



Letter to SHAREHOLDERS

April 2016

editorial

Olivier SALAUN
President and CEO, PSB INDUSTRIES



2015: a year of rapid growth

The year that ended four months ago will leave a lasting mark on the Group's history. We launched and finalized a number of major initiatives that are fundamentally reshaping the way we operate at PSB INDUSTRIES while preserving our identity, entrepreneurial values, and attachment to our community.

First, we successfully integrated C+N Packaging, which complements our customer base. Second, the acquisition of Plastibell bolsters our position in the healthcare market and has prompted us to reorganize the Group. And lastly, in January 2016, we finalized the acquisition of Topline Products, a major cross-border operation that will open doors for us in Asia and strengthen our position in the Americas.

By structuring our operations around four key markets, PSB Group today boasts revenues of over €400 million.

After an intense period of portfolio rationalization, PSB INDUSTRIES delivered strong results in 2015, and dividends are set to be much higher as a result. Thanks to the timeline set out in our Ambition 2020 plan, the successful integration of our recent acquisitions, the significant investments being made, and with the support of the marketing efforts and innovative projects underway, we will be able to jumpstart organic growth in the coming quarters both in France and around the world.

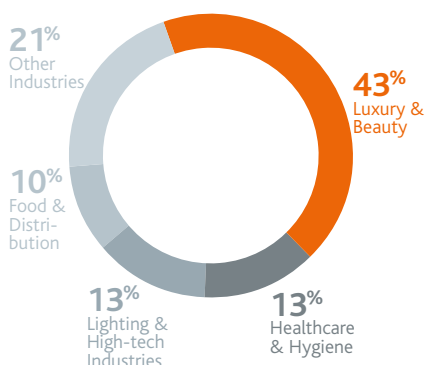
Beyond these overall achievements, I am very satisfied with the direction the Group is taking, the far-reaching efforts to improve safety, and the CSR* initiative launched to ensure our sustainable profitable growth.

I hope you will enjoy this first letter on what's new in the Group, and on behalf of all our teams, I would like to thank you for your support and trust.

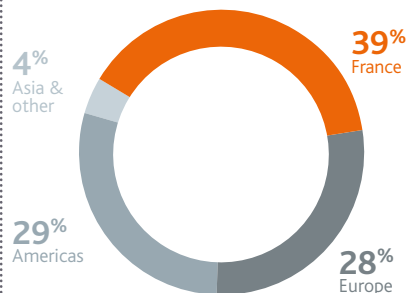
“ WE HAVE ACHIEVED MAJOR MILESTONES, AND WE'RE JUST GETTING STARTED. ”

KEY Figures

GROWING MARKETS in % of 2015 revenues



AN INTERNATIONAL MODEL in % of 2015 revenues



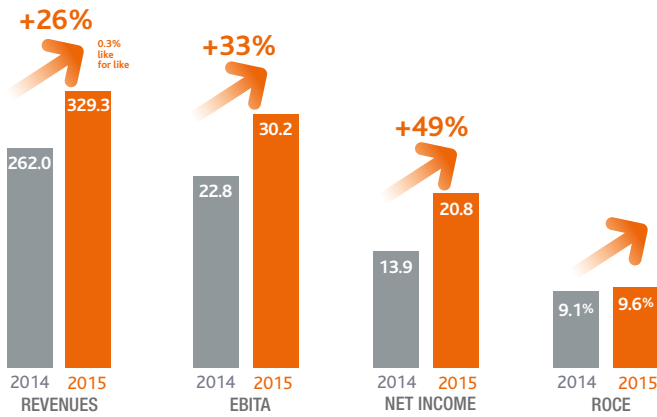
* CSR: Corporate social responsibility



PSB INDUSTRIES
Packaging and specialty chemicals

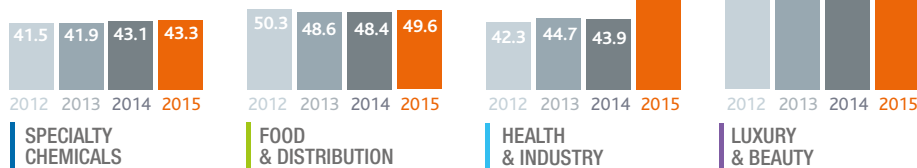
KEY Figures

PERFORMANCE AT THE HIGHEST LEVELS



GROWING MARKETS

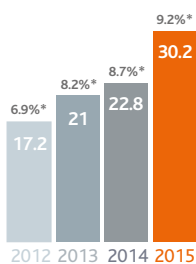
in millions of euros



This strong performance delivered a net income of €20.7 million, up 49% from December 31, 2014, at 6.3% of revenues and a dividend of €2.00 per share, which is a 25% increase.

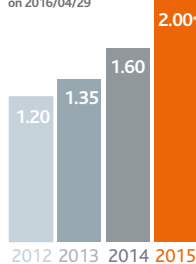
EBITA

In millions of euros
* % of revenues



DIVIDEND

In euros/share
* proposed at GM on 2016/04/29



In 2015 the financial structure benefited from medium-term financing made up of €130 million in corporate lines. Our gearing ratio (net debt to equity capital) was 64% of equity capital and our leverage ratio (net debt to EBITDA) was 1.7 x, leaving the Group considerable leeway to pursue its development.

ROCE (EBIT after taxes/capital employed) was 9.6% (9.1% in 2015) in accordance with the improvement plan.

The year 2015 saw a good performance of historical activities, the successful integration of two acquisitions, and a major upswing for all results.

Consolidated revenues from 2015 totaled €329.3 million, up 25.7% (0.3% like for like) over 2014, including 61% in international revenues. All business units actively contributed to this growth:

- > **Luxury & Beauty** maintained regular, worldwide growth bolstered by the integration of C+N Packaging.
- > **Food & Distribution** strengthened its position as the French leader in a market with high turnover.
- > **Specialty Chemicals** stayed on track.
- > **Healthcare & Industry** (with the acquisition of Plastibell) delivered performance in line with forecasts, shifting its mix of activities to higher added value markets (healthcare, medical devices, aerospace, etc.).

Earnings before interest, taxes, and goodwill amortization (EBITA) were €30.2 million in 2015 (€22.8 million in 2014), up €7.4 million (+32.6%). This performance underscores the effectiveness of the strategic plan, both in terms of management and dynamism of the Group, propelled by the financial and sales initiatives (Working Capital Requirement*, taxes, purchasing, pricing, etc.) that consolidate our growth. The increase also stems in part from cyclical factors tied to exchange rates and raw material and energy prices, which steadily reduced net costs. Operating results (EBIT) accounted for 9% of revenues at €29 million (a 30% increase), which is in line with our operating objectives.

The operational WCR* (accounts receivable + inventory – accounts payable) at the end of December 2015 represented a requirement of €66.7 million, up €10.3 million over the end of 2014. This increase is due to several factors: the Group's integration of Plastibell (€5.4 million), the increase in inventory prompted by demand in January 2016, and our customers' desire to hold safety stock.

SHARE PRICE

Euros/Share



Stronger GOVERNANCE

In 2015, historic shareholders (the Entremont and Rosnoble families, via Provendis SA) got stronger after the Cachat and Wirth families sold their shares. They still remain very engaged and are a big support for the company. The Board of Directors, 57% of which is made up of independent members, includes seven members and two advisors. It presides over various committees (Strategic, Audit and Compensation/Appointment) that facilitate and enrich its work.

The PSB INDUSTRIES Executive Committee (EXCOM), directed by Olivier Salaun, the Group's CEO, is composed of six members, including the presidents of each of our business units.



Left to right:

Emmanuelle Bouvier
President, Healthcare & Industry Business Unit

Olivier Salaun
President and CEO, PSB INDUSTRIES, and Interim President, Luxury & Beauty Business Unit

Benoît Grenot
President, Specialty Chemicals Business Unit

Sylvain Raux
President, Food & Distribution Business Unit

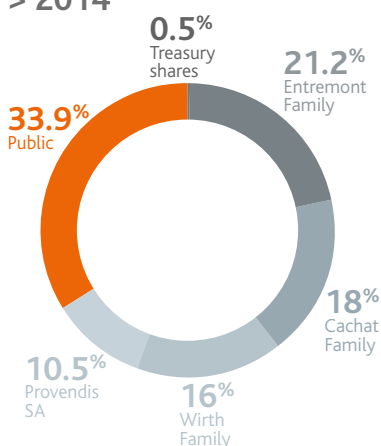
Rémi Weidenmman
Chief Financial Officer PSB INDUSTRIES

Sandra Hong
Human Resources Director PSB INDUSTRIES

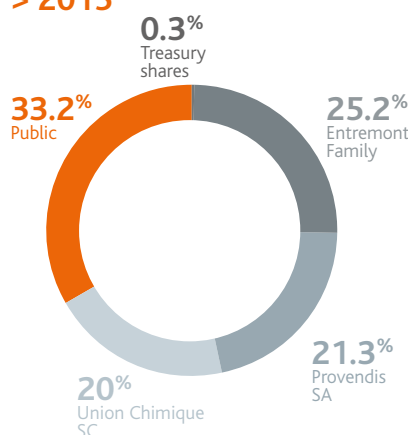
CHANGES IN SHAREHOLDING STRUCTURE

%: shares held

> 2014



> 2015



GENERAL MEETING



SPECIALTY CHEMICALS BUSINESS UNIT

2015



BAIKOWSKI

2015: OUTSTANDING PERFORMANCE DRIVEN BY FAVORABLE EXCHANGE RATES AND THE DEVELOPMENT OF SPECIALTY PRODUCTS

Special oxides sustained BAIKOWSKI's growth in 2015: rare earth-based products for the high power LED market and semiconductor polishing (CMP). Products for technical ceramic applications (spinel), which continued to garner a lot of interest, also gained significant ground, and conventional lighting sales held steady at a good level despite the decline of this historical market. The anticipated boom in sapphire applications for smartphones did not materialize and growth in additives for heat dissipation was much slower expected.

SPECIALTY CHEMICALS BUSINESS UNIT REORGANIZED TO MEET THE NEEDS OF NEW MARKETS

Benoît Grenot was appointed as new president of the business unit in July 2015. With his international leadership team, he redefined the business unit's strategic priorities and proceeded with key recruitment initiatives already underway by hiring new production and maintenance managers, a financial controller, and market managers to continue adapting to the changes in our markets. A new ERP was introduced and an industrial excellence project launched with the creation of an industrialization unit to allow BAIKOWSKI to meet the needs of new strategic markets.

2016 OUTLOOK

Major investments in innovation (e.g., special oxides and increased presence in the U.S.) will allow us to boost sales in our strategic markets with high-end sapphire, rare earth-based products, polishing, and technical ceramics. Our industrial capacity and know-how will also allow us to serve the lithium batteries market with our expected organic growth in Asian markets.



cgl pack > FOOD & DISTRIBUTION BUSINESS UNIT

2015



CGL Pack

2015: A SOLID YEAR FOR OUR STRATEGIC PRIORITIES

CGL Pack's performance was on track in 2015 with revenues up 2.3%, thanks to heightened sales and marketing efforts, as well as a slew of new packaging developments that enriched the customer portfolio. We focused our actions on the following strategic priorities:

> **Industrial excellence:** BRC/IOP certification, Lean/SMED project, renewal of ISO certifications, process automation (camera, inline grinders), ISO 7 clean room certification.

> **Innovation:** Thanks to growing interest in new eco-designed packaging concepts using single materials (Clipseal®, Clearseal®, etc.), which fostered our carbon-free growth.

> **Human resources:** Development of qualifying technical and commercial training programs, and safety initiatives, as well as a Group employee engagement survey confirming a high level of engagement among CGL Pack employees (more than 95% participation rate).

> Careful and meticulous **financial oversight.**

2016 OUTLOOK

In 2016, CGL Pack built its development strategy on new product range (catalogue products) through a combination of existing technology, external growth, and industrial investments. We are preparing to increase our international exposure to assist our customers and enrich our teams with additional expertise so we can meet the challenges of tomorrow. This is in line with our entrepreneurial values and the corporate social responsibility initiatives we have been rolling out for over five years.



Plastibell > HEALTHCARE & INDUSTRY BUSINESS UNIT

2015

92.9
2015 REVENUES
€M

724
PEOPLE

8
INDUSTRIAL FACILITIES
France/Poland/
USA/Mexico



A YEAR OF SUCCESSFUL INTEGRATIONS WITH THE INTRODUCTION OF A NEW ORGANIZATION

PSB INDUSTRIES acquired Plastibell in March 2015, and the integration of SR2P and Mar-Lee led to the creation of the new Healthcare & Industry business unit, directed by Emmanuelle Bouvier since November 2015. She put together a managerial team made up of a mix of existing Plastibell personnel, PSB Group staff, and outside individuals. An innovation department was also created in 2015, overseen by a director and two project managers, to continue

developing new solutions adapted to our customers' needs. Lastly, we created a marketing function so we can conduct more indepth segmentation of our markets and assist our customers in Europe, Mexico, and the United States.

INDUSTRIAL STRUCTURING BY MARKET

In the business unit, we created two divisions to consolidate our operations: healthcare and industry. This will allow us to build up our expertise by market which is a fundamental asset for serving markets with different production and quality needs. Our high level of industrial organization allowed us to renew our certifications:

- > Healthcare: ISO9001, 13485, 15378
- > Industry: ISO9001, TS16949 (automotive), and AS9100 (aerospace).



2016 OUTLOOK

Our growth hinged on the striking development of healthcare markets we identified as strategic (medical devices and primary and secondary packaging). Our operations in the industry will be more focused on injection molding high tech parts for the home automation, aerospace, automotive, and other markets.

The geographic location of our industrial facilities is in line with our target sectors. Given the industrial and human resources structure implemented in 2015, we expect encouraging developments in 2016 and beyond.

We are currently making major investments in the Healthcare & Industry business unit for 2016, which will allow us to sustain our expected level of organic growth in the medium term and achieve revenues of over €100 million.

texen > LUXURY & BEAUTY BUSINESS UNIT

2015

144.5
2015 REVENUES
€M

1008
PEOPLE

9
INDUSTRIAL FACILITIES
France/Poland/
USA/Mexico

1
SALES OFFICE
New York



2015: YEAR OF STRUCTURING FOR THE LUXURY & BEAUTY BUSINESS UNIT

The business unit was reshaped in 2015 with the integration of C+N Packaging, a beauty packaging outfit with 3 locations in the USA and Poland.

The Luxury & Beauty business unit was buoyed by many major new cosmetic product launches, continuous improvements in automation at our 9 industrial facilities, and favorable material prices and exchange rates. The integration of C+N Packaging fleshed out our customer portfolio (Avon, Elizabeth Arden, Estée Lauder, etc.) and the increasing success of the Texen Lab helped us better serve our customers and offer new state-of-the-art industrial solutions. Our geographic footprint expanded in the United States and Poland, and revenues were up a record 56% over 2014 in Mexico.

2016 OUTLOOK

The new geographic areas we are developing are promising and will allow our Luxury & Beauty business unit to continue to perform well in its markets. In 2016, we will continue structuring the business unit and will integrate the teams of Topline Products, a Sino-American company that will flesh out Texen's product range (design and innovation) and broaden our presence in the Asian market. The Luxury & Beauty business unit will see its revenues exceed €200 million in 2016, with 12 industrial facilities worldwide, 5 sales offices (France, USA, China, Brazil), and over 1,500 employees (with more than half based outside France).



HUMAN CAPITAL

the key to our Ambition 2020 strategic plan.



To ensure the success of our strategic plan and growth, particularly at the international level, the Group's HR policy is built on the principles of **integration, engagement, skill and talent development, dialog, and safety**. As a Group that is responsible, entrepreneurial, and highly effective both economically and socially, we take a hands-on, on-the-ground approach to support our employees and managers and prepare the future evolution of the Group.

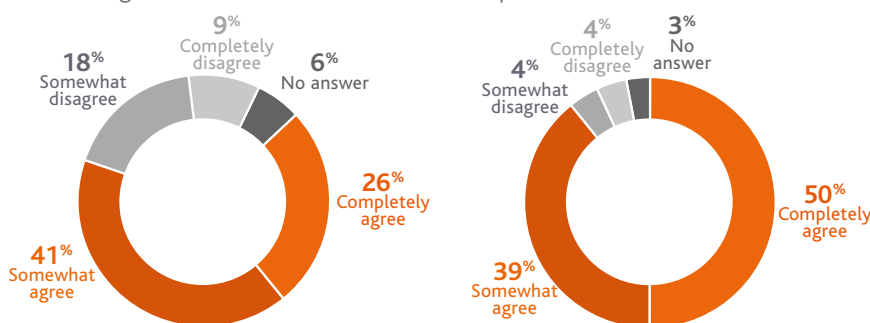
Since its creation in 2014, the HR function has continued to take shape and is conducting numerous projects to develop a sense of belonging, cooperation, and agility within the Group. Our corporate training programs are opportunities for exchanges of practices and our tailored human resources policies put individuals and their careers first.



HR initiatives in 2015

EMPLOYEE ENGAGEMENT

In the fall of 2015, a "Pulse 2020" survey was conducted among all of our 2,200 employees (France, USA, Mexico, Poland) to measure their engagement and give them a chance to freely express their views of their work and their perception of the company. With a 79% participation rate, the survey was very representative and the results indicate a significant engagement to serving our customers, true asset for the Group.



Average survey score (average out of questions asked) **67% POSITIVE OPINIONS**

I want to give the best of myself every day to contribute to the success of my company and PSB Group. **89% POSITIVE OPINIONS**

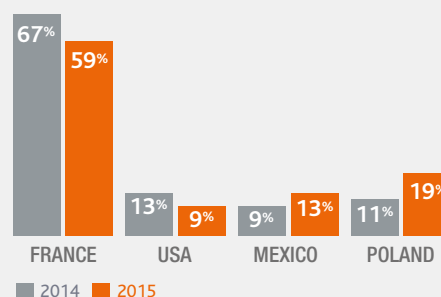
The results also revealed employees' expectations, particularly with regard to the work completed and skill development initiatives. The first targeted action plans are already underway.

HR DEVELOPMENT

With over 250 new hires worldwide in 2015 and the recent integration of two new companies with some 700 employees, the mission of Human Resources is critical for our Group to achieve its global ambitions while keeping things on a human scale and maintaining our entrepreneurial spirit. We can meet this challenge thanks to the skill and talent of our people, who we follow at every stage throughout their career with the Group.

2015 EMPLOYEES BY REGION

Excluding equity affiliates, particularly in Asia

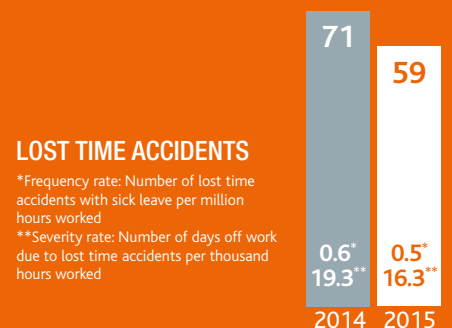


PERFORMANCE & DEVELOPMENT:

- > Creation of a Group jobs and skills database to foster our skills, planning and development.
- > Introduction of a Group HRIS, a human resources management information system launched in 2016: performance and professional development reviews, training management, etc.
- > Training programs: Key Account Management, Purchasing, Contract Law, Languages, Management

SAFETY

In 2015, we proceeded with our action plans to cut the number of lost time accidents and generally foster operational and work habits more conducive to proactive behavior and safety.



LOST TIME ACCIDENTS

*Frequency rate: Number of lost time accidents with sick leave per million hours worked
 **Severity rate: Number of days off work due to lost time accidents per thousand hours worked

EMPLOYEE DIALOG

- To help our teams succeed, we regularly:
- > Publish newsletters in four languages
 - > Hold information and discussion meetings (Group and business units, breakfasts, etc.).

OUR CUSTOMERS trust us

KYOCERA BOSCH Valeo
 Philipps NGK FILMTRONICS
 Essilor 3M Lighttech Menzerna
 Universal LiAir Products
 Photonics SONY General Electric
 Comadur RSA OSRAM
 CeramTec Jojoing



BAIKOWSKI

> SPECIALTY CHEMICALS BUSINESS UNIT

Marvinpac
 Mix CALOR DIM Black & Decker
 Buffet Florette Eurial Pierre
 BD BIGARD Merial Martinet
 St Moret Bonduelle Agrial Petzi



CGL Pack

> FOOD & DISTRIBUTION BUSINESS UNIT

Tornier VALEO MERCK BD
 Schneider Electric MAGNA Hutchinsonson
 Allergan WD-40 Autoliv
 SANOFI Magimix Smiths Safe
 MALHE TRW Medical Orthopaedics
 Fresenius ISOVER Radiall
 Medical care NICE PAK TAKATA
 Rossignol Medtronic BorgWarner



Plastibell

> HEALTHCARE & INDUSTRY BUSINESS UNIT

MAYBELLINE
 Davidoff L'ORÉAL PARIS Yves Rocher
 LANCÔME Jimmy Choo Givenchy
 Guerlain Yves Saint Laurent BACARDI
 Victoria's Secret LVMH Avon Giorgio GUESS
 Amway Dior Armani
 HERMÈS KENZO CHANEL
 Clarins



TEXEN

> LUXURY & BEAUTY BUSINESS UNIT

