GBL

3 May 2016 - After 5:45 p.m.
**Regulated information**
**Interim statement**

# Results at 31 March 2016

- **Increase by 9% in cash earnings to EUR 104 million**
- **Negative consolidated net result of EUR 923 million, notably due to the accounting impact of the impairment on the stake in LafargeHolcim, partially offset by the capital gain on the sales of Total shares**
- **EUR 702 million of investments carried out over the period**

Key financial data

| In EUR million (Group's share) | End of March 2016 | End of March 2015 | End of December 2015 | Variation [1] |
|---|---|---|---|---|
| Consolidated net result | (923) | 146 | 1,026 | n.a. |
| Cash earnings | 104 | 95 | 462 | + 8.7% |
| Adjusted net assets | 14,762 | 16,709 | 15,188 | - 2.8% |
| Market capitalisation | 11,700 | 12,449 | 12,720 | - 8.0% |
| Discount | 20.7% | 25.5% | 16.3% | |
| Net debt | 307 | 420 | 740 | (433) |
| Loan to Value | 2.0% | 2.5% | 4.7% | |

The Board of Directors, held on 3 May 2016, approved GBL's unaudited IFRS consolidated financial statements at 31 March 2016.

The Managing Directors, Ian Gallienne and Gérard Lamarche, commented on the operations and results for the first quarter of 2016 as follows:

"The results of the first quarter were mainly influenced by exceptional items, such as capital gains on the sales of Total shares (EUR 428 million) and the impairment recorded on the stake in LafargeHolcim (EUR 1.4 billion). This latter accounting entry explains the negative net result for the period, but has no impact on cash earnings or adjusted net assets.

The reduction of our position in Total in late 2015 and early 2016, to bring it to 1.3% of the capital at 31 March 2016, impacted cash earnings for the first quarter. Given the high dividend yield on this stake, the impact of these disposals will be visible across the whole financial year 2016, but should, sooner or later, be offset by the disposal proceeds aimed at being reinvested in new positions and/or certain participations in portfolio.

GBL took advantage of increased volatility on the financial markets to increase its position in its three Incubator investments, namely adidas, Umicore and Ontex. Hence, EUR 418 million were invested in these promising companies over the period. It should be noted that adidas will become a Strategic Investment as from the entrance of a GBL representative on the Supervisory Board, the EUR 1 billion investment threshold having already been crossed."

[1] Variation between March 2016 and March 2015 for consolidated net result and cash earnings and between March 2016 and December 2015 for adjusted net assets, market capitalisation and net debt

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# 1. Change in portfolio, financial position and adjusted net assets

## 1.1. Highlights of the first quarter of 2016

Strategic Investments

During the first quarter of 2016, GBL sold an additional fraction of Total shares representing 1.1% of this group's capital (27.5 million shares for a gross amount of EUR 1.1 billion). These disposals were carried out, on the one hand, through sales in the market (10.4 million shares) and, on the other hand, through a private placement by way of an accelerated bookbuilding reserved for institutional investors (17.1 million shares). The consolidated capital gain from these disposals amounts to EUR 428 million. Following these transactions, GBL retains a 1.3% interest in Total.

Incubator Investments

GBL notified adidas that, on 14 January 2016, it had crossed the threshold of 5% in the share capital of the company. At 31 March 2016, GBL holds 6.1% of this company, representing a market value of EUR 1.3 billion. On 12 May 2016, the General Shareholders' Meeting of adidas is convened to vote on the entrance of Ian Gallienne into the Supervisory Board of the company.

GBL slightly increased its stake in Umicore and holds 17.0% of the company's share capital at 31 March 2016 (16.6% at the end of December 2015), for a market value of EUR 833 million. On 26 April 2016, the General Shareholders' Meeting of Umicore appointed Colin Hall as Director, granting GBL a second representative on the Board of the company.

On 16 March 2016, GBL notified Ontex that it had crossed the statutory threshold of 10% in the share capital of the company. At 31 March 2016, GBL holds 13.5% of the capital of this company, representing a market value of EUR 291 million.

Sienna Capital

On 1 March 2016, Ergon Capital Partners III acquired an indirect majority stake in Financière Looping Holding S.A.S. ("Looping"), an amusement park operator. Looping generates turnover of around EUR 60 million and is a European leader on the amusement park market with a strong regional base of 11 parks, of which 7 in France and 4 in other European countries.

On 25 March 2016, a group of investors led by Sagard announced that they had signed an agreement with Denis Dumont, founder of and majority shareholder in Grand Frais, to acquire a minority stake in Prosol, the parent company of the group. Grand Frais is a French supermarket chain specialised in the sale of fresh products with currently more than 170 shops.

At 31 March 2016, Kartesia had invested EUR 426 million (representing about 84% of the total commitments since its inception) in primary and secondary transactions.

In March 2016, in partnership with the majority shareholder JAB Holding Co, BDT Capital Partners finalised the acquisition of Keurig Green Mountain, Inc. BDT Capital Partners invested USD 846 million, this amount remaining subject to change to the finalisation of the co-investment process. With a panel of more than 80 brands and 575 specialty beverages, Keurig Green Mountain is a group specialised in personalised beverage systems.

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### 1.2. Financial position

Net debt decreased from EUR 740 million at 31 December 2015 to EUR 307 million at 31 March 2016 as a result of the divestment in Total, partially offset by investments carried out (primarily in adidas).

The Loan to Value ratio[1] was 2.0% at 31 March 2016.

The net debt breaks down as follows:

| In EUR million | 31 March 2016 | 31 December 2015 |
|---|---|---|
| Retail bonds | 350 | 350 |
| Drawdown under bank credit lines | 200 | 200 |
| ENGIE exchangeable bonds | 997 | 1.000 |
| GBL convertible bonds | 450 | 450 |
| Others | 31 | 31 |
| **Gross debt** | **2,028** | **2,031** |
| **Gross cash (excluding treasury shares)** | **1,721** | **1,291** |
| **Net debt** | **307** | **740** |

The weighted average maturity of the gross debt is 1.5 years at the end of March 2016 (1.7 years at the end of 2015).

At 31 March 2016, committed credit lines stood at EUR 2,150 million (currently undrawn for an amount of EUR 1,950 million) and will mature in 2020/21.

Exchangeable bonds into ENGIE shares were redeemed early for an amount of EUR 2.8 million as a result of the exercise of the investor put.

This position does not include the company's commitments in respect of Sienna Capital, which total EUR 350 million at the end of March 2016 (EUR 413 million at 31 December 2015).

Finally, at 31 March 2016, the 6,024,545 treasury shares[2] represent 3.7% of the issued capital (3.8% at the end of 2015).

[1] The Loan to Value ratio is calculated on the basis of (i) net indebtedness (EUR 307 million at 31 March 2016) compared to (ii) the portfolio value (EUR 14.6 billion) increased by the value of treasury shares underlying bonds convertible into GBL shares (EUR 363 million)

[2] Including 5 million of treasury shares underlying GBL convertible bonds

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### 1.3. GBL's adjusted net assets

At 31 March 2016, GBL's adjusted net assets totalled EUR 14.8 billion (EUR 91.48 per share) compared with EUR 15.2 billion (EUR 94.13 per share) at the end of 2015, i.e. a decrease by 2.8% (EUR 2.65 per share). Relative to the share price of EUR 72.51, the discount at the end of March 2016 was 20.7%, increasing compared with the end of 2015.

| | 31 March 2016 | | | 31 December 2015 |
|---|---|---|---|---|
| | *% in capital* | *Share price*[1] | (EUR million) | (EUR million) |
| ***Strategic Investments*** | | | **11,163** | **12,949** |
| Imerys | *53.8* | 61.29 | 2,626 | 2,761 |
| LafargeHolcim | *9.4* | 41.28 | 2,363 | 2,674 |
| SGS | *15.0* | 2,032 | 2,188 | 2,067 |
| Pernod Ricard | *7.5* | 98.00 | 1,950 | 2,093 |
| Total | *1.3* | 40.06 | 1,290 | 2,463 |
| ENGIE | *2.3*[2] | 13.64 | 746 | 893 |
| ***Incubator Investments*** | | | **2,678** | ***1,793*** |
| adidas | *6.1* | 103.00 | 1,325 | 890 |
| Umicore | *17.0* | 43.75 | 833 | 720 |
| Ontex | *13.5* | 28.82 | 291 | 181 |
| Others | | | 229 | 2 |
| ***Sienna Capital*** | | | ***796*** | ***715*** |
| **Portfolio** | | | **14,637** | **15,457** |
| Treasury shares | | | 432 | 471 |
| Exchangeable/convertible bonds | | | (1,447) | (1,450) |
| Bank debt and retail bonds | | | (581) | (581) |
| Cash/quasi-cash/trading | | | 1,721 | 1,291 |
| **Adjusted net assets (total)** | | | **14,762** | **15,188** |
| ***Adjusted net assets (EUR p.s.)***[3] | | | ***91.48*** | ***94.13*** |
| ***Share price (EUR p.s.)*** | | | ***72.51*** | ***78.83*** |
| ***Discount*** | | | ***20.7%*** | ***16.3%*** |

At 29 April 2016, adjusted net assets per share stood at EUR 95.00, up 3.8% compared with its level at 31 March 2016, reflecting a discount of 18.8% on the share price on that date (EUR 77.13).

[1] Closing share prices in EUR, except for SGS in CHF
[2] The ownership percentage for ENGIE includes securities held as trading securities (0.1% of the capital, valued under Cash/quasi-cash/trading)
[3] Based on 161,358,287 shares

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## 2. Consolidated results (economic presentation)

| Unaudited<br>In EUR million<br>Group's share | 31 March 2016 | | | | | *31 March 2015* |
|---|---|---|---|---|---|---|
| | **Cash earnings** | **Mark to market and other non cash items** | **Operating companies (associated or consolidated) and Sienna Capital** | **Eliminations, capital gains, impairments and reversals** | **Consolidated** | ***Consolidated*** |
| Profit (loss) of associates and consolidated operating companies | - | - | 41.1 | - | **41.1** | **23.4** |
| Net dividends from investments | 110.7 | (34.9) | - | (18.2) | **57.6** | **66.2** |
| Interest income (expenses) | (7.4) | (2.5) | (1.1) | - | **(11.0)** | **(4.3)** |
| Other financial income (expenses) | 8.8 | 53.3 | - | - | **62.1** | **18.4** |
| Other operating income (expenses) | (5.9) | 0.2 | (3.3) | - | **(9.0)** | **(11.6)** |
| Gains (losses) from disposals, impairments and reversal of non-current assets | (2.5) | (0.7) | (0.1) | (1,060.5) | **(1,063.8)** | **53.6** |
| ***IFRS consolidated result (3 months 2016)*** | ***103.7*** | ***15.4*** | ***36.6*** | ***(1,078.7)*** | ***(923.0)*** | |
| *IFRS consolidated result (3 months 2015)* | *95.4* | *(15.3)* | *20.2* | *45.4* | | *145.7* |

The consolidated net result, group share, at 31 March 2016 stood at EUR - 923 million, compared with EUR 146 million at 31 March 2015.

This result was primarily affected by:

- an impairment of EUR 1,443 million on the LafargeHolcim stake, adjusting the book value of these securities (EUR 66.49 per share) to their market value at 31 March 2016 (EUR 41.28 per share), as it was mentioned in the press release of 18 March 2016;
- an additional impairment of EUR 44 million, accounted for on the ENGIE stake, adjusting the book value of these securities (EUR 14.44 per share at end December 2015) to their market value at 31 March 2016 (EUR 13.64 per share);
- the net capital gain made on the sale of 1.1% of Total's capital, for EUR 428 million (EUR 42 million in 2015); and
- the mark to market of the derivative components embedded in the exchangeable and convertible bonds having a positive impact of EUR 71 million (EUR 16 million in 2015, excluding the reversal of the negative mark to market previously recorded at the time of the conversion of bonds exchangeable into Suez shares).

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### 2.1. **Cash earnings** (EUR 104 million compared with EUR 95 million)

| In EUR million | 31 March 2016 | 31 March 2015 |
|---|---|---|
| Net dividends from investments | 110.7 | 103.4 |
| Interest income (expenses) | (7.4) | (1.0) |
| Other income (expenses): | | |
| • financial | 8.8 | (0.4) |
| • operating | (5.9) | (6.6) |
| Gains (losses) from disposals, impairments and reversal of non-current assets | (2.5) | - |
| **Total** | **103.7** | **95.4** |

Net dividends for the first quarter of 2016 (EUR 111 million) include the collection in March 2016 of the last interim dividend in relation to Total's 2015 financial year (EUR 20 million), the annual dividend from SGS (EUR 73 million) and a dividend of EUR 18 million from ECP II.

Net interest expenses (EUR 7 million) returned to their normal level this quarter after having been positively impacted last year by the reversal of a provision for interest payable in relation to a litigation.

Other financial income (expenses) benefit from trading results of EUR 10 million (EUR 1 million in 2015).

Other operating income (expenses) amount to EUR - 6 million at the end of March 2016, in line with their level of the previous year.

### 2.2. **Mark to market and other non-cash** (EUR 15 million compared with EUR - 15 million)

| In EUR million | 31 March 2016 | 31 March 2015 |
|---|---|---|
| Net dividends from investments | (34.9) | (37.2) |
| Interest income (expenses) | (2.5) | (2.9) |
| Other financial income (expenses) | 53.3 | 27.1 |
| Other operating income (expenses) | 0.2 | (2.3) |
| Gains (losses) from disposals, impairments and reversal of non-current assets | (0.7) | - |
| **Total** | **15.4** | **(15.3)** |

Net dividends from investments include the reversal of Total's interim dividend which had been recognised under this item at the end of 2015.

Interest income (expenses) include the impact of the valuation at amortised cost of the exchangeable bonds into ENGIE shares and of the convertible bonds into GBL shares (EUR - 3 million).

Furthermore, Other financial income (expenses) included the mark to market of the trading portfolio and derivative instruments (EUR - 18 million in 2016 compared with EUR 7 million in 2015) as well as the derivative component embedded in the exchangeable and convertible bonds (EUR 71 million compared with EUR 21 million in 2015). This non-monetary gain of EUR 71 million includes the change in the value of the call options on underlying securities implicitly contained in the outstanding exchangeable and convertible bonds issued in 2013. In 2016, the change in value of these derivative instruments is primarily attributable to the increase, since 1 January 2016, in the stock price of the shares underlying the bonds.

Profit at 31 March 2016 illustrates, as commented on in previous closings, the accounting asymmetry and volatility of periodic results, which will persist throughout the lifetime of the exchangeable and convertible bonds.

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## 2.3. Operating companies (associates or consolidated) and Sienna Capital

(EUR 37 million compared with EUR 20 million)

| In EUR million | 31 March 2016 | 31 March 2015 |
|---|---|---|
| Profit (loss) of associates and consolidated operating companies | 41.1 | 23.4 |
| Interest income (expenses) | (1.1) | (0.4) |
| Other operating income (expenses) | (3.3) | (2.7) |
| Gains (losses) on disposals, impairments and reversals of non-current assets | (0.1) | (0.1) |
| **Total** | **36.6** | **20.2** |

Net profit (loss) of associates and consolidated operating companies amounted to EUR 41 million, compared with EUR 23 million in 2015.

| In EUR million | | 31 March 2016 | | 31 March 2015 |
|---|---|---|---|---|
| Lafarge | | - | | (20.2) |
| Imerys | | 39.4 | | 36.7 |
| Sienna Capital | | 1.7 | | 6.9 |
| - ECP I & II | (0.6) | | 14.0 | |
| - Operating subsidiaries of ECP III | (3.2) | | (6.2) | |
| - Kartesia | 5.6 | | (0.9) | |
| - Mérieux Participations II | (0.1) | | - | |
| **Total** | | **41.1** | | **23.4** |

Lafarge (EUR 0 million compared with EUR - 20 million)

Lafarge had been consolidated in GBL's result according to the equity method until 30 June 2015. At 31 March 2016, GBL holds 9.4% of LafargeHolcim and this stake has been accounted as an asset available for sale since 10 July 2015.

Based on a participation rate of 21.0%, Lafarge had contributed EUR - 20 million to GBL's result at 31 March 2015.

Imerys (EUR 39 million compared with EUR 37 million)

Net income from current operations increases by 5.8% to EUR 83 million for the first quarter of 2016 (EUR 78 million for the first quarter of 2015) as a result of the improved current operating income, which was EUR 135 million (EUR 123 million at 31 March 2015). The net result, group share, amounted to EUR 72 million for the first quarter of 2016 (EUR 69 million for the first quarter of 2015).

Imerys contributes EUR 39 million to GBL's consolidated net result in 2016 (EUR 37 million in 2015), reflecting the consolidation rate for Imerys of 54.4% in 2016 (53.6% in 2015).

The press release related to the Imerys group's results for the first quarter of 2016 is available at www.imerys.com.

Sienna Capital (EUR 2 million compared with EUR 7 million)

Sienna Capital contributes EUR 2 million to GBL's result at 31 March 2016 compared with EUR 7 million a year earlier. The result for the first quarter of 2015 mainly reflected the net capital gain on the sale of Joris Ide by ECP II (EUR 14 million attributable to GBL).

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## 2.4. Eliminations, capital gains, impairments and reversals

(EUR - 1,079 million compared with EUR 45 million)

| In EUR million | 31 March 2016 | 31 March 2015 |
|---|---|---|
| Elimination of dividends | (18.2)<br>*(Sienna Capital)* | - |
| Other financial income (expenses) | - | (8.3)<br>*(Suez)* |
| Capital gains on disposals | 428.1<br>*(Total)* | 53.1<br>*(Total, Suez)* |
| Impairment losses on AFS investments and reversals on non-current assets | (1,488.6)<br>*(LafargeHolcim, Engie, others)* | 0.6<br>*(Others)* |
| **Total** | **(1,078.7)** | **45.4** |

Elimination of dividends

Net dividends from operating investments (associates or consolidated companies) have been eliminated and represent EUR 18 million from ECP II.

Other financial income (expenses)

In the first quarter of 2015, the EUR 8 million expense generated by the conversion of the exchangeable bonds into Suez shares was due to the difference between the exchange price (EUR 11.45 per share) and the average share price observed at the time of the conversions throughout the first quarter of 2015 (EUR 16.20 per share). This loss was partly offset by the recycling of revaluation reserves restated as capital gains on disposals (see below).

Capital gains on disposals

At 31 March 2016, this item includes the capital gain from the sale of 1.1% of Total's capital for EUR 428 million. In 2015, the item included the result of the sale of 0.1% of Total's capital for EUR 42 million and the early conversion of exchangeable bonds into Suez shares for EUR 11 million.

Impairment losses on AFS investments and others

At 31 March 2016, this item is mainly composed of:

- an impairment of EUR 1,443 million on the LafargeHolcim stake, adjusting the book value of these securities (EUR 66.49 per share) to their market value at 31 March 2016 (EUR 41.28 per share); and
- an additional impairment of EUR 44 million, accounted for the ENGIE stake, adjusting the book value of these securities (EUR 14.44 per share at end December 2015) to their market value at 31 March 2016 (EUR 13.64 per share).

These impairments are accounting entries having no impact on cash earnings or adjusted net assets.

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## 3. Consolidated results (IFRS presentation)

The following table presents GBL's IFRS income statement broken down into three sectors:

- Holding: comprising the GBL parent company and its subsidiaries. Its main activity is to manage investments as well as the non-consolidated operating companies and associates.
- Imerys: comprising the Imerys group, a French group listed on Euronext Paris, which holds leading positions in each of its four businesses (Energy Solutions & Specialties; Filtration & Performance Additives; Ceramic Materials; High Resistance Minerals).
- Sienna Capital: includes firstly, under investment activities, the companies Sienna Capital, ECP, ECP II and ECP III, Sagard, Sagard II and Sagard III, PrimeStone, BDT Capital Partners II, Kartesia and Mérieux Participations I and II, and secondly, under consolidated operating activities, the operating subsidiaries of ECP III (sub-groups ELITech, De Boeck, Benito, Sausalitos, Golden Goose, etc.).

| | | **2016** | | | **2015** |
|---|---|---|---|---|---|
| In EUR million – at 31 March | **Holding** | **Imerys** | **Sienna Capital** | **Total** | |
| Share of profit (loss) of associates | - | - | 4.9 | 4.9 | (7.1) |
| Net dividends from investments | 57.6 | - | - | 57.6 | 66.2 |
| Other operating income (expenses) from investing activities | (5.7) | - | (3.3) | (9.0) | (11.6) |
| Gains (losses) from disposals, impairments and reversals of non-current assets | (1,063.7) | - | (0.1) | (1,063.8) | 53.6 |
| Financial income (expenses) from investing activities | 52.2 | - | (1.1) | 51.1 | 14.1 |
| **Profit (loss) from investing activities** | **(959.6)** | - | **0.4** | **(959.2)** | **115.2** |
| Turnover | - | 1,038.1 | 77.0 | 1,115.1 | 1,028.3 |
| Raw materials and consumables | - | (335.1) | (30.7) | (365.8) | (338.7) |
| Employee expenses | - | (221.1) | (18.5) | (239.6) | (231.5) |
| Depreciation on tangible and intangible assets | - | (57.3) | (5.3) | (62.6) | (61.5) |
| Other operating income (expenses) from operating activities | - | (298.7) | (24.0) | (322.7) | (290.4) |
| Financial income (expenses) of the operating activities | - | (17.3) | (2.5) | (19.8) | (13.3) |
| **Profit (loss) from consolidated operating activities** | **-** | **108.6** | **(4.0)** | **104.6** | **92.9** |
| **Income taxes** | **-** | **(35.0)** | **(1.5)** | **(36.5)** | **(30.2)** |
| Consolidated profit (loss) for the period | (959.6) | 73.6 | (5.1) | (891.1) | 177.9 |
| **Attributable to the group** | **(959.6)** | **39.4** | **(2.8)** | **(923.0)** | **145.7** |
| Attributable to non-controlling interests | - | 34.2 | (2.3) | 31.9 | 32.2 |
| **Consolidated income per share for the period** | | | | | |
| *Basic* | | | | *(5.94)* | *0.94* |
| *Diluted* | | | | *(5.94)* | *0.94* |

## 4. Outlook for 2016

The first quarter is traditionally less representative in terms of cash earnings as a large proportion of dividends is collected in the second and third quarters.

Given the impact of exceptional items recorded in the first quarter, GBL's consolidated net result in 2016 should very probably be significantly lower than that recorded in 2015. Cash earnings will be negatively affected by the continued reduction of the Total stake, a high-yielding investment, in late 2015 and early 2016. This impact should be temporary and will be subject to the pace and yield of the reinvestments. In fact, the disposal proceeds are actually intended to be reinvested in new companies and within the portfolio through selective investments that will contribute to GBL's cash earnings in a gradual and more diversified manner.

In this context and in the absence of other material adverse events, GBL expects to pay a dividend that is at least equivalent to that relating to the 2015 financial year.

The gross dividend of EUR 2.86 per share will be paid as from 5 May 2016. The results at 30 June and 30 September 2016 will be published on 29 July and 4 November 2016 respectively.

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