General Meeting of Shareholders of 23 April 2013

Address by Gérald Frère, Chairman

Global economic growth, which slowed down again during the summer of 2011, continued to deteriorate in 2012. The eurozone went into recession and the major emerging countries slowed down sharply while the US showed some resilience.

The industrialised countries continued to engage in expansionary monetary policies with short-term interest rates close to zero. The interventions of the ECB, which shored up the eurozone, restored confidence. As a result, the long-term interest rates of countries considered to be less at risk dropped in 2012.

In this context of low interest rates, and despite the continued economic turmoil, stock markets were boosted by investors looking for higher returns.

The GBL share price rose 17% during the year, which was in line or higher than the growth of the main stock market indices, though there were marked differences between sectors which impacted our portfolio holdings:

- Lafarge, in a continuing difficult economic environment, succeeded in increasing its margins by stepping up its cost-cutting plan and by firmly maintaining its prices. It continued its debt reduction programme with determination and increased its stock market valuation by nearly 80% during the year.

- Pernod Ricard posted its highest growth in five years for fiscal year ending 30 June 2012, while the first half of FY 2012/2013 offers the promise of a solid performance for the current year. The success of its debt reduction programme has enabled Pernod to improve its financial rating to “investment grade” and, not surprisingly, its stock market valuation has climbed steadily.

- Imerys continued to show a high ability to adapt. It increased its net profit and cut down on its debt. It completed the integration of its latest acquisition, Talc de Luzenac, ahead of the initial schedule and the management launched a new development plan, “Ambition”. Correspondingly, Imerys' share price rose sharply.

- Conversely, like the main players in its sector, in 2012, GDF SUEZ recorded a drop in its share price. During the year, the group recorded a satisfactory operating performance, made a number of significant disposals and acquired the rest of International Power's minority interests. It also committed to cut its operating costs and to significantly reduce its debt.

- The Suez Environnement share price held firm in an unfavourable economic context and the group succeeded in restoring its margins over the period and in controlling its debt.

- Total recorded a solid performance in an environment of high oil prices. Its management continued to implement its proactive policy of expanding its mining domain and starting new projects while restructuring its upstream activities. In line with the oil sector indices, its share price however remained stable year on year.

Lastly, GBL continued to develop in Private Equity with the release of additional funds to Ergon Capital Partners and Sagard to enable them to implement their investment policy.

In 2012 therefore, despite the difficult economic environment, the group managed to stay on course with improved results and a solid appreciation of its portfolio thanks to the excellent management and the quality of its equity investments. This has enabled us, once again, to increase our dividend. This year, the Board of Directors will propose a 1.9% increase of the gross dividend per share to € 2.65.

At the end of the year, the family shareholders of our group, the Desmarais and Frère families, extended the agreement that has bound them since 1990 up till 2029. This is the second time that this agreement has been extended. The new agreement also includes the possibility of extension thus guaranteeing the long-term stability of GBL.

As you know, on 1 January 2012, two new Managing Directors, Ian Gallienne and Gérard Lamarche, were appointed alongside our CEO, Albert Frère. The executive team is working to gradually increase the diversification of our portfolio in order to manage the risks resulting from the increasing volatility of economic developments. This gradual transition will guarantee the continuity of our strategic model all the while increasing the number and variety of our investments in terms of size, sectors and geographical areas, to ensure a long-term increase in our adjusted net assets.

Ladies and Gentlemen,
I am, as always, touched by your loyalty and thank you all for being here today.