



Financial Report

Year ended December 2014

CONTENT

1. Annual Activity Report
2. Consolidated Statement of Financial Position
3. Consolidated Income Statement
4. Consolidated Statement of Comprehensive Income
5. Consolidated Statement of Changes in Equity
6. Consolidated Statement of Cash Flow

- **Robust operating performance**
- **Strengthened financial position**
- **Recommended dividend**
- **2015 positive outlook**

The Board of Directors of Chargeurs met on March 17, 2015 under the chairmanship of Eduardo Malone to approve the 2014 consolidated financial statements.

By deploying its innovation-driven strategy and focusing on operating discipline, Chargeurs delivered a very robust performance in 2014 and met its end-2015 objectives a year ahead of schedule.

CONSOLIDATED FINANCIAL STATEMENTS
(in euro millions)

	2014	2013
Revenue	478.3	466.5
Recurring operating profit	22.9	14.4
Operating profit	21.4	17.8
Attributable net profit	10.8	3.6

	Dec. 31, 2014	Dec. 31, 2013
Consolidated equity	182.6	157.9
Group net cash	9.3	3.2

Solid growth in revenue

Consolidated revenue rose by 2.5% in 2014, lifted by significant growth in business volumes, particularly at Chargeurs Protective Films, and despite an unfavorable currency effect, mainly from the South American currencies.

Sharp improvement in margins and net profit

The focus on innovation combined with the development of high value-added products helped to drive a very strong increase in recurring operating profit to €22.9 million from €14.4 million in 2013.

Thanks to this operating momentum, attributable net profit rose sharply to €10.8 million from €3.6 million in 2013.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: further growth in operating profit

<i>(in euro millions)</i>	2014	2013
Revenue	206.6	190.9
Recurring operating profit	16.8	10.7
Operating profit	16.5	10.8

Pursuing its active strategy of developing high value-added products, Chargeurs Protective Films reported a robust 8.2% increase in revenue in 2014, supported by significant growth in business volumes during the year. Around one third of revenue was derived from products less than five years old, attesting to the business' strategic focus on innovation.

Buoyed by the revenue gains, recurring operating profit rose steeply to €16.8 million, from €10.7 million in 2013.

Chargeurs Interlining: strong growth in recurring operating profit

<i>(in euro millions)</i>	2014	2013
Revenue	167.5	173.7
Recurring operating profit	6.2	3.2
Operating profit	5.1	5.1*

* Of which €1.2 million in a non-recurring capital gain on a property disposal

Excluding the unfavorable currency effect, primarily due to the fall in the Argentine peso, Chargeurs Interlining demonstrated firm resistance by maintaining its business volumes in a global market suffering from over-capacity and aggressive competition.

With recurring operating profit of €6.2 million, versus a comparable €3.2 million in 2013, the business improved significantly its margins, thanks in particular to the benefits of diversifying into technical products.

Chargeurs Wool: a significant improvement in earnings

<i>(in euro millions)</i>	2014	2013
Revenue	104.2	101.9
Recurring operating profit	3.4	2.2
Operating profit	3.3	2.1

Chargeurs Wool's revenue increased by 2.3% to €104.2 million in 2014, lifted by growth in delivered volumes that offset the impact of lower raw wool prices.

Backed by the strength of its global sales network, the Wool business reported recurring operating profit of €3.4 million, compared with €2.2 million the year before.

A STRONGER FINANCIAL POSITION

The Group continued to strengthen its financial position in 2014.

Pursuing its priority objective of reducing debt, Chargeurs repaid the medium-term credit facilities provided for under the debt restructuring agreement several months ahead of the due date, thereby extinguishing all of the related liabilities.

As a result, the consolidated net cash position ended the year at €9.3 million, compared with €3.2 million in net cash at December 31, 2013. Year-end consolidated equity amounted to €182.6 million (excluding minority interests) versus €157.9 million at December 31, 2013.

Of the 415,083 convertible bonds issued in April 2010 with a total face value of €22.8 million and a January 1, 2016 maturity date, 218,069 were outstanding at December 31, 2014.

DIVIDEND

The Board of Directors will ask Shareholders at the Annual Meeting on May 5, 2015 to approve the payment of a dividend of €0.20 per share for the year, based on a healthy financial position and the solid operating performance delivered in 2014.

The timetable for the dividend will be the following:

- Ex-dividend date: May 25, 2015
- Payment date of the dividend: May 29, 2015

OUTLOOK

In a more favorable environment, Chargeurs intends to pursue its strategy of focusing on innovation and creating high value-added products to generate a further growth in recurring operating profit in 2015.

Next announcement: First-quarter 2015 financial information, May 5, 2015

Financial Communication • Tel: +33 (0)1 47 04 13 40 • Email: contact@chargeurs.fr • www.chargeurs.fr

Chargeurs is a global manufacturing and services group with leading positions in three niche markets: temporary surface protection, technical textiles and combed wool. It has 1,600 employees based in 32 countries on five continents, who serve a diversified customer base spanning more than 45 countries. In 2014, consolidated revenue totaled €478 million, of which 93% was generated outside France.

Consolidated Statement of Financial Position at December 31, 2014

(in euro millions)

Assets	December 31, 2014	December 31, 2013
Non-current assets		
Intangible assets	72.6	66.3
Property, plant and equipment	50.3	37.5
Investments in associates and joint ventures	27.1	25.7
Deferred tax assets	13.5	11.9
Non-current financial assets		
- Investments in non-consolidated companies	0.8	0.9
- Long-term loans and receivables	2.2	1.6
Other non-current assets	0.6	0.6
	167.1	144.5
Current assets		
Inventories and work-in-progress	98.2	97.6
Trade receivables	44.2	44.2
<i>Factored receivables (*)</i>	43.9	49.3
Derivative financial instruments	0.6	0.3
Other receivables	24.7	30.2
Cash and cash equivalents	72.7	48.0
	284.3	269.6
Assets held for sale	0.2	0.2
Total assets	451.6	414.3
Equity and Liabilities		
Equity		
<i>Attributable to owners of the parent</i>		
Share capital	2.6	2.3
Share premium account	42.2	39.5
Other reserves and retained earnings	115.8	115.7
Profit for the period	10.8	3.6
Treasury stock	(0.2)	(0.2)
Translation reserve	11.4	(3.0)
	182.6	157.9
<i>Non-controlling interests</i>	3.8	3.3
Total equity	186.4	161.2
Non-current liabilities		
Convertible bonds	11.2	13.2
Long-term borrowings	42.0	13.0
Deferred tax liabilities	-	-
Pension and other post-employment benefit obligations	15.5	12.7
Provisions	0.4	0.4
Other non-current liabilities	10.3	10.1
	79.4	49.4
Current liabilities		
Trade payables	88.6	88.9
Other payables	30.6	32.6
<i>Factoring liabilities (*)</i>	43.9	49.3
Current income tax liability	0.6	0.6
Derivative financial instruments	0.7	0.5
Short-term portion of long-term borrowings	6.7	11.5
Short-term bank loans and overdrafts	14.7	20.3
	185.8	203.7
Liabilities related to assets held for sale	-	-
Total equity and liabilities	451.6	414.3

Consolidated Income Statement
Year ended December 31, 2014 (in euro millions)

	<u>Year ended December 31</u>	
	<u>2014</u>	<u>2013</u>
Revenue	478.3	466.5
Cost of sales	(370.9)	(368.7)
Gross profit	107.4	97.8
Distribution costs	(49.7)	(48.4)
Administrative expenses	(30.9)	(32.2)
Research and development costs	(3.9)	(2.8)
Recurring operating profit	22.9	14.4
Other operating income	0.2	4.2
Other operating expense	(1.7)	(0.8)
Operating profit	21.4	17.8
Finance costs, net	(3.7)	(3.9)
Other financial expense	(2.9)	(2.9)
Other financial income	0.3	0.3
Net financial expense	(6.3)	(6.5)
Share of profit/(loss) of associates	(0.3)	0.3
Pre-tax profit for the period	14.8	11.6
Income tax expense	(4.1)	(3.7)
Profit from continuing operations	10.7	7.9
Profit/(loss) from discontinued operations	0.2	(4.6)
Profit for the period	10.9	3.3
Attributable to:		
Owners of the parent	10.8	3.6
Non-controlling interests	0.1	(0.3)
Earnings per share (in euros)		
Basic earnings per share		
From continuing operations	0.67	0.60
From discontinued operations	0.01	(0.34)
From continuing and discontinued operations	0.68	0.26
Diluted earnings per share		
From continuing operations	0.51	0.42
From discontinued operations	0.01	(0.21)
From continuing and discontinued operations	0.52	0.21
Weighted average number of shares outstanding	15,659,563	13,661,574

Consolidated Statement of Comprehensive Income for the year ended December 31, 2014
(in euro millions)

	<u>Year ended December 31</u>	
	<u>2014</u>	<u>2013</u>
Profit for the period	10.9	3.3
Exchange differences on translating foreign operations	14.8	(11.6)
Available-for-sale financial assets	-	-
Cash flow hedges	(0.4)	-
Income tax on items that may be reclassified subsequently to profit or loss	-	-
Total items that may be reclassified subsequently to profit or loss	14.4	(11.6)
Other components of other comprehensive income/(expense)	(0.1)	(0.3)
Actuarial gains and losses on post-employment benefit obligations	(3.0)	1.2
Income tax on items that will not be reclassified to profit or loss	-	-
Total items that will not be reclassified to profit or loss	(3.1)	0.9
Other comprehensive income/(expense) for the period, net of tax	11.3	(10.7)
Total comprehensive income/(expense) for the period	22.2	(7.4)
Attributable to:		
Owners of the parent	21.7	(6.5)
Non-controlling interests	0.5	(0.9)

Consolidated Statement of Changes in Equity
(in euro millions)

	Share capital	Share premium account	Other reserves and retained earnings	Translation reserve	Cash flow hedges	Actuarial gains and losses on post-employment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
At December 31, 2012	2.2	38.1	119.5	8.0	0.0	(4.0)	(1.2)	162.6	6.6	169.2
Issue of share capital	0.1	1.4						1.5		1.5
Changes in treasury stock			(0.7)				1.0	0.3		0.3
Profit for the period			3.6					3.6	(0.3)	3.3
Impact of changes in scope of consolidation								0.0	(2.4)	(2.4)
Other comprehensive income/(expense) for the period			(0.3)	(11.0)		1.2		(10.1)	(0.6)	(10.7)
At December 31, 2013	2.3	39.5	122.1	(3.0)	0.0	(2.8)	(0.2)	157.9	3.3	161.2
Issue of share capital	0.3	2.7						3.0		3.0
Profit for the period			10.8					10.8	0.1	10.9
Other comprehensive income/(expense) for the period			(0.1)	14.4	(0.4)	(3.0)		10.9	0.4	11.3
At December 31, 2014	2.6	42.2	132.8	11.4	(0.4)	(5.8)	(0.2)	182.6	3.8	186.4
At December 31, 2012	2,2	38,1	119,5	8,0	0,0	(4,0)	(1,2)	162,6	6,6	169,2
Issue of share capital	0,1	1,4						1,5		1,5
Changes in treasury stock			(0,7)				1,0	0,3		0,3
Profit for the period			3,6					3,6	(0,3)	3,3
Impact of changes in scope of consolidation								0,0	(2,4)	(2,4)
Other comprehensive income/(expense) for the period			(0,3)	(11,0)		1,2		(10,1)	(0,6)	(10,7)
At December 31, 2013	2,3	39,5	122,1	(3,0)	0,0	(2,8)	(0,2)	157,9	3,3	161,2
Issue of share capital	0,3	2,7						3,0		3,0
Profit for the period			10,8					10,8	0,1	10,9
Other comprehensive income/(expense) for the period			(0,1)	14,4	(0,4)	(3,0)		10,9	0,4	11,3
At December 31, 2014	2,6	42,2	132,8	11,4	(0,4)	(5,8)	(0,2)	182,6	3,8	186,4

Consolidated Statement of Cash Flows for the year ended December 31, 2014

(in euro millions)

	Year ended December 31	
	2014	2013
<i>Cash flows from operating activities</i>		
Pre-tax profit of consolidated companies	15.1	11.3
Adjustments to reconcile pre-tax profit to cash generated from operations	9.5	5.9
- Depreciation and amortization expense	8.9	8.6
- Provisions and pension and other post-employment benefit obligations	(1.3)	(1.7)
- Impairment of non-current assets	0.4	-
- Fair value adjustments	0.3	0.3
- Impact of discounting	1.4	1.6
- (Gains)/ losses on sales of investments in non-consolidated companies and other non-current assets	0.1	(2.8)
- Exchange (gains)/ losses on foreign currency receivables and payables	(0.3)	-
Income tax paid	(4.6)	(4.0)
Cash generated by operations	20.0	13.2
Dividends from equity-accounted companies	0.7	0.3
Change in operating working capital	8.6	4.6
Net cash from operating activities	29.3	18.1
<i>Cash flows from investing activities</i>		
Purchases of intangible assets	(0.3)	(0.3)
Proceeds from sales of intangible assets	0.1	0.1
Purchases of property, plant and equipment	(9.7)	(6.7)
Proceeds from sales of property, plant and equipment	0.8	6.6
Impact of changes in scope of consolidation	-	3.7
Other movements	(0.8)	(0.3)
Net cash from/(used in) investing activities	(9.9)	3.2
<i>Cash flows from financing activities</i>		
Proceeds from issues of shares on conversion of bonds	3.0	1.5
(Purchases)/sales of treasury stock	-	0.3
Proceeds from new borrowings	28.3	9.2
Bond conversions	(3.0)	(1.5)
Repayments of borrowings and overdrafts	(22.5)	(36.0)
Other movements	(1.1)	(3.4)
Net cash from/(used in) financing activities	4.7	(23.1)
Increase/(decrease) in cash and cash equivalents	24.1	(1.9)
Cash and cash equivalents at beginning of period	48.0	50.6
Cash and cash equivalents reclassified as assets held for sale	(0.3)	(0.2)
Effect of changes in foreign exchange rates on cash and cash equivalents	0.9	(0.5)
Cash and cash equivalents at period-end	72.7	48.0