GBL

6 May 2014 - After 5:45 pm
Regulated information
Interim statement

Results for the period ended 31 March 2014

- **Increase in cash earnings and consolidated net profit**
  - **First dividend contribution of the investment in SGS acquired in June 2013 (EUR 62 million);**
  - **Positive impact of the gain on the disposal of a 0.2% interest in Total (EUR 113 million);**
  - **Non-monetary effects of the mark-to-market of the derivative component associated with the issued exchangeable and convertible bonds (EUR -162 million).**
- **Increase in the adjusted net assets by 5.6% to EUR 15.8 billion in the first quarter.**

Key financial data

EUR million	At end March		At end December
	2014	2013	2013
Cash earnings	92	39	467
Net Profit (loss), group's share(1)	54	(75)	621
Adjusted net assets	15,752	13,600	14,917
Market capitalisation	11,695	9,625	10,767
Discount	25.8%	29.2%	27.8%
Net debt (excluding treasury shares)(2)	542	54	912
Loan to value(3)	3.4%	0.4%	5.9%

At its meeting held on 6 May 2014, the Board of Directors approved GBL's unaudited IFRS consolidated results for the quarter ended 31 March 2014.

GBL's Executive Management – made up of Albert Frère (CEO), Ian Gallienne and Gérard Lamarche (Managing Directors) – commented the results as follows:

"Excluding non-recurring items, the results for the beginning of the year are traditionally not indicative of the full-year results, as most of the dividends from the investments is recognised as from the second quarter.

As of 31 March 2014, in a market environment with a more favourable outlook, the group's performance stands out by the good resilience of its results, which notally benefited from the contribution for the first time of the investment in SGS (acquired in June 2013), and by the improvement of its ratio of net debt to portfolio value (loan to value ratio limited to 3.4%) following the sale of a 0.2% stake in Total.

The increase in the adjusted net assets by EUR 835 million in the first quarter has continued over the last weeks, notably following the very well received announcement of the merger between Lafarge and Holcim, for which GBL has undertaken to contribute its shares and which offers a significant appreciation potential."

(1) Amounts notably taking into account the impact of net gains on disposals, asset impairment losses and mark-to-market of the derivative component associated with exchangeable and convertible bonds.
(2) Treasury shares being valued at EUR 448 million as of 31 March 2014, EUR 375 million as of 31 March 2013, and EUR 416 million as of 31 December 2013.
(3) Ratio of net debt to portfolio value.

1. Change in GBL's portfolio, financial position and adjusted net assets

1.1 First quarter of 2014 and subsequent highlights

Early 2014, GBL sold 5.4 million Total shares, representing 0.2% of the company's share capital, for an amount of EUR 235 million. The consolidated gain associated with this sale amounted to EUR 113 million. Following this transaction, GBL retains a 3.4% interest in Total, which remains a strategic investment for the group.

GBL also sold its residual interest (0.1% of the capital) in Iberdrola for an amount of EUR 21 million, generating a gain of EUR 3 million.

On 7 April 2014, Holcim and Lafarge announced their intention to combine their companies through a merger of equals, unanimously approved by their respective Boards of Directors. GBL, Lafarge's largest shareholder with a 21% stake, supports this merger and will contribute all its Lafarge shares to the public exchange offer that will be initiated by Holcim after receipt of the regulatory approvals. Upon completion of the transaction, GBL would hold an interest of approximately 10% in the new entity. The financial and accounting impacts resulting from this transaction will be determined as the transaction evolves.

In addition, subsequent to 31 March 2014, GBL received conversion requests in relation to the exchangeable bonds into Suez Environnement shares maturing in September 2015. Following such notices, GBL has delivered to date 14.8 million Suez Environnement shares for a total nominal value of EUR 169 million, bringing the percentage in the company’s capital from 7.2% at year-end 2013 to 4.3%. These conversions result in the amortisation of the debt for an amount equivalent to the converted nominal amount, i.e. EUR 169 million out of an initial issue amount of EUR 401 million, a gain of EUR 23 million on the delivered Suez Environnement shares, and the reversal of the negative mark-to-market previously recognized in the financial statements in proportion to the exchanged bonds, generating a gain of EUR 43 million to date. These transactions, and any additional conversions, will be recorded in the financial statements of the second quarter.

As part of its Incubator-type investments, GBL has continued its purchases of Umicore shares. As of 31 March 2014, it held 5.9% of the shares and voting rights of the company (6.6% at end of April 2014).

At the Financial Pillar level, Ergon Capital Partners II completed beginning of February 2014 the sale of its stake in Zellbios, a leading producer of active pharmaceutical ingredients, to the Deutsche Private Equity investment fund. This transaction resulted in a consolidated gain of EUR 26 million for GBL.

On 16 April 2014, Ergon Capital Partners III acquired a majority stake in Visionnaire, an Italian fast-growing company, leading supplier of luxury home furnishing solutions which, in 2013, generated sales of EUR 35 million (85% outside Europe) with an EBITDA margin above 20% (www.ipe.it).

On 5 May 2014, as approved by the Ordinary General Meeting of 22 April 2014, GBL paid coupon no. 16 on the dividend for 2013. The gross unit amount of EUR 2.72 per GBL share represents a total dividend payment of EUR 439 million, including EUR 17 million on treasury shares.

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1.2 Financial position

The portfolio transactions carried out during the first quarter of 2014 and the received dividends reduced the net indebtedness to EUR 542 million[(1)] as of 31 March 2014 (EUR 912 million at year-end 2013). Compared to the portfolio value, the net debt stood at 3.4% and was characterised as of 31 March 2014 by:

- **gross cash and cash equivalents** (excluding treasury shares[(2)]) of EUR 2,259 million;
- **gross debt** of EUR 2,801 million which breaks down as:
  - EUR 350 million bond;
  - bank credit line outstandings of EUR 600 million;
  - bonds exchangeable into Suez Environnement and GDF SUEZ shares amounting to EUR 401 million and EUR 1,000 million respectively; and
  - bonds convertible into GBL shares amounting to EUR 450 million.

The weighted average maturity of the gross debt was 3.0 years as of 31 March 2014 (3.3 years at year-end 2013). No debt will fall due before mid-2014 (bank credit line outstandings of EUR 400 million).

GBL has also **undrawn confirmed credit lines** of EUR 1,150 million. This position does not take into account the company's commitments relating to the Financial Pillar, which amounted to EUR 583 million at end of March 2014.

Lastly, the 6,307,782[(3)] **treasury shares** accounted for 3.9% of the issued capital.

(1) Before payment on 5 May 2014 of coupon no. 16 in relation to the 2013 dividend for an amount of EUR 439 million
(2) Including EUR 98 million of trading securities (essentially 0.1% of GDF SUEZ and 0.3% of Suez Environnement) corresponding to the market value of the scrip dividends received in recent years and not monetised
(3) Including 5 million treasury shares covering GBL convertible bonds

1.3 GBL's adjusted net assets

As of 31 March 2014, GBL's adjusted net assets stood at EUR 15.75 billion (EUR 97.62 per share) compared with EUR 14.92 billion (EUR 92.45 per share) as of 31 December 2013, i.e. an increase by 5.6% or EUR 0.83 billion (EUR 5.17 per share) over the quarter. Relative to the share price of EUR 72.48, the discount on this date was 25.8%, slightly decreasing compared with 31 December 2013.

	31 March 2014			31 December 2013
	% interest[1]	Share price[2]	EUR million	EUR million
Strategic Investments			**15,193**	**14,757**
Total	*3.4*	47.60	3,825	3,818
Lafarge	*21.0*	56.70	3,419	3,285
Imerys	*56.0*	64.55	2,766	2,709
SGS	*15.0*	2,179	2,099	1,962
Pernod Ricard	*7.5*	84.50	1,681	1,647
GDF SUEZ	*2.4*	19.86 (18.32)[3]	1,002	935
Suez Environnement	*7.2*	14.75 (11.45)[3]	401	401
Incubator type investments			***266***	***254***
Financial Pillar			***387***	***402***
Portfolio			**15,846**	**15,413**
Treasury shares			448	416
Exchangeable/convertible bonds			(1,851)	(1,851)
Bank and bond debt			(950)	(950)
Cash/quasi-cash /trading			2,259	1,889
Adjusted net assets (total)			**15,752**	**14,917**
Adjusted net assets (EUR p.s.)[4]			**97.62**	**92.45**
Share price (EUR p.s.)			**72.48**	**66.73**
Discount			**25.8%**	**27.8%**

The value of GBL's adjusted net assets is published weekly on GBL's website. As of 2 May 2014, the adjusted net assets per share stood at EUR 100.13, an increase by 8.3% since 1 January 2014, and represented a discount of 26.7% relative to the share price at that date (EUR 73.38).

(1) The holding percentages for GDF Suez and Suez Environnement include securities held as cash instruments (0.1% of GDF SUEZ and 0.3% of Suez Environnement) and valued under the item "Cash/quasi-cash/trading"
(2) Closing share prices in Euros, except for SGS in CHF
(3) As of 31 March 2014, the value of the investment in GDF SUEZ and Suez Environnement was capped at the conversion price of the exchangeable bonds, i.e. EUR 18.32 and EUR 11.45 respectively, which was below their share price at that date
(4) Based on 161,358,287 shares

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2. Consolidated results (economic presentation)

The **consolidated profit, group's share**, was EUR 54 million as of 31 March 2014, compared with EUR - 75 million as of 31 March 2013.

This quarterly result was mainly influenced by the gain on the disposal of a 0.2% interest in Total (EUR 113 million), the first collection of the annual dividend from SGS (EUR 62 million) and the increase in the Financial Pillar contribution following the gain on the sale of Zellbios by Ergon. Conversely, the mark-to-market of the derivative component associated with the exchangeable and convertible bonds had a negative impact of EUR 162 million (EUR - 7 million as of 31 March 2013). The quarterly loss as of 31 March 2013 included an additional asset impairment of EUR 65 million on GDF SUEZ.

Unaudited	**31 March 2014**					***31 March 2013***
EUR million Group's share	**Cash earnings**	**Mark-to-market and other non-cash items**	**Operating companies (associates or consolidated) and Financial Pillar**	**Eliminations, gains (losses) and impairment losses (reversals)**	**Consolidated**	**Consolidated**
Profit (loss) of associates and consolidated operating companies	-	-	39.3	-	**39.3**	**12.6**
Net dividends on investments	102.6	(43.0)	-	-	**59.6**	**4.8**
Interest income and expenses	(8.5)	(4.1)	(0.7)	-	**(13.3)**	**(8.4)**
Other financial income and expenses	4.5	(143.0)	-	-	**(138.5)**	**(10.9)**
Other operating income and expenses	(6.3)	(1.8)	(1.8)	-	**(9.9)**	**(9.2)**
Gains (losses) on disposals and impairment losses (reversals) on non-current assets	-	-	0.5	116.0	**116.5**	**(64.3)**
Taxes	-	-	-	-	**-**	**-**
IFRS consolidated profit (loss) (3 months 2014)	***92.3***	***(191.9)***	***37.3***	***116.0***	***53.7***	
IFRS consolidated profit (loss) (3 months 2013)	***39.0***	***(59.8)***	***9.4***	***(64.0)***		***(75.4)***

2.1. **Cash earnings** (EUR 92 million compared with EUR 39 million)

EUR million	**31 March 2014**	**31 March 2013**
Net dividends on investments	102.6	51.9
Interest income and expenses	(8.5)	(5.4)
Other income and expenses:		
• financial	4.5	(1.4)
• operating	(6.3)	(6.1)
Total	**92.3**	**39.0**

Net dividends for the first quarter of 2014 (EUR 103 million) include the receipt in March 2014 of the final 2013 interim dividend from Total (EUR 40 million) and, for the first time, the annual dividend on the investment in SGS (EUR 62 million) acquired in June 2013. The decrease in Total's contribution in the first quarter of 2014 stems from sales of securities having occurred during the fourth quarter of 2013 and early 2014. The other investments have no contribution, as their dividends are declared as from the second quarter.

Net interest expenses (EUR - 9 million) now include the full effect on the quarter of the exchangeable and convertible bonds issued in 2013, and were adversely affected by a lower interest income in 2014 due to low rates of interest paid on cash.

Other financial income and expenses increased compared with last year, benefiting from trading results of EUR 7 million (EUR 1 million in 2013).

Other operating income and expenses amounted to EUR - 6 million at the end of March 2014, in line with their level in 2013.

2.2. Mark-to-market and other non-cash items (EUR - 192 million compared with EUR - 60 million)

EUR million	31 March 2014	31 March 2013
Net dividends on investments	(43.0)	(47.1)
Interest income and expenses	(4.1)	(2.5)
Other financial income and expenses	(143.0)	(9.5)
Other operating income and expenses	(1.8)	(0.7)
Taxes	-	-
Total	**(191.9)**	**(59.8)**

As of 31 March 2014, this heading mainly included:

- the reversal of Total's interim dividend that was recognised under this heading at the end of 2013 (EUR - 43 million compared with EUR - 47 million);
- the mark-to-market of the trading portfolio and derivative instruments (EUR 19 million) and of the derivative component associated with the bonds exchangeable into Suez Environnement and GDF SUEZ shares and convertible into GBL shares (EUR - 162 million compared with EUR - 7 million).

  This (non-monetary) expense of EUR 162 million reflects the change in the value of the call options on underlying securities implicitly contained in the exchangeable and convertible bonds issued in 2012 and 2013. During the first quarter of 2014, the change in the value of these derivatives was mainly caused by the rise in the price of the shares underlying the bonds by 13% for Suez Environnement (to EUR 14.8), 16% for GDF SUEZ (to EUR 19.8) and 9% for GBL (to EUR 72.5). In accordance with the IFRS rules, the changes in the value of these derivatives are recognised in profit or loss, while the corresponding changes in the value of the Suez Environnement and GDF SUEZ shares held by GBL to cover the bonds are directly recognised in shareholders' equity, without going through profit or loss (except in the event of impairment or if these shares are sold). The treasury shares held by GBL to cover convertible bonds are eliminated from the consolidated financial statements.

  This accounting asymmetry has two particular effects:

  - Creating volatility in the periodic results, which will remain throughout the lifetime of the bonds exchangeable into Suez Environnement and GDF SUEZ shares or convertible into GBL shares, which mature in 2015, 2017 and 2018 respectively, unless they are redeemed early;
  - Making the actual economic result produced by GBL more difficult to interpret if, on the maturity date, the price of the Suez Environnement and GDF SUEZ shares is at least equal to their exchange price, by separating in time the recognition in profit or loss of the periodic changes in the value of the derivatives from the gain or loss recognised when the underlying shares are delivered. Note that when the bonds convertible into GBL shares mature, the gain or loss made when these shares are delivered will be recognised directly in shareholders' equity.

2.3. **Operating companies (associates or consolidated) and Financial Pillar** (EUR 37 million compared with EUR 9 million)

The **profit (loss) of associates and consolidated operating companies** amounted to EUR 39 million, compared with EUR 13 million as of 31 March 2013:

EUR million	31 March 2014	31 March 2013
Lafarge	(28.3)	(24.6)
Imerys	43.6	39.9
Financial Pillar		
- ECP I & ECP II(1)	27.4	-
- Operating subsidiaries of ECP III(1)	(2.9)	(2.7)
- Kartesia	(0.5)	-
Total	**39.3**	**12.6**

Lafarge (EUR - 28 million compared with EUR - 25 million in 2013)

Lafarge's loss, group's share, stood at EUR 135 million, compared with a loss of EUR 117 million in the first quarter of 2013.

Based on a stable 21% stake, Lafarge had a negative contribution of EUR 28 million to GBL's profit for the first quarter of 2014, compared with a negative contribution of EUR 25 million in 2013.

The press release on Lafarge's results for the first quarter of 2014 is available on the website www.lafarge.fr.

Imerys (EUR 44 million compared with EUR 40 million in 2013)

Imerys profit, group's share, was EUR 78 million at the end of March 2014, compared with EUR 70 million in the previous year.

Imerys contributed EUR 44 million to GBL's profit in the first quarter of 2014, compared with EUR 40 million in 2013, reflecting the percentage consolidation of Imerys, which was 56.1% in the first quarter of 2014, compared with 56.9% in the same period of 2013.

The press release on the Imerys group's results for the first quarter of 2014 is available on the website www.imerys.com.

ECP I / ECP II / Operating subsidiaries of ECP III (ECP) (EUR 24 million compared with EUR - 3 million)

ECP's contribution to GBL's profit as of 31 March 2014 amounted to EUR 24 million, compared with EUR - 3 million a year earlier. This change mainly reflects the sale of the investment in Zellbios, which generated a gain of EUR 26 million.

(1) Ergon Capital Partners (ECP I), Ergon Capital Partners II (ECP II) and Ergon Capital Partners III (ECP III)

2.4. Eliminations, gains (losses) and impairment losses (reversals)

(EUR 116 million compared with EUR - 64 million)

EUR million	31 March 2014	31 March 2013
Gains (losses) on disposals	116.0	1.1
Impairment losses on available-for-sale securities	-	(65.1)
Total	**116.0**	**(64.0)**

Gains on disposals

This heading includes the gain on the disposals of a 0.2% interest in Total for EUR 113 million and of the residual Iberdrola shares for EUR 3 million.

Impairment losses on available-for-sale securities

In accordance with the IFRS, GBL had recognised an additional impairment loss of EUR 65 million on its investment in GDF Suez, adjusting the carrying amount of these securities (EUR 15.58 per share at the end of 2012) to their market value at 31 March 2013 (EUR 15.02 per share). This accounting-driven impairment had no impact on the cash earnings or the adjusted net assets.

3. Consolidated results (IFRS presentation)

The following table presents GBL's IFRS income statement items for the first quarter of 2014 broken down into three operating segments:

- **Holding**: comprising the parent company GBL and its subsidiaries whose main activity is the management of investments, as well as the non-consolidated operating companies and associates.
- **Imerys**: comprising the Imerys group, a French group listed on NYSE Euronext Paris, which holds leading positions in each of its four business lines: Energy Solutions & Specialities; Filtration & Performance Additives; Ceramic Materials; and High Resistance Minerals.
- **Financial Pillar**: comprising, on the one hand, under investment activities, ECP, ECP II and ECP III, Sagard, Sagard II and Sagard III and Kartesia, and, on the other hand, under consolidated operating activities, the operating subsidiaries of ECP III (sub-groups ELITech, De Boeck and Benito).

Unaudited		**31 March 2014**			**31 March 2013**
EUR million	**Holding**	**Imerys**	**Financial Pillar**	**Total**	
Share of profit (loss) of associates	(28.3)	-	26.9	(1.4)	(24.6)
Net dividends on investments	59.6	-	-	59.6	4.8
Other operating income (expenses) from investing activities	(8.1)	-	(1.8)	(9.9)	(9.2)
Gains (losses) on disposals and impairment losses (reversals) on non-current assets	116.0	-	0.5	116.5	(64.3)
Financial income (expenses) from investing activities	(151.1)	-	(0.7)	(151.8)	(19.3)
Profit (loss) from investing activities	**(11.9)**	**-**	**24.9**	**13.0**	**(112.6)**
Turnover	-	904.1	43.2	947.3	975.2
Raw materials and consumables	-	(299.4)	(17.0)	(316.4)	(340.1)
Employee expenses	-	(183.7)	(13.5)	(197.2)	(206.2)
Depreciation/amortisation of property, plant, equipment and intangible assets	-	(48.8)	(3.8)	(52.6)	(58.3)
Other operating income (expenses) from operating activities	-	(245.7)	(11.7)	(257.4)	(258.7)
Financial income (expenses) from operating activities	-	(14.8)	(1.2)	(16.0)	(17.1)
Profit (loss) from consolidated operating activities	**-**	**111.7**	**(4.0)**	**107.7**	**94.8**
Income taxes	**-**	**(34.1)**	**0.4**	**(33.7)**	**(28.0)**
Consolidated profit (loss) for the period	(11.9)	77.6	21.3	87.0	(45.8)
Attributable to the owners of the company	**(11.9)**	**43.6**	**22.0**	**53.7**	**(75.4)**
Attributable to non-controlling interests	-	34.0	(0.7)	33.3	29.6
Consolidated earnings per share for the period					
Basic				*0.35*	*(0.49)*
Diluted				*0.35*	*(0.49)*

4. Outlook for 2014

Cash earnings as of 31 March 2014 reflect a quarter traditionally with lower activity for a holding company, as dividends are mainly collected as from the second quarter.

In 2014, given the distribution policies announced by the main companies in portfolio and its own financial position, GBL expects, barring major events and changes to its portfolio, to pay a dividend at least equivalent to the one decided for 2013.

Generally, the consolidated results will also factor in the change in the net contributions from operating companies (associates and consolidated) (Lafarge, Imerys and the Financial Pillar), which are themselves tied to the economic environment, as well as the fair value adjustments of financial instruments and the potential impairment losses/reversals applied to the portfolio or the gains derived from potential disposals.

The results for the periods ended 30 June and 30 September 2014 will be published on 31 July and 5 November 2014 respectively.

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