



"A WORLD OF"
NICHE MARKET
LEADERS



CHARGEURS

First-Half 2018 Results Presentation

"A World of Niche Market Leaders"

Chargeurs re-affirms the effectiveness of its structural growth strategy

Michaël Fribourg
Chairman and Chief Executive Officer

Olivier Buquen
Chief Financial Officer

September 6, 2018



- 1. Summary: another excellent performance in first-half 2018**
- 2. Game Changer plan: daily discipline to create long-term value**
- 3. A successful acquisition program: €75m in additional revenue from value-generating acquisitions, purchased at reasonable prices**
- 4. Business review: significant and measurable progress**
- 5. Financial review: continued excellence**
- 6. Outlook**

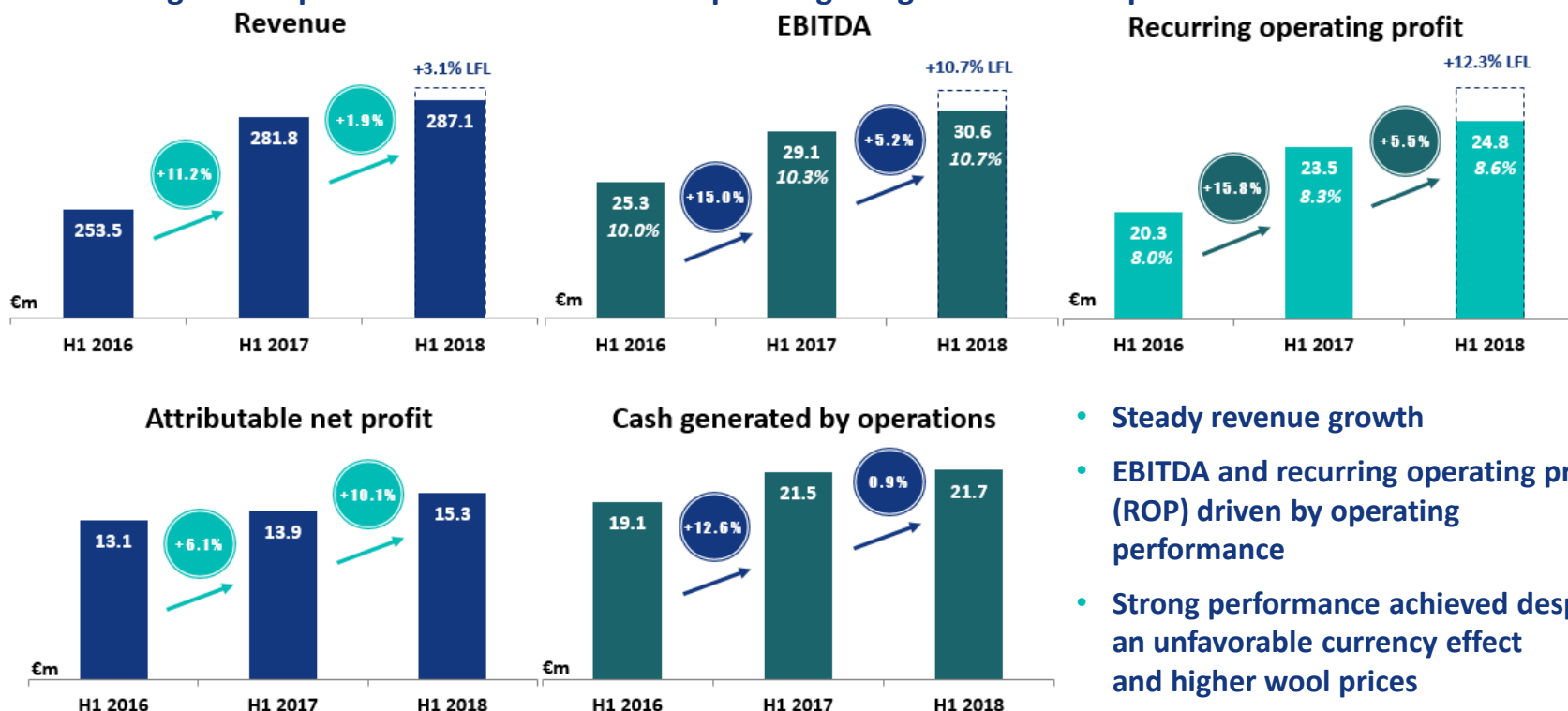


Summary: another excellent performance in first-half 2018

Another excellent performance in first-half 2018: revenue growth and higher margins and cash flow from operations

Chargeurs continues to enhance its growth profile, profitability and resilience:

- Further increase in operating performance despite an adverse geopolitical and currency environment and an unfavorable basis of comparison
- Intensified investment drive, with:
 - higher opex and capex to speed up organic growth
 - targeted acquisitions with an accretive operating margin for the Group



- Steady revenue growth
- EBITDA and recurring operating profit (ROP) driven by operating performance
- Strong performance achieved despite an unfavorable currency effect and higher wool prices

➔ Immediate results combined with a long-term vision to create innovative global champions

Chargeurs is methodically rolling out its roadmap: excellent financial performances, continued capex and opex, and accretive acquisitions

■ Excellent financial performance: ROP up 12.3% like for like

- Revenue up 3.1% like for like to €287.1m
- EBITDA up 5.2% to €30.6m, and ROP up 12.3% like for like to €24.8m, fueled by higher volumes and price/mix improvements
- Net profit up 10.1% to €15.3m

■ Game Changer plan: investment in operations and new capacity to drive quality in our divisions

- Growth opex: €1.3m
- Growth capex: €2.2m
- Cost-cutting programs pursued
- Excluding growth opex, and on a like-for-like basis, operating margin would have widened by 120 basis points in H1 2018 compared with H1 2017.

■ Targeted acquisition and expansion strategy that is paying off

- Significant use of our financial resources: €70m invested in the acquisitions of Leach and PCC
- ~ €75m in additional revenue with an accretive margin for Chargeurs

A methodical growth strategy deployed since 2015 aimed at achieving €1bn in revenue by 2022

A clear vision & solid strategy

Acting as a "designer" of our niche markets to create integrated value chains

- Strong technical expertise
- Global supply chain management
- Consumer-centric and service-oriented organizational structure
- Globally-recognized B2B brands

A success model

Managerial transformation to drive internal and external growth

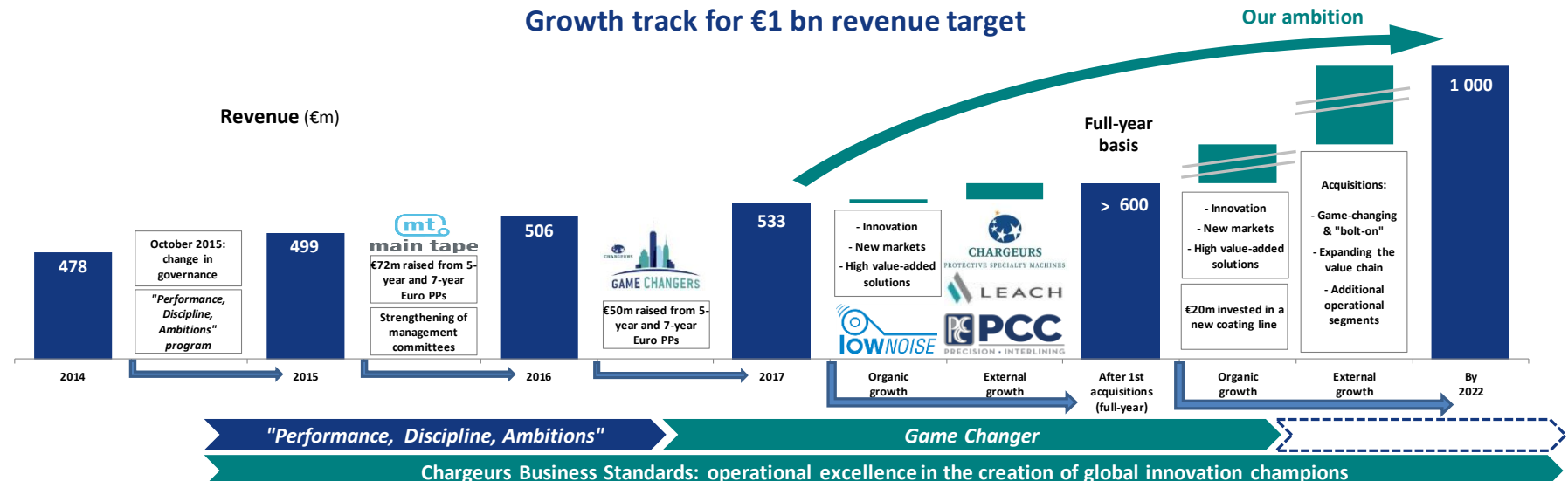
- A winning mindset and a performance culture
- Ongoing optimization of the business model
- A solid financial model
- 6 acquisitions generating €100m in revenue

Well on the way to achieving €1bn in revenue by 2022

Upscaling and multiplying sources of growth

- Simplifying the customer universe
- Proposing multiple solutions to customers in order to meet their challenges
- Seizing highly profitable opportunities that pave the way for game-changing developments

Growth track for €1 bn revenue target



Chargeurs: A designer of leaders recognized in their niche markets

Drawing on our operational excellence as an industrial leader,
we are shaping our future operations based on four main principles:



**Cutting-edge
technical expertise**



**Optimized global
supply chain
management**



**A consumer centric and
service oriented
approach**



**Globally-recognized
B2B brands**



Industry 4.0
Product innovation
Technical know-how



A global presence
Customer proximity



Integrated solutions
Service provider
Technical advice



Moving up the value chain
Direct links with decision-makers
Creation of recognized brands



Game Changer plan: daily discipline to create long-term value

Successful deployment of the Game Changer performance acceleration plan

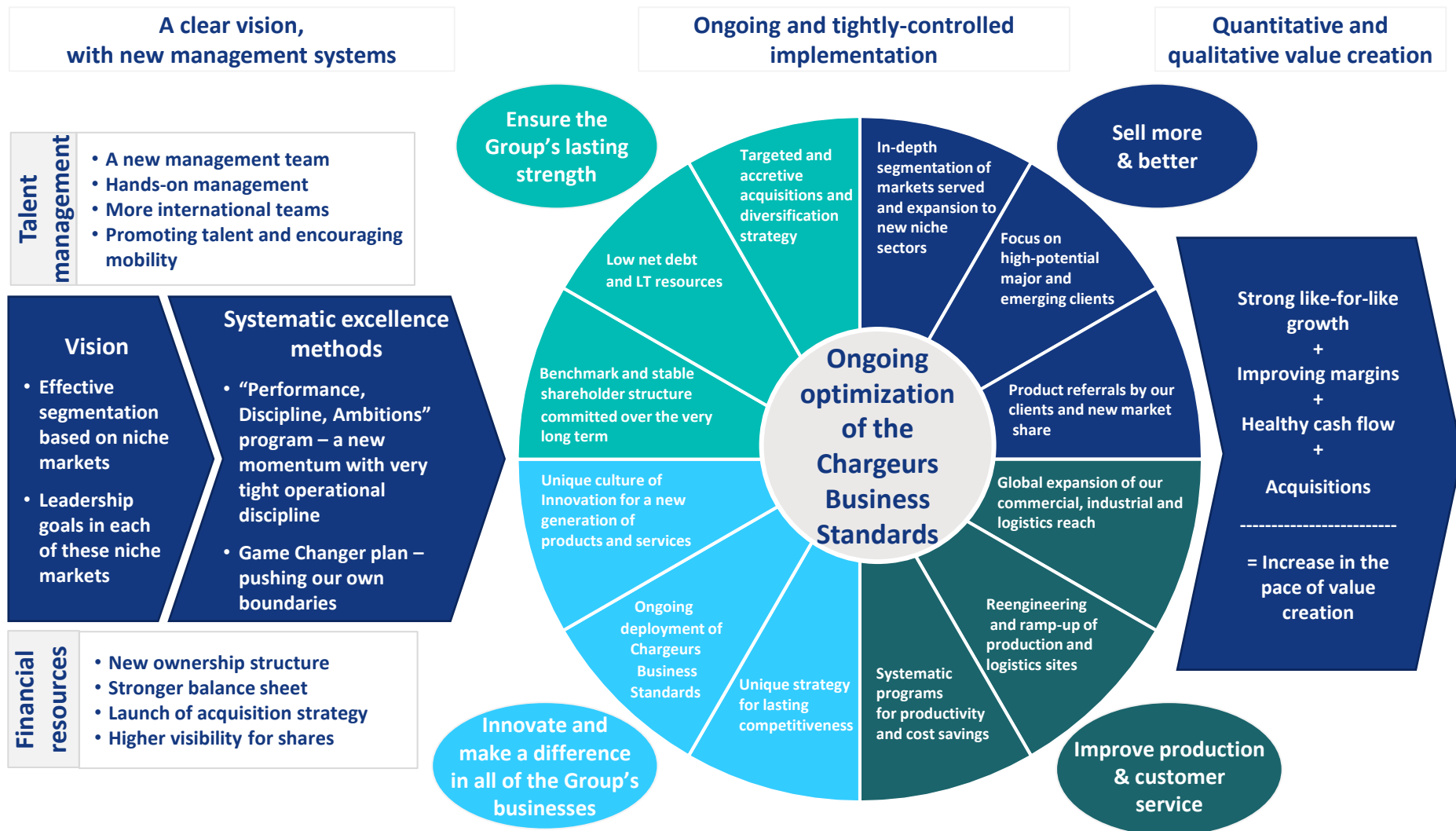
→ Plan aimed at accelerating the Group's growth and profitability:

- launched in September 2017
- covering 24 months
- designed in collaboration with all of Chargeurs' teams worldwide and focused on four key areas

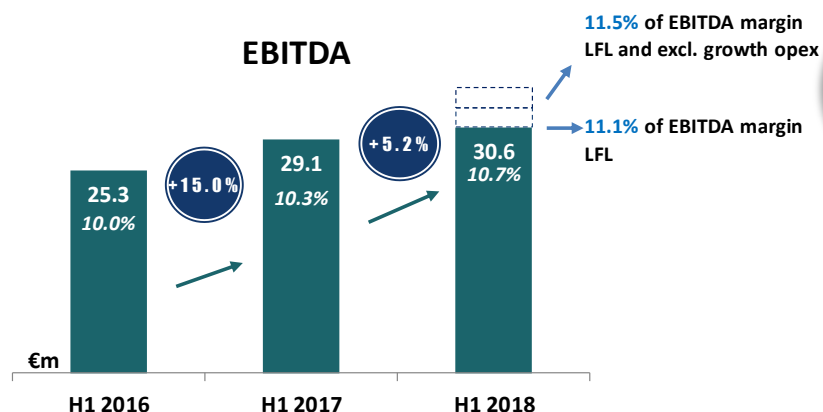
→ Objective:
double profitable revenue by
2022



Chargeurs is reaping the rewards of a committed and long-term strategy of excellence



Reinvesting qualitatively our excellent financial performance in growth opex and capex



Sales & Marketing

- Bundled "products & services" offerings
- Development of iconic B2B brands
- New sales and services sites

Talent Management

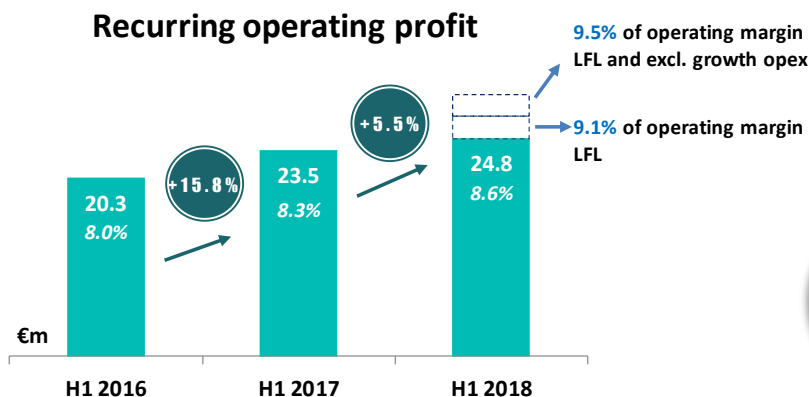
- Moves to modernize and globalize organizational structures
- High-level training for Executive Talents
- Cross-business projects led by Young Talents

Smart & Advanced Manufacturing

- Optimization of supplier and customer logistics
- Investment in the industry of the future

Distinctive Innovation

- New product ranges to capture market share
- Break-through innovations



Excluding growth opex, and on a like-for-like basis, operating margin would have widened by 120 basis points in first-half 2018 compared with H1 2017

Game Changer – our major achievements

Sales and Marketing

- **Development of bundled “products & services” offerings**
 - “Films + Machines” at CPF thanks to the acquisitions of Somerra, Omma and Walco
 - “Textiles + Lightboxes” at CTS following the acquisition of Leach
- **Development of iconic B2B brands**
 - Low Noise at CPF
 - Sublimis at CTS
 - Organica at CLM
- **Opening of new sales sites and services centers** that are closer to customers
 - Mexico – CPF
 - Algeria and Central America – CFT
 - United States – CTS




ORGANICA
PRECIOUS FIBER

Talent Management

- **Moves to modernize and globalize organizational structures**
 - New organizational structure by continent for CPF
 - New global Managing Director for CFT, based in the United States
- **High-level, tailor-made training programs** at Harvard and with the Hidden Champions Institute in Berlin for a first group of Chargeurs Executive Talents
- **Launch of innovative cross-business projects** led by Young Talents identified within the Group



**HARVARD
BUSINESS SCHOOL**

HCI

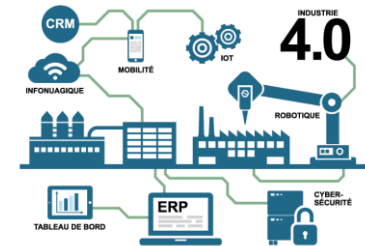
**HIDDEN
CHAMPIONS
INSTITUTE**



Game Changer – our major achievements

Smart & Advanced Manufacturing

- **Optimization of supplier and customer logistics across all businesses**
 - Re-engineering raw materials and logistics flows
 - Automating new production phases
- **Investing in the industry of the future and game-changing technologies**
 - "Techno Smart" 4.0 production line and vertical laminators for applying protective films to glass at CPF
 - New high-tech 40 gauge machine at CFT
 - Mastering new materials at CTS
 - Sublimation printing line at Leach



Distinctive Innovation

- **New product ranges to capture additional market share at CPF:**
 - Product ranges dedicated to protecting structured surfaces and PVC-like products for stamping
 - Introducing Low Noise technologies to new market sub-segments: stainless steel, stratified and profiled
- **Break-through innovations**
 - Anti-moire effect for interlining at CFT
 - Sublimis at CTS, voted "product of the year" by SGIA
 - Anti-counterfeit protection for premium textile products at CTS, using RFID chips



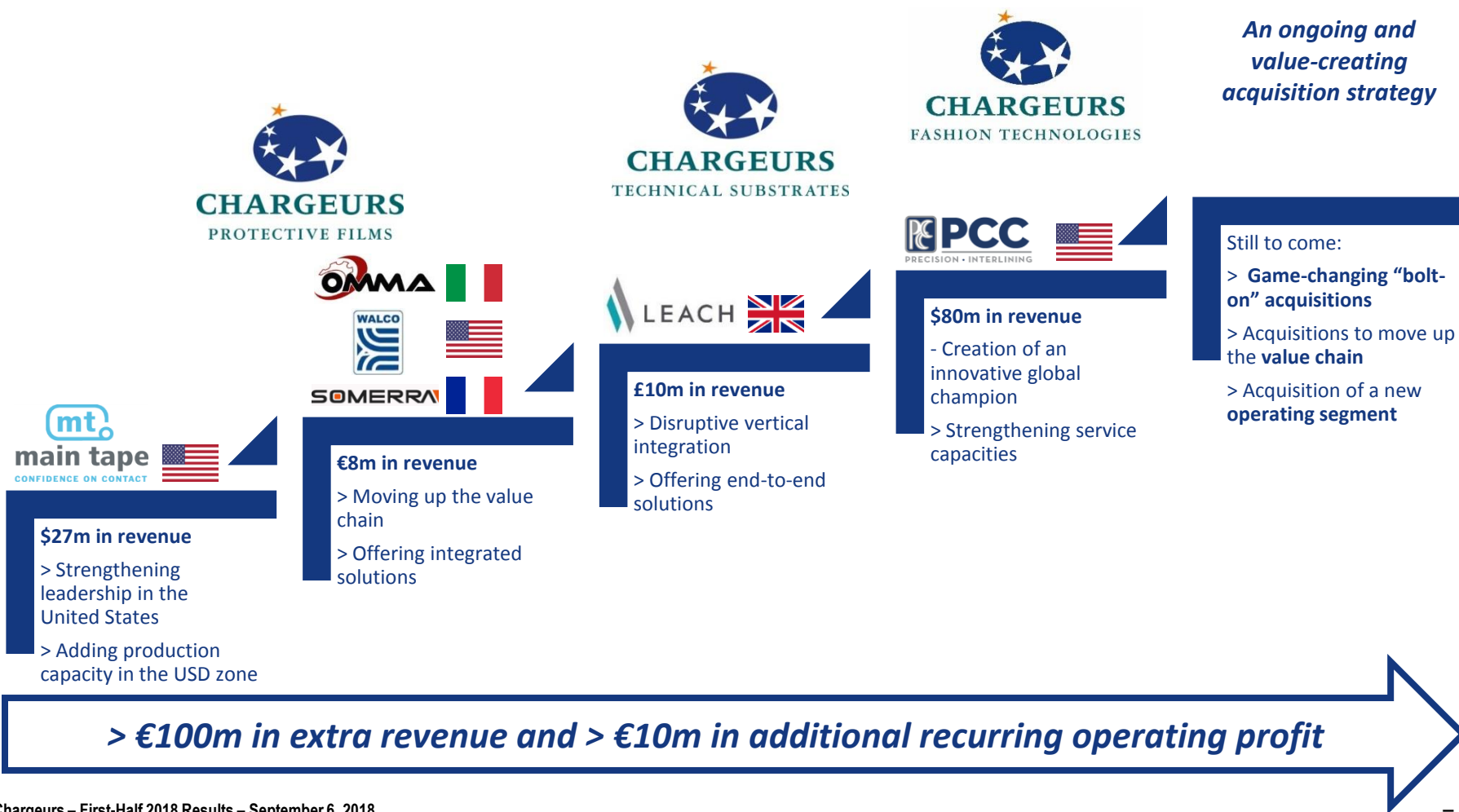


**A successful acquisition program:
€75m in additional revenue from
value-generating acquisitions,
purchased at reasonable prices**

An acquisition strategy based on a strict and targeted model



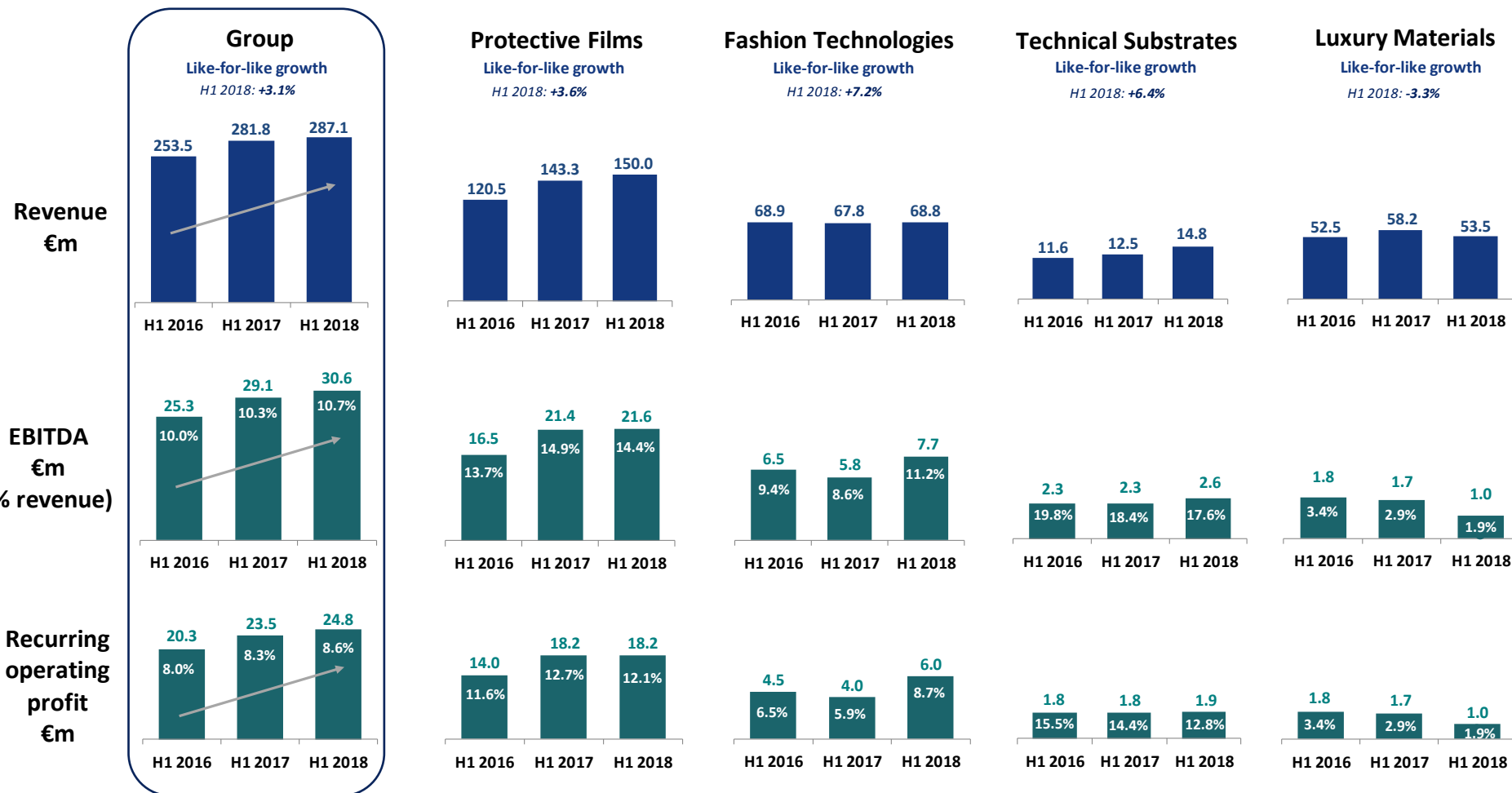
Since 2015, Chargeurs has carried out targeted acquisitions, creating champions in high value-added niche markets





Business review: significant and measurable progress

Another strong increase in results



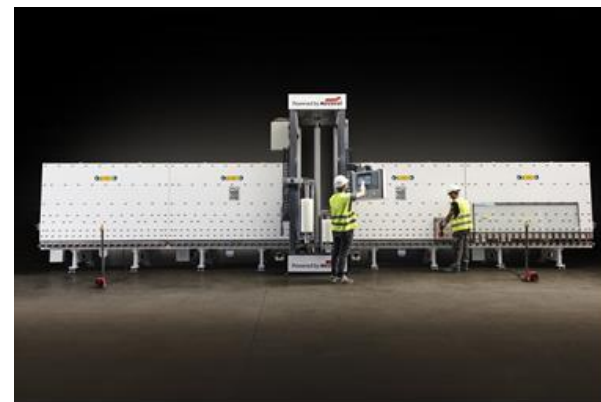


Chargeurs Protective Films

"The leading innovative coating solutions"

First-Half 2018 Highlights

- Volatile economic context marked by geopolitical uncertainty, an adverse USD effect and a highly unfavorable basis of comparison
- Outstanding performance: further organic growth and operating margin topping 12%
- Development of CPF & CPSM's global offering: initial commercial success & excellent performance by CPSM
- New services center in Mexico



A robust performance despite an unfavorable basis of comparison and an adverse USD currency effect

€m	H1 2018	H1 2017	Change	
Revenue	150.0	143.3	+6.7	+4.7%
<i>Like-for-like change (%)</i>				+3.6%
EBITDA	21.6	21.4	+0.2	+0.9%
<i>as a % of revenue</i>	14.4%	14.9%		
Recurring operating profit	18.2	18.2	-	-
<i>as a % of revenue</i>	12.1%	12.7%		

- 3.6% like-for-like revenue growth in first-half 2018: price/mix improvements and higher volumes thanks to the steady launch of game-changing innovations, the success of Low Noise products and best-in-class customer relations
- Operating margin topping 12% despite a highly adverse USD currency effect and an unfavorable basis of comparison with H1 2017 when operating margin widened by 110 basis points versus H1 2016
- Positive impact of changes in scope of consolidation: significant contribution from Chargeurs Protective Specialty Machines (CPSM)
- New 4.0 production unit representing an investment of over €20m: provisional timeline respected and objective still to start up production and sales by the summer of 2019



Chargeurs Fashion Technologies

“Creating the new worldwide leader”

First-Half 2018 Highlights

- **Angela Chan** succeeds Bernard Vossart as **Managing Director of Chargeurs Fashion Technologies**
- **Acquisition of Precision Custom Coatings Interlining:**
announced on June 28 and completed on August 24:
 - + An additional \$80m in full-year revenue
 - + Accretive margins and profitability → EBITDA 11% and ROP 11%
 - + Attractive valuation conditions → EV/EBITDA = 7.5



**An excellent performance:
like-for-like growth of more than 7% and operating margin topping 8%**

€m	H1 2018	H1 2017	Change	
Revenue	68.8	67.8	+1.0	+1.5%
<i>Like-for-like change (%)</i>				+7.2%
EBITDA	7.7	5.8	+1.9	+32.8%
<i>as a % of revenue</i>	11.2%	8.6%		
Recurring operating profit	6.0	4.0	+2.0	+50.0%
<i>as a % of revenue</i>	8.7%	5.9%		

- Brisk sales momentum in a competitive market: further commercial success thanks to investments in 40 gauge machines and the opening of new showrooms and sales offices
- Sharp increase in operating margin, demonstrating the success of the upscaling strategy
- Acquisition of PCC: a driver of growth and continuous improvement in performance for CFT
 ➔ **Creation of an innovative global champion**, with
€200m in revenue, **€20m** in EBITDA and **over €15m** in recurring operating profit on a full-year basis



Chargeurs Technical Substrates

An industrial champion

First-Half 2018 Highlights

- **Leach: a game-changing acquisition**
 - Leader in graphic display solutions for retailers, museums and institutions
 - A change driver for CTS, opening up new market and geographic opportunities thanks to a bundled offering
 - €11m in additional revenue
- **Strong sales momentum:** successful launch of Sublimis and new commercial partnerships



Another acceleration for like-for-like growth, to 6.4%, and successful integration of Leach

€m	H1 2018	H1 2017	Change	
Revenue	14.8	12.5	+2.3	+18.4%
<i>Like-for-like change (%)</i>				+6.4%
EBITDA	2.6	2.3	+0.3	+13.0%
<i>as a % of revenue</i>	17.6%	18.4%		
Recurring operating profit	1.9	1.8	+0.1	+5.6%
<i>as a % of revenue</i>	12.8%	14.4%		

- Strong sales momentum:
 - Successful launch of Sublimis
 - Capture of new geographic markets, such as Japan, demonstrating the quality of CTS's solutions
 - New commercial partnerships signed with key accounts
- EBITDA and ROP driven by like-for-like growth
 - Impact on margins of growth opex and capex incurred to increase CTS's growth and sharpen its competitive edge
- Leach: swift and effective integration:
 - first high-potential joint sales offerings proposed by Leach and Senfa



Chargeurs Luxury Materials

"From the sheep to the shop"

First-Half 2018 Highlights

- 37% increase in wool prices versus 2017
- Launch of Organica and creation of strategic partnerships with recognized brands
- Positive contribution from CLM's equity-accounted investees, proving the success of the restructurings carried out in 2016 and 2015



Opex to gradually ramp up the new business model

€m	H1 2018	H1 2017	Change	
Revenue	53.5	58.2	-4.7	-8.1%
<i>Like-for-like change (%)</i>				-3.4%
EBITDA	1.0	1.7	-0.7	-41.2%
<i>as a % of revenue</i>	1.9%	2.9%		
Recurring operating profit	1.0	1.7	-0.7	-41.2%
<i>as a % of revenue</i>	1.9%	2.9%		

- Wool prices increasingly high mainly due to an explosion in demand from the fashion industry in Europe, China and the United States
- Higher wool prices only have a limited impact on ROP, thanks to CLM's business model: it is a trading business and therefore an intermediary
- Growth opex related to the development of Organica: launch of the label and creation of capsule collections



Financial review: continued excellence

Olivier Buquen, Chief Financial Officer

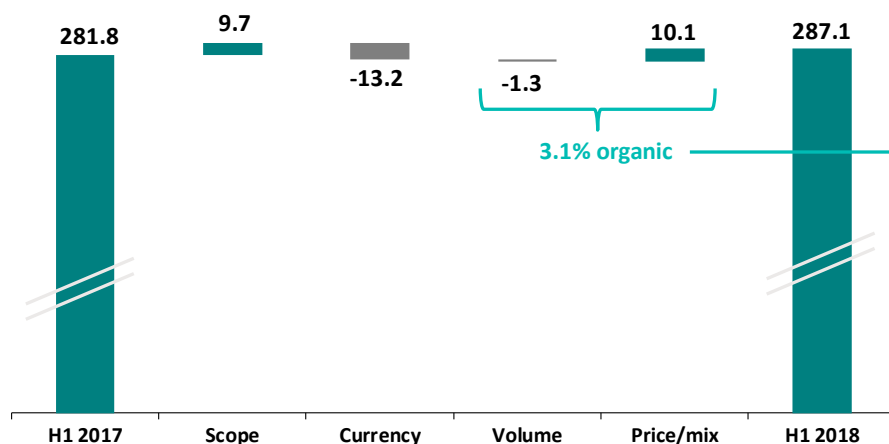
Another sharp rise in results

€m	H1 2018	H1 2017	Change	Comments
Revenue	287.1	281.8	+5.3 +1.9%	Up 3.1% like for like: further price/mix improvement
Gross profit <i>as a % of revenue</i>	75.8 26.4%	71.8 25.5%	+4.0 +5.6%	Increase in profit thanks to a positive price/mix effect to offset the negative currency effect
EBITDA <i>as a % of revenue</i>	30.6 10.7%	29.1 10.3%	+1.5 +5.2%	Operational lever in annual productivity plan
Depreciation and amortization	(5.8)	(5.6)	-0.2 +3.6%	Ambitious and tightly-controlled strategy for capacity and technology spending
Recurring operating profit <i>as a % of revenue</i>	24.8 8.6%	23.5 8.3%	+1.3 +5.5%	Up 12.3% like for like: improved mix, cost discipline and efficiency
Non-recurring items	(0.1)	(3.0)	+2.9	H1 2018: acquisition projects €(1.7)m; Badwill on Lantor Lanka €1.7m
Operating profit	24.7	20.5	+4.2 +20.5%	
Finance costs, net	(4.5)	(3.2)	-1.3	<i>Euro PP of €50m in June 2017: strengthening of financial resources and extended maturity of borrowings</i>
Other financial income and expense	(0.9)	(0.6)	-0.3	
Net financial expense	(5.4)	(3.8)	-1.6	
Income tax expense	(4.1)	(2.3)	-1.8	H1 2017: €1.4m in deferred tax assets recognized for tax loss carryforwards
Investments in equity-accounted investees	0.1	(0.5)	+0.6	Profit generated by CLM manufacturing partnerships
Profit for the period	15.3	13.9	+1.4 +10.1%	New year-on-year increase

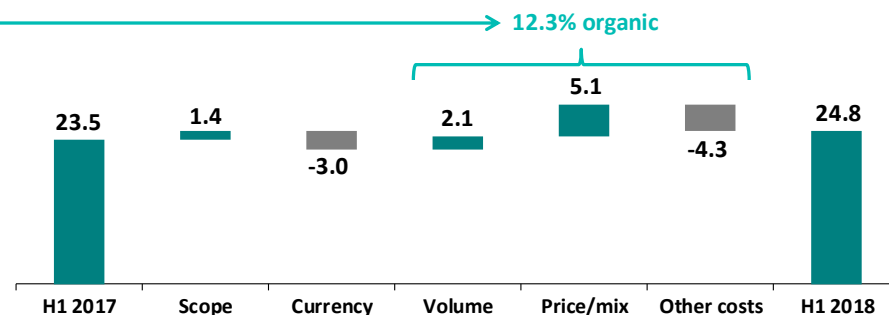
- EBITDA up 5.2% (9.1% excluding wool): further price/mix improvement and effects of the annual productivity plan
- ROP margin up to 8.6% of revenue (from 8.3% in H1 2017) reflecting another period of robust operating performance which meant that opex could be absorbed
- Net financial expense: unfavorable basis of comparison due to the €50m Euro PP carried out in June 2017
- Income tax expense: no favorable impact from the recognition of deferred tax assets for tax loss carryforwards in H1 2018 (versus €1.4 million in H1 2017)
- Equity-accounted investments: positive contribution in H1 2018 thanks to the restructurings carried out
- Net profit up 10.1%

Revenue and recurring operating profit bridges

Revenue bridge (€m)



Recurring operating profit bridge (€m)



Revenue

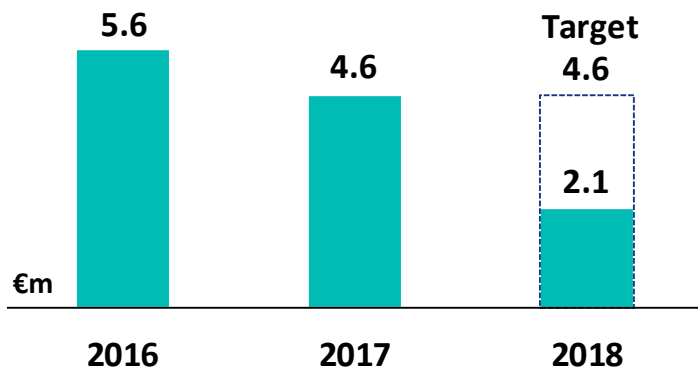
- Scope : CPSM, Leach and Lantor Lanka
- Currency : USD, NZD and ARS
- Volume : negative effect for CLM
- Price/mix : positive effects for all divisions

Recurring operating profit

- Scope : CPSM and Lantor Lanka
- Currency : USD
- Volume : positive effect for CFT
- Price/mix : positive effects for all divisions
- Other costs : opex to drive growth

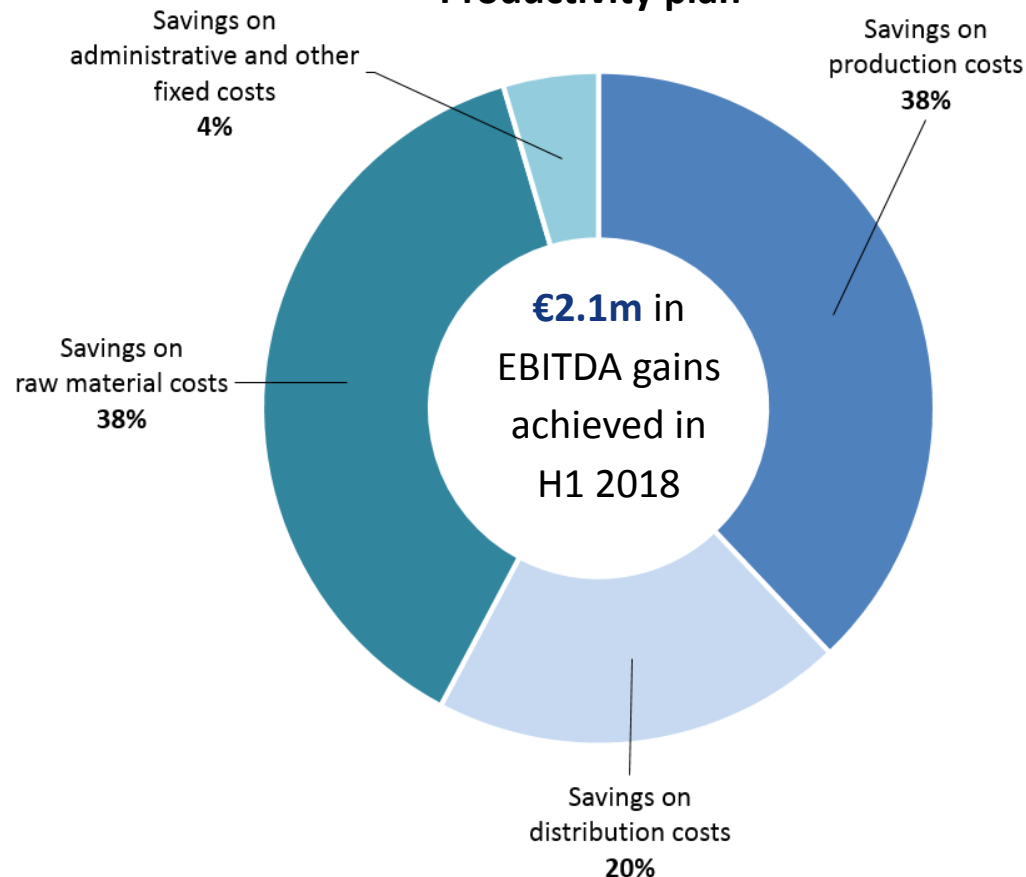
2018 target: €4.6m in cost savings for the full year

Cost savings generated by the annual productivity plan



- **€2.1m in savings** achieved in the six months ended June 30, 2018, i.e. 46% of the €4.6m target set for 2018
- **€12.3m** in total savings achieved since end-2015

Productivity plan



Solid cash flow from operations, further quality-focused investments, and acquisition of Leach

€m	H1 2018	H1 2017	Comments
EBITDA	30.6	29.1	Up 5.2%: improved mix, higher volumes and reinforcement of productivity plan
Non-recurring – cash	(2.0)	(2.4)	H1 2018: acquisition-related expenses of €1.7m
Finance costs – cash	(4.5)	(3.2)	Euro PP of €50m in June 2017: strengthening of financial resources and extended maturity of borrowings
Income tax – cash	(2.4)	(2.4)	Optimized use of tax credits
Other	0.0	0.4	
Cash flow from operations	21.7	21.5	Up 0.9%: robust cash flow from operations
Dividends from equity-accounted investees	0.0	0.8	Exceptional dividend related to a real estate sale in H1 2017
Change in working capital (at constant exchange rates)	(16.4)	(4.9)	Increase in WCR linked to like-for-like growth and a spike in activity in June 2018
Net cash from operating activities	5.3	17.4	Cash: increase in WCR absorbed by cash flow from operations
Purchases of PPE and intangible assets	(9.1)	(5.0)	Deployment of the new 4.0 production line at Chargeurs Protective Films
Acquisitions	(14.2)	(3.0)	Acquisition of Leach on May 4, 2018 (net of cash acquired)
Dividends paid	(8.1)	(3.6)	Payment of the final dividend of €0.35 per share for 2017: €4.4m in cash & €3.7m in shares
Capital increase	3.7	0.0	Payment of dividends in shares: 170,507 shares created with a par value of €21.7
Currency effect	(0.1)	0.2	
Other	(0.1)	0.1	
Total	(22.6)	6.1	Negative impact over the period: acquisition of Leach and sustained investment policy
Debt (-)/cash (+) at opening (12/31/y-1)	8.9	3.2	
Debt (-)/cash (+) at closing (06/30/y)	(13.7)	9.3	

- Solid cash flow from operations, at €21.7m
- The H1 figure for net cash from operating activities reflects the increase in working capital due to the Group's organic growth and a strong month of June 2018
- Ambitious investment policy pursued, with:
 - Growth opex
 - Targeted acquisitions: Leach, a growth accelerator for CTS

A very robust balance sheet structure

€m	06/30/18	12/31/17	Comments
Intangible assets	102.6	88.3	Leach: goodwill (+€8m) & trademark (+€4.6m); €1.5m positive currency effect (USD)
Property, plant and equipment	69.5	63.2	Increase in capex including CPF's "techno-smart" production line; €2.5m outlay for Leach
Investments in equity-accounted investees	11.8	11.7	Stable investments in equity-accounted investees
Non-current assets	15.0	13.2	
WCR	55.5	44.6	Increase in WCR linked to like-for-like growth and a spike in activity in June 2018
Total capital employed	254.4	221.0	
Equity	240.7	229.9	Profit: €15.3m; Dividends: €(8.1)m;
(Net debt)/net cash	(13.7)	8.9	Net cash from op. activities: €5.3m; Capex: €(9.1)m; Acq.: €(14.2)m; Div.: €(8.1)m

Number of shares at June 30, 2018: 23,501,104

- Solid equity which rose during the period following the payment of the €8.1m dividend for 2017 (€3.7m in shares and €4.4m in cash)
- Solid financing structure:
 - €286m in financing facilities at Group level before the acquisition of PCC
 - Average debt maturity of 5 years
 - Factoring: off-balance sheet programs renegotiated, with a simplified contractual structure and better financial conditions



Outlook

Michaël Fribourg,
Chairman and Chief Executive Officer

Chargeurs re-affirms its structural growth profile in a volatile environment

Chargeurs will continue to concentrate on its effective, ambitious and quality-focused structural growth strategy, despite the volatile economic and geopolitical environment

■ A strategy built for resilience

- Further acceleration and upscaling of our performance and growth, while capitalizing on market opportunities
- Diversification of our sales and production models to offer customers better product availability and a more personalized service
- Faster pace for innovation and technology to differentiate our offerings over the long term

■ In an increasingly unsettled economic and geopolitical context

- Uncertain political environments in many countries
- High tension between the world's major trade regions, requiring remodeling of international and regional supply chains
- Economic and political models in emerging countries less predictable than before, necessitating particular prudence for international deployments
- Abundant money creation, continuing to boost financial markets
- Significant monetary events: Turkey, Argentina, etc.

A methodical excellence and long term implementation strategy

A clear strategy

- A committed reference shareholder
- Experienced Top Management with an international profile
- A clear vision: constantly strengthening our leadership in niche markets
- Continuous implementation and systematic deployment of excellence methods
- A long-term capital structure, a solid balance sheet and robust cash generation to support organic growth and the acquisition strategy

Operational excellence

Highly committed
teams

An operational
excellence
plan:
Game Changer

Continuous
improvement
of production &
customer service

Strict
financial
discipline

Creation of quantitative & qualitative value

Game-changing
innovation

Development of the
value chain
& designing
our markets

Targeted
and accretive
acquisitions

High conversion
rates
for sales to profit
& profit to cash

Chargeurs is rolling out its roadmap to achieve €1bn in revenue by 2022

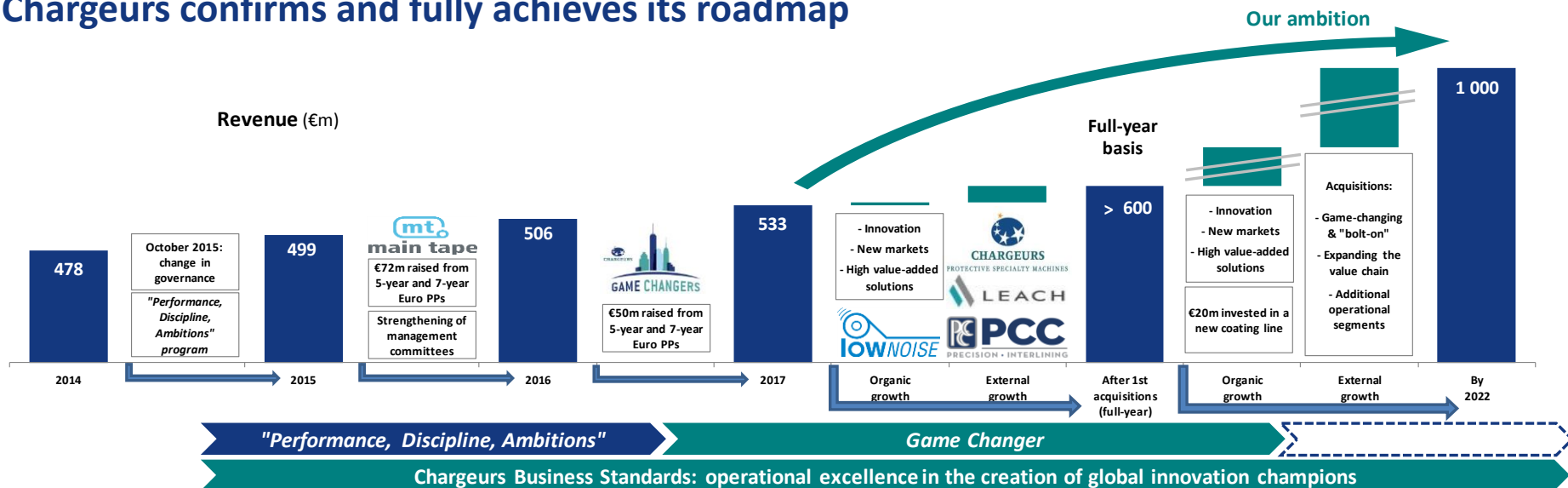
Confirmation of the 2018 guidance

Revenue growth

Higher operating margin

Solid cash generation

One year after announcing its €1bn revenue target, Chargeurs confirms and fully achieves its roadmap



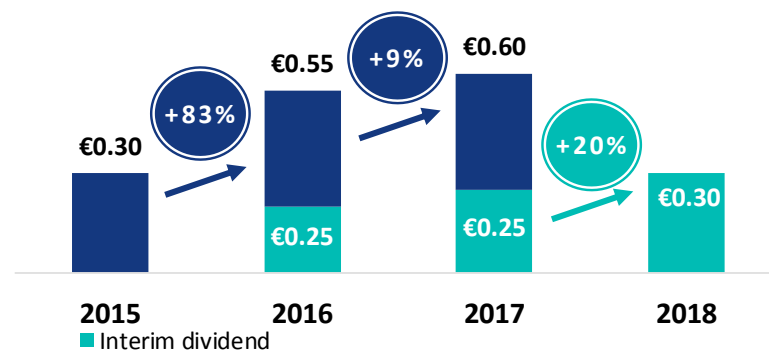
Strong value creation for shareholders thanks to enhanced profitability

- Payment of an interim dividend of **€0.30** per share, with a dividend reinvestment option

Ex-dividend date for the interim dividend and start of reinvestment option period	September 12, 2018
End of reinvestment option period	September 20, 2018
Announcement of no. of options exercised	September 26, 2018
Delivery date of shares and payment of cash interim dividend	September 28, 2018

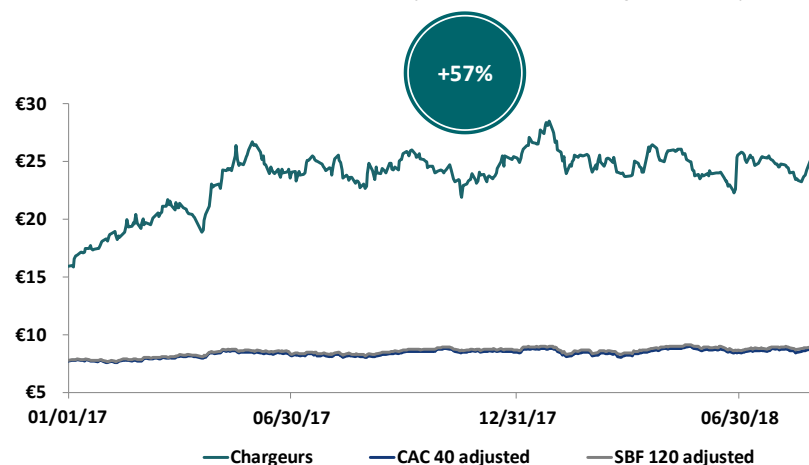
- 1-year renewal of the program to buy back up to €12 million worth of Chargeurs shares
- A growth value and return strategy

Dividend per share



Share performance since

(CAC 40 and SBF 120 indices adjusted in line with Chargeurs' share price)



- **Like-for-like growth** (based on a comparable scope of consolidation and at constant exchange rates) for year Y compared with year Y-1 is calculated by:
 - applying the average exchange rates for year Y-1 to the period concerned (year, half-year, quarter); and
 - using the scope of consolidation for year Y-1.

- **Operating margin:** recurring operating profit / revenue

- **Return on capital employed:** recurring operating profit / capital employed



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NICHE MARKET
LEADERS



CHARGEURS

2018 Investor Calendar

Wednesday, November 14, 2018 *(after the close of trading):*
Third-quarter 2018 financial information

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