

PSB INDUSTRIES

Emballage et chimie de spécialités

HY1 2014 Financial Results

Solid results

A strategic acquisition in Beauty Packaging A clear ambition for Specialty Chemicals

Consolidated Results (in €000)	HY1 2014	HY1 2013
Revenues	130,769	136,942
Operating profit (EBIT)	10,687	11,656
<i>% of revenues</i>	8.2%	8.5%
Net income	6,133	6,752

- **Satisfactory results**

As announced, PSB Industries revenues were €130.7 million, down 3.8% at constant currency. With international sales accounting for over 61% of the total, the group recorded a satisfactory level of business activity marked by solid performances in Custom Packaging and Specialty Chemicals, and growth in Beauty Packaging in France and Europe.

- **Strong financial performances**

Operating profit for the group (EBIT) was €10.7 million at June 30, 2014, and represented 8.2% of revenues, despite the slowdown in business over the same period.

Qualitative sales policy and tight cost management offset the impact of the drop on the operating margin.¹ The Group maintained R&D spending at €2.2 million, i.e., 1.7% of revenues.

As a result of the diligent resource management efforts implemented almost 2 years ago, working capital requirement was €54.9 million, or 74 days, a net improvement of €11.2 million (8 days) over June 30, 2013.

Net debt continued to decrease, reaching €62 million, or 61% of equity.

The group's financial situation is robust and operating cash flow is significant (€14.1 million over the half year).

Consolidated net income stood at €6.1 million (compared to €6.7 million in the first half of 2013).

¹ Operating margin: Sales – cost of sales

² Operating working capital: Clients + stocks and work-in-progress – suppliers and other creditors

- **First strategic acquisition under the Ambition 2020 plan**

On July 23, PSB INDUSTRIES signed an agreement to acquire C+N Packaging Corporation (USA) with a view to its integration, subject to the lifting of suspensive conditions, into the Beauty Packaging Business Unit in the course of Q3.

C+N Packaging is a highly regarded global plastic packaging manufacturer for prestigious Beauty and fragrance customers such as Avon, Estée Lauder, and Elizabeth Arden, with plants in North America and Poland (injection molding and metallization). As of 2014, this first strategic acquisition will enable the group to step up its international growth in the Luxury & Beauty market by

- Enriching its client portfolio
- Strengthening its industrial and commercial position in North America
- Reinforcing its presence in the Fragrance segment

- **An ambitious roadmap for Specialty Chemicals**

As planned, the group has put the final touches on the roadmap for the Specialty Chemicals Business Unit: Building on its established leadership in its historical markets and strongly positioned for high value-added products, the group will pursue its efforts in the Lighting and High Tech niche markets.

The Unit will capitalize on recent investments and modern industrial tools to boost its presence, especially in the sapphire, polishing, ceramics, and additive segments, and has identified innovative new applications. The initiatives will be co-developed with customers through partnerships and strategic alliances, and will help propel the Unit into a new phase of profitable growth as it gears up for a change in critical mass and an ROCE of over 13%, in line with the Ambition 2020 plan.

- **Outlook**

Order books and projects under development should sustain business in the second half of the year, despite the complex economic environment. The group will continue to deploy its strategic plan and build on operational improvement initiatives already underway as it stays the course for its EBIT target of over 8%.

Olivier Salaun, President & CEO:

“After welcoming four new members to our Board and a new CFO to the executive committee, I am greatly looking forward to welcoming the teams from C+N Packaging. This acquisition is the first major step in our Ambition 2020 plan and will strengthen our position in the Luxury & Beauty market. We will also pursue our aggressive aim in the Lighting & High Tech market, where we will be celebrating our 110th anniversary in October. We continue the transformation of our group according to our strategic plan.”

Next release: Q3 2014 Revenues will be published on October 13, 2014

PSB Industries is an innovation-driven industrial group with leadership positions in packaging and specialty chemicals. The group reported consolidated revenues of €257 million in 2013 including 63% from international sales. The group has production plants in France, the United States, Japan, and Mexico.