geographic mix. Measures to adapt manufacturing facilities and optimize purchasing helped offset these negative effects.

General cost-cutting measures also led to overall lower marketing, administrative and R&D expenses compared with 2008, despite an increase in investments in certain countries and sectors in the fourth quarter of 2009.

EBITDA[1] amounted to €84.8 million and the EBITDA margin to 12.8% of revenue.

- **Net income impacted by adaptation plans and the image wear divestiture**

In full-year 2009, Group net income was €18.7 million with a net margin of 2.8%.

This figure takes into account €11.4 million in restructuring expenses for cost-cutting measures implemented by the Group to adapt to the downturn in business and optimize manufacturing base. It also includes a net book loss of €9.9 million (with no impact on debt) on the disposal of the image wear business on November 1, 2009. The net finance costs contracted sharply due to lower interest rates.

- **Strengthened financial position**

Net debt amounted to €216 million at December 31, 2009, down from €303 million at December 2008. This improvement can be attributed to the high level of operating cash flow, thanks notably to rigorous management of working capital requirements and a non-recourse factoring transaction carried out by the Group for a total of €18.2 million.

The Group financial structure remains solid with a net-debt-to-EBITDA ratio of 2.49x at December 31, 2009[2], similar to 2008 level. The net-debt-to-equity ratio was 37%, compared with 53% at the end of 2008.

Working capital requirements amounted to €110 million in 2009, equivalent to 62 days of sales. This represents a sharp reduction from the 86 days reported at the end of 2008, and reflects improvements in supply chain and inventory management as well as to the factoring transaction.

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[1] Earnings before interest, tax, depreciation, amortization and exceptional items
[2] pro forma divestiture of Image wear business

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- **Dividend**

At the Annual General Meeting to be held on May 19, 2010, the Board of Directors will ask shareholders to approve a dividend payment of €1 per share. The dividend payment date proposed will be July 2, 2010.

- **Outlook**

Brice de La Morandière, Chief Executive Officer of Sperian Protection, stated: "We expect a recovery in organic sales growth in 2010. The Group operating margin will also improve, lifted by the positive impact of optimization plans implemented over the past year. To support growth in the medium term, we also plan to increase investments in sales, marketing and R&D this year."

"The entire company will focus more on buoyant vertical markets, such as oil & gas, construction and electricity production and transportation, as well as on high-potential emerging countries such as China and Brazil, which will be the main growth drivers. Through the development of innovations, Sperian Protection will strengthen its products and services offering to better match all customers needs."

Sperian Protection is active in a highly regulated market whose fundamentals remain solid and growth potential is intact: workplace safety remains a key contributor to economic performance and social benefit for all our customers. Through growth plans and the mobilization of Sperian's entire workforce, the Group is targeting in the medium term annual sales growth exceeding the market average and operating margins in line with historical levels.

Sperian Protection will report first-quarter 2010 revenue after the market closes on April 28, 2010.

About Sperian Protection
Sperian Protection is the reference leader in personal protective equipment (hearing, eye, respiratory and fall protection, gloves, clothing and footwear) resolutely geared towards international markets. The Group offers innovative products adapted to high-risk environments so that workers in the manufacturing and services industries can work with confidence.

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Consolidated balance sheet
at 31 December

Assets	Dec 2009 €'000	Dec 2008 €'000
Non-current assets		
Goodwill	556,752	554,869
Other intangible assets	92,281	98,213
Intangible assets	649,033	653,082
Property, plant and equipment	88,469	95,315
Deferred tax assets	30,022	35,698
Other financial assets	3,382	4,188
Total non-current assets	**770,906**	**788,283**
Current assets		
Inventories and work in progress	95,190	140,047
Trade receivables	86,576	126,786
Other operating receivables	27,939	28,843
Derivative financial instruments	589	6,044
Cash and cash equivalents	16,689	24,629
Total current assets	**226,983**	**326,349**
Total assets	**997,889**	**1,114,632**

Equity and Liabilities	Dec 2009 €'000	Dec 2008 €'000
Equity		
Share capital	15,310	15,310
Share premium	439,435	436,533
Currency translation difference	(62,397)	(69,382)
Gain/Loss on hedging instruments	(1,356)	(1,298)
Net income for the period	18,553	47,776
Reserves and retained earnings	177,220	138,511
Total equity attributable to equity holders of the pare	**586,765**	**567,450**
Minority interests	1,271	1,289
Total equity	**588,036**	**568,739**
Non-current liabilities		
Deferred tax liabilities	27,534	26,204
Long term financial liabilities	212,035	252,668
Retirement benefit obligation	10,387	11,128
Provisions	26,010	57,481
Total non-current liabilities	**275,966**	**347,481**
Current liabilities		
Trade payables	99,415	95,679
Current tax liabilities	0	10,462
Short-term financial liabilities	20,837	74,814
Derivative financial instrument	2,166	10,172
Provisions	11,469	7,285
Total current liabilities	**133,887**	**198,412**
Total liabilities	**409,853**	**545,893**
Total equity and liabilities	**997,889**	**1,114,632**

Consolidated income statement

for the period ended 31 December 2009

Continuing operations	Dec 2009 €'000	Dec 2008 €'000
Sales	660,150	750,880
Cost of goods sold	(416,562)	(458,568)
Gross Profit	**243,588**	**292,312**
Sales & Marketing expenses	(89,537)	(98,492)
General & administrative expenses	(76,919)	(78,448)
R&D expenses	(13,421)	(13,903)
Income of operating activities	**63,711**	**101,469**
Restructuring costs	(11,413)	(2,833)
Amortization and impairment of revalued intangible a	(5,421)	(4,805)
Other income/expenses	(9,798)	(4,855)
Operating income from continuing operations	**37,079**	**88,976**
Net finance costs	(10,735)	(22,580)
Income before tax	**26,344**	**66,396**
Income tax	(7,661)	(18,348)
Net income	**18,683**	**48,048**
Attributable to :		
Equity holders of the parent	18,553	47,776
Minority interest	130	272
	18,683	48,048
Earnings per share		
Basic earnings per share	2.46	6.32
Diluted earnings per share	2.46	6.30
Weighted average number of shares in issue	7,544,142	7,565,342
Weighted average number of shares fully diluted	7,544,142	7,577,689

Consolidated statement of cash-flows	Dec 2009 €'000	Dec 2008 €'000
Operating activities		
Income before income tax	26,214	66,124
Minority interest	130	272
Non-cash income and expenses:		
Share-based payment	2,349	2,590
Depreciation, amortization and impairment	27,565	23,487
Change in provisions	(11,327)	(409)
Change in financial instruments	(4,745)	4,632
Other financial transactions	0	5,144
Gains/losses on divestment of non-current assets	944	(32)
Gains/losses on divestment of consolidated companies	10,389	
Interest charges	6,849	12,629
Interest paid	(6,803)	(13,019)
Income tax paid	(13,820)	(15,708)
Operating cash-flow before change in working capital	**37,745**	**85,710**
(Increase)/Decrease in inventory and work in process	41,173	(15,242)
(Increase)/Decrease in trade and other receivables	36,552	12,129
Increase/(Decrease) in trade and other payables	(4,596)	(7,791)
Change in other operating assets/(liabilities)	(1,259)	(6,275)
Change in working capital	**71,870**	**(17,179)**
Net cash provided by operating activities	**109,615**	**68,531**
Investing activities		
Acquisition of property, plant & equipment, intangible and financial assets	(18,214)	(28,951)
Acquisition of investments in consolidated companies, net of cahs acquired	(143)	(71,153)
Divestment of consolidated companies, net of cash disposed of	0	0
Divestment of property, plant & equipment and intangible assets	765	237
Net cash provided/(used) by investing activities	**(17,592)**	**(99,867)**
Financing activities		
(Decrease)/Increase in borrowings	(64,539)	58,098
Other financial transactions	0	(5,144)
Capital increase	0	86
Change in treasury shares	553	(8,474)
Dividends paid to equity holders of the parent	(9,067)	(11,362)
Dividends paid to minority interests in consolidated companies	(93)	(79)
Net cash provided/(used) by financing activities	**(73,146)**	**33,125**
Effect of exchange rate changes on cash and cash equivalent	206	(1,580)
Change in cash and cash equivalents	**19,083**	**209**
Opening cash and cash equivalents	(10,531)	(10,740)
Closing cash and cash equivalents	8,552	(10,531)
Movement in cash and cash equivalents	**19,083**	**209**