



**“A WORLD OF”
NICHE MARKET
LEADERS**



CHARGEURS

Chargeurs: a world of niche market leaders

**The transforming acquisition of US & Asia based
Precision Custom Coatings Interlining (PCC)
by Chargeurs Fashion Technologies**



June 28, 2018

- 1. Since 2015, Chargeurs is highly benefiting from a strong and methodic strategy to enhance growth towards € 1bn of revenues in 2022**
- 2. With the acquisition of PCC, Chargeurs Fashion Technologies completes and achieves the vision of worldwide niche market dominance**
- 3. Chargeurs accelerates its champions strategy to create new value**

Chargeurs is successfully deploying, and will continue to escalate, its strategy of expanding and consolidating its positions in high value-added niches



Chargeurs is creating niche business iconic champions and shaping its markets, through a continuous transformation towards a global integrated solutions provider

This acquisition of PCC Interlining accelerates Chargeurs' growth, expands its global reach in attractive, rapidly growing regions and provides new avenues for growth

PCC Interlining delivers attractive financial benefits, accretive to Chargeurs Fashion Technologies, and enhances long-term growth profile

PCC revenues \$80 m and EBITDA > \$8.8 m
Acquisition for \$66 m, EV/EBIT at 7.5 illustrating financial acquisition discipline

Low capital intensive business model
excellent profit to cash ratio > 90%



Since 2015, Chargeurs is highly benefiting from a strong and methodic strategy to enhance growth towards €1 bn of revenues in 2022



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Since 2015: high benefits from a clear strategy to enhance growth towards €1 bn of revenues within 2022

Clear vision & strong strategy

Designing our niche markets to create highly integrated value chain

- High technical expertise
- Global logistics management
- Customer centered & service oriented
- Worldwide renowned B to B brands

Proven model which has delivered strong results

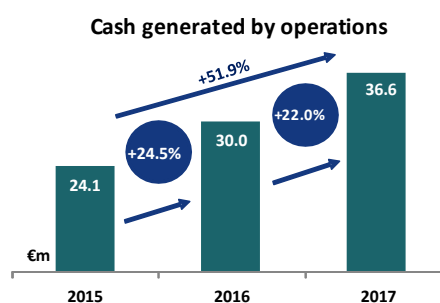
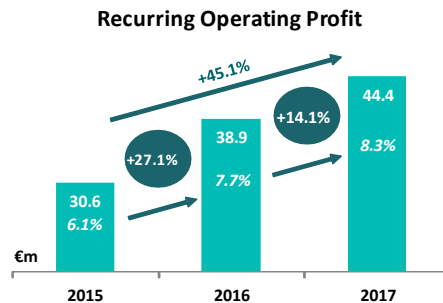
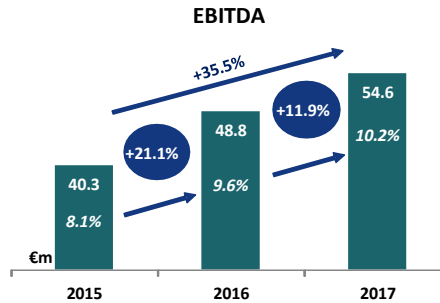
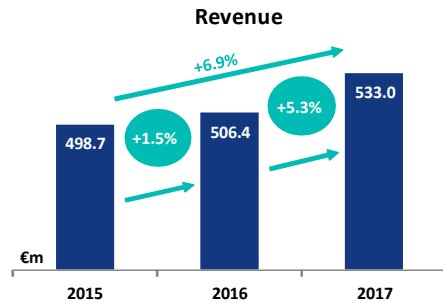
Managerial transformation leading to organic & external growth

- Winning culture & mindset
- Dynamic optimization of commercial model
- Strong financial model
- 6 acquisitions generating €100 m of revenues

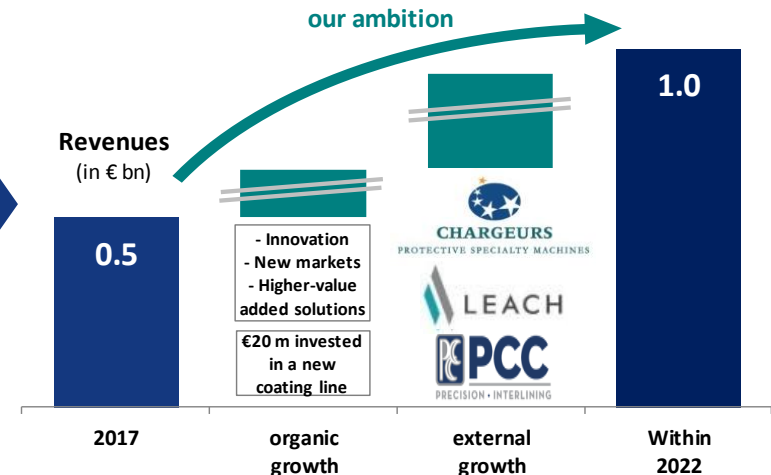
Chargeurs is poised to reach €1 bn of revenues within 2022

Step change in growth options & multiple growth layers

- Remove complexity from the customers
- Abundance of solution options to meet customer challenges
- Expanding numerous high-return opportunities offering step change options



Growth track for €1 bn revenue target



Chargeurs: designer of iconic niche market leaders

While keeping the operational excellence of an industry leader, the Group is the new driving force of its market and shapes its future businesses through 4 main principles.



**Strong technical
expertise**



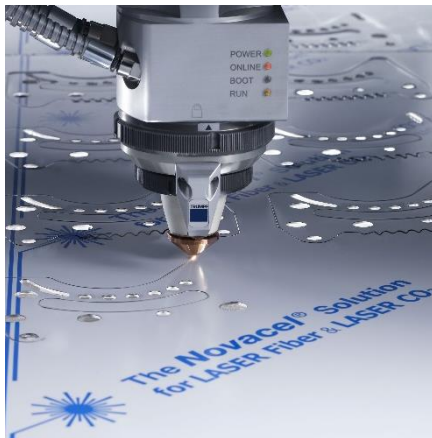
**Optimized global
logistic management**



**Customer centered
& service oriented**



**Worldwide renowned
B to B brands**



Industry 4.0
Products innovation
Technical know how



International footprint
Close relationships with
customers

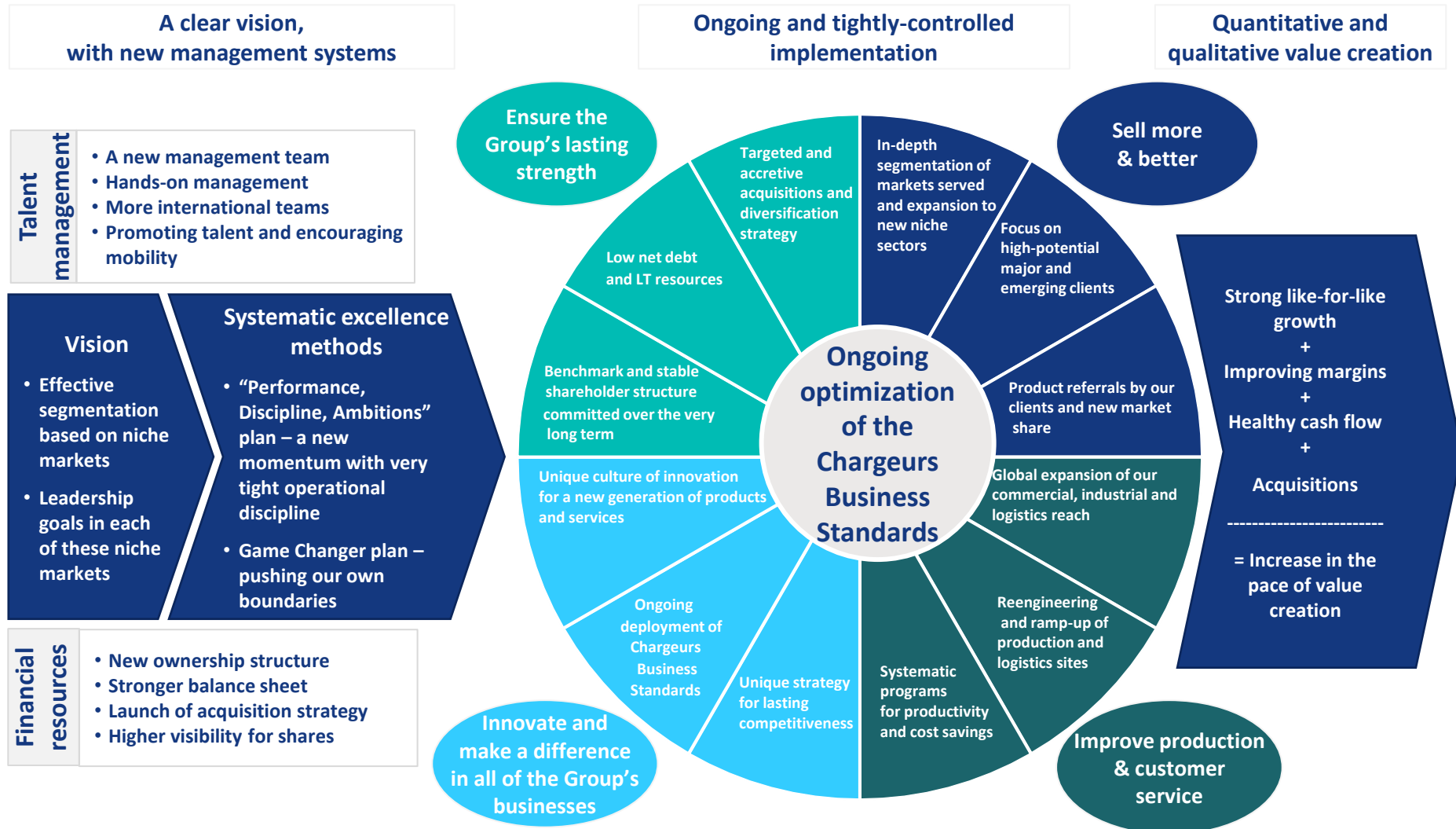


Integrated solutions
Service provider
Technical advisor



Upgrading the value chain
dealing with decision makers
Building strong brands

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



Winning culture & mindset

- Renewal, strengthening and internationalization of the management
- Hands-on management focused on specific leadership goals to improve win rate
- Promoting talent and encouraging mobility with attractive growth opportunities
- Successful integration through rigorous and advanced integration plan

Dynamic optimization of commercial model

- In-depth effective segmentation of our niche markets to focus on high-potential major & emerging clients
- New generation of product & services
- Reengineering & ramp-up of production & logistic sites
- Systematic programs for productivity & cost savings
- *Game Changer* program pushing our own boundaries

Strong financial model

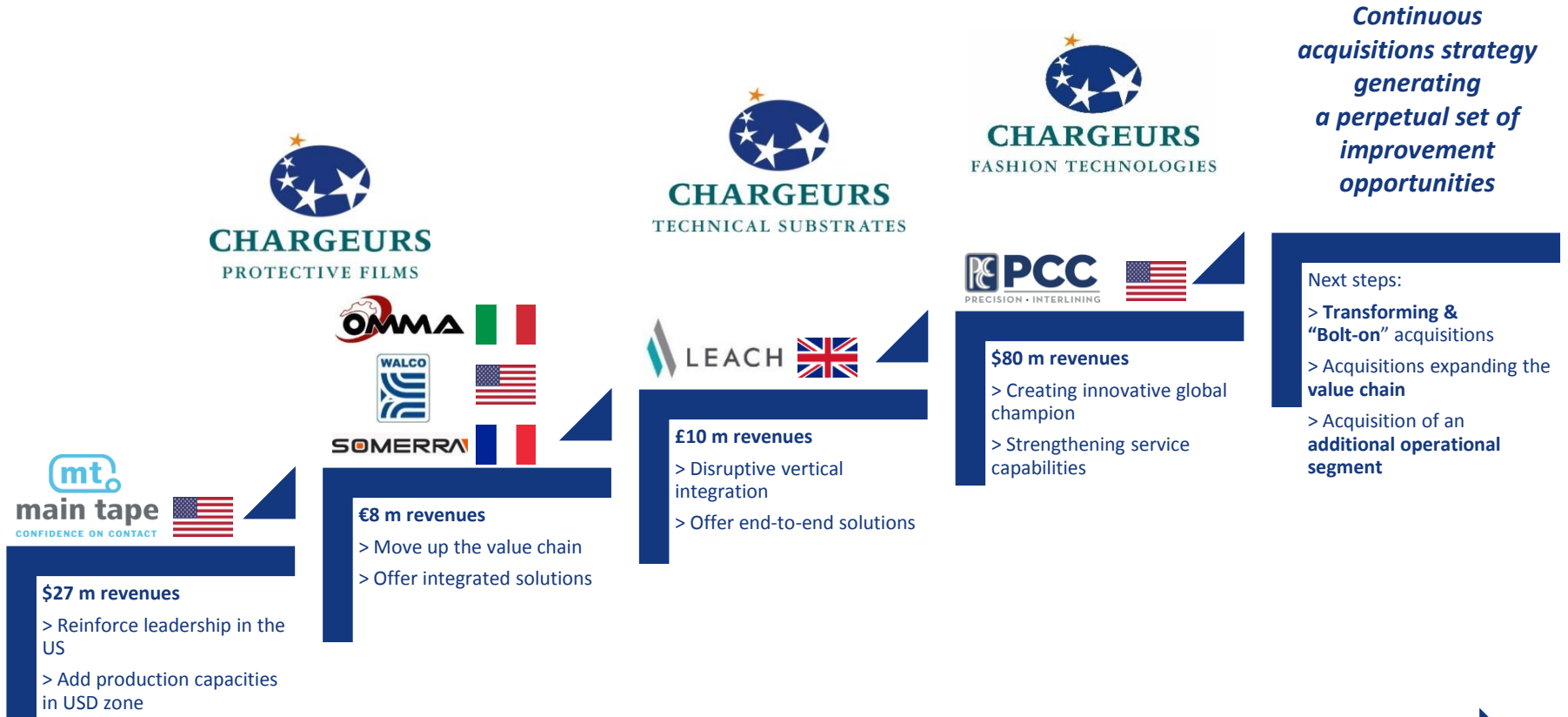
- Stable shareholder committed over the very long term
- Financial structure strengthened
 - €284 m financing facilities, incl. €122 m EuroPP up to 10 years
 - Average debt maturity of 5.2 years with historical low rates
- Low capital intensive business model with an excellent profit to cash ratio
- Since 2015, the market cap has increased by 231% and the recurring dividend has doubled

6 acquisitions generating €100 m of revenues

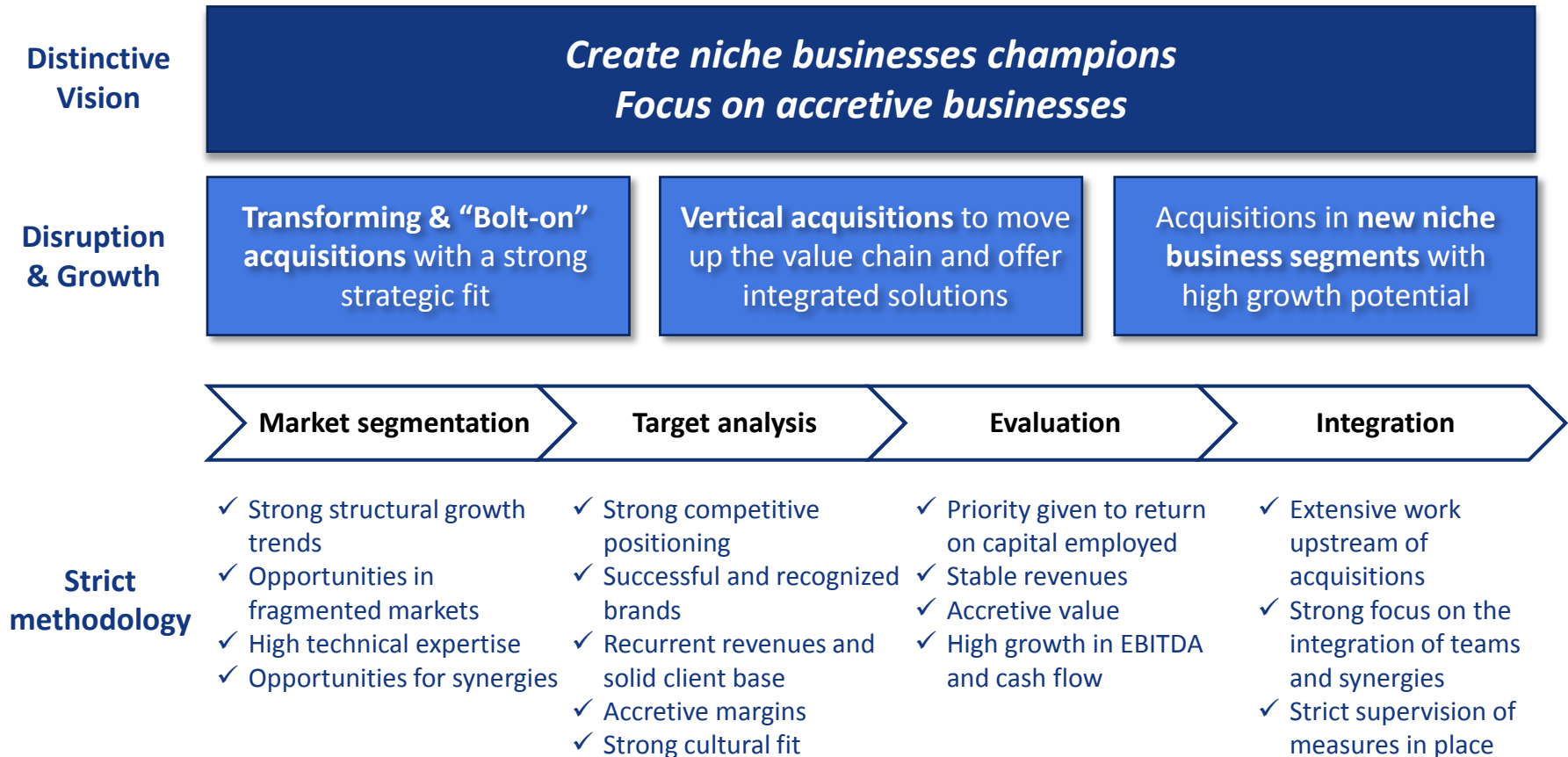
- Launch of acquisition strategy
- Targeted & accretive acquisitions



Since 2015, Chargeurs has made targeted acquisitions meeting the Chargeurs Business Standards and creating champions in high value-added niche markets



An acquisition strategy based on a strict and targeted model





**With the acquisition of PCC,
Chargeurs Fashion Technologies
completes and achieves the vision of
worldwide niche market dominance**



« Back-to-leadership » - A winning strategy from Chargeurs Fashion Technologies since 2015

A profound transformation to renew with high profitable growth

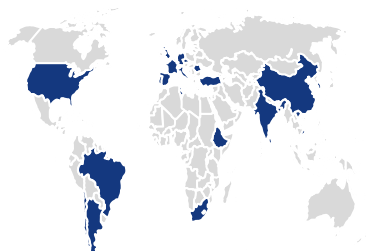
Business development



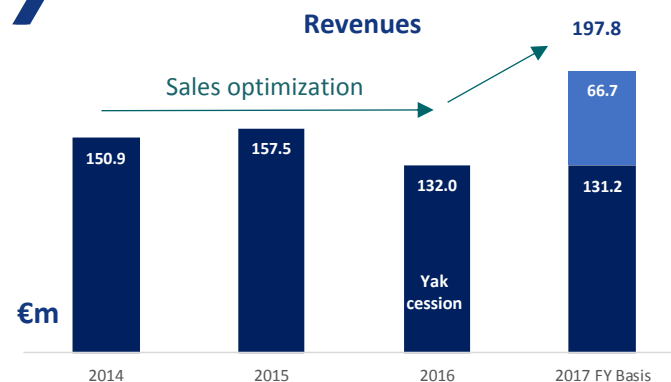
Industrial optimization



Global footprint



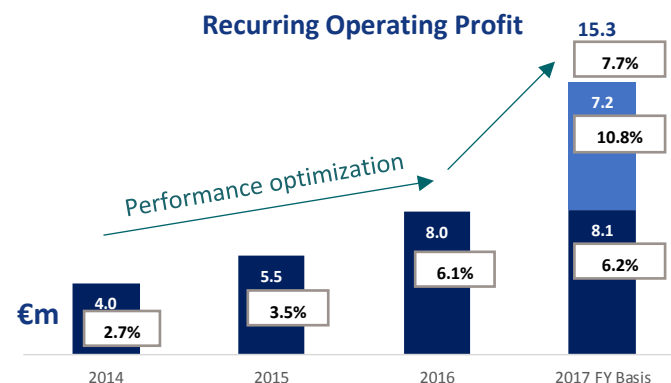
Financial upscale



- **Management internationalization** and appointment of Angela Chan as President and General Manager
- Strong **management renewal** at business and key subsidiaries level
- **Lean and decentralized management** with a worldwide area management

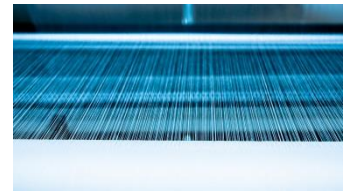
- High value-added production thanks to **commercial selectivity**
- Supply chain optimization with **logistics excellence**
- Creation of powerful **hubs of production in Europe and Asia**
- Global innovative offer focused on **services solutions**

- « **Think global, act local** » organization close to customers need
- Worldwide expansion with opening of 3 **fashion service centers and presence in new territories** such as Ethiopia, Ecuador, Peru, Bolivia, etc.
- A more diversified customer base



Chargeurs Fashion Technologies: A worldwide leader ready for a strong alliance

Strengthening a global position by the acquisition of PCC Interlining



The fashion industry: an ongoing revolution

Chargeurs Fashion Technologies customers need to adapt to industry transforming trends



New developments in **fast fashion industry** with strong **digitization of the value chain**



Beginnings of the **real time supply chain** requiring highly sophisticated logistics



A run for the **best price for value** driving a new call for **great products, great services, great expertise**



Main & fast growing brands are looking for more than ever **global and integrated solutions**



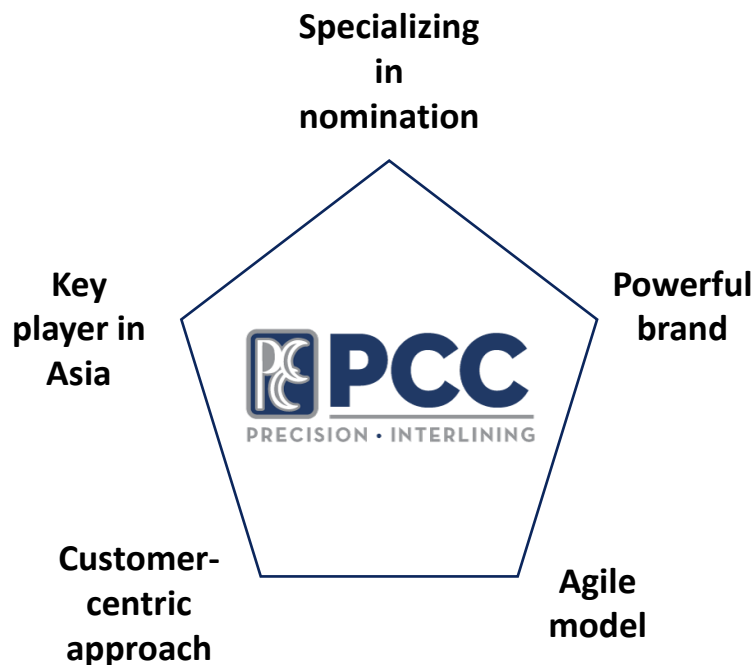
The PCC acquisition enhances our total customer service experience with efficiency, quality and value

Precision Custom Coatings Interlining (PCC): a comprehensive array of services for brands



\$80 million in revenue, of which **more than 90%** generated in Asia

300 employees in **more than 10 countries**, primarily in Asia and the United States

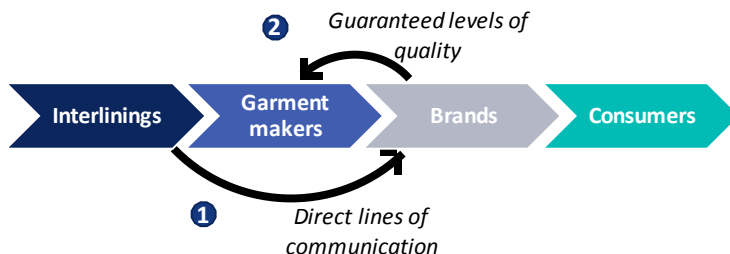


- ✓ **30 years** of growing business
- ✓ **Top 5** leading interlinings manufacturers
- ✓ Leading actor in **women's fashion**
- ✓ Decision-making at the **heart of Asian fashion industry** in Hong Kong-based headquarters
- ✓ Sales operations in over 20 countries mainly in Asia
- ✓ An **international player with a local approach** and sales teams close to its major customers
- ✓ A **streamlined global sourcing strategy** built on long-term partnerships with qualified suppliers
- ✓ An **innovative business model** in a constantly evolving fashion industry
- ✓ A **consumer-centric** sales strategy creating **comprehensive solutions**
- ✓ **Optimized response times** to manage market expectations

Precision Custom Coatings Interlining (PCC): a comprehensive array of services for brands

Leader in nomination strategy: leading fashion and apparel brands select and approve their suppliers through nomination, in which a given product is “nominated” for use in their garments, thereby guaranteeing that their stakeholders around the world will source that product from the specified supplier.

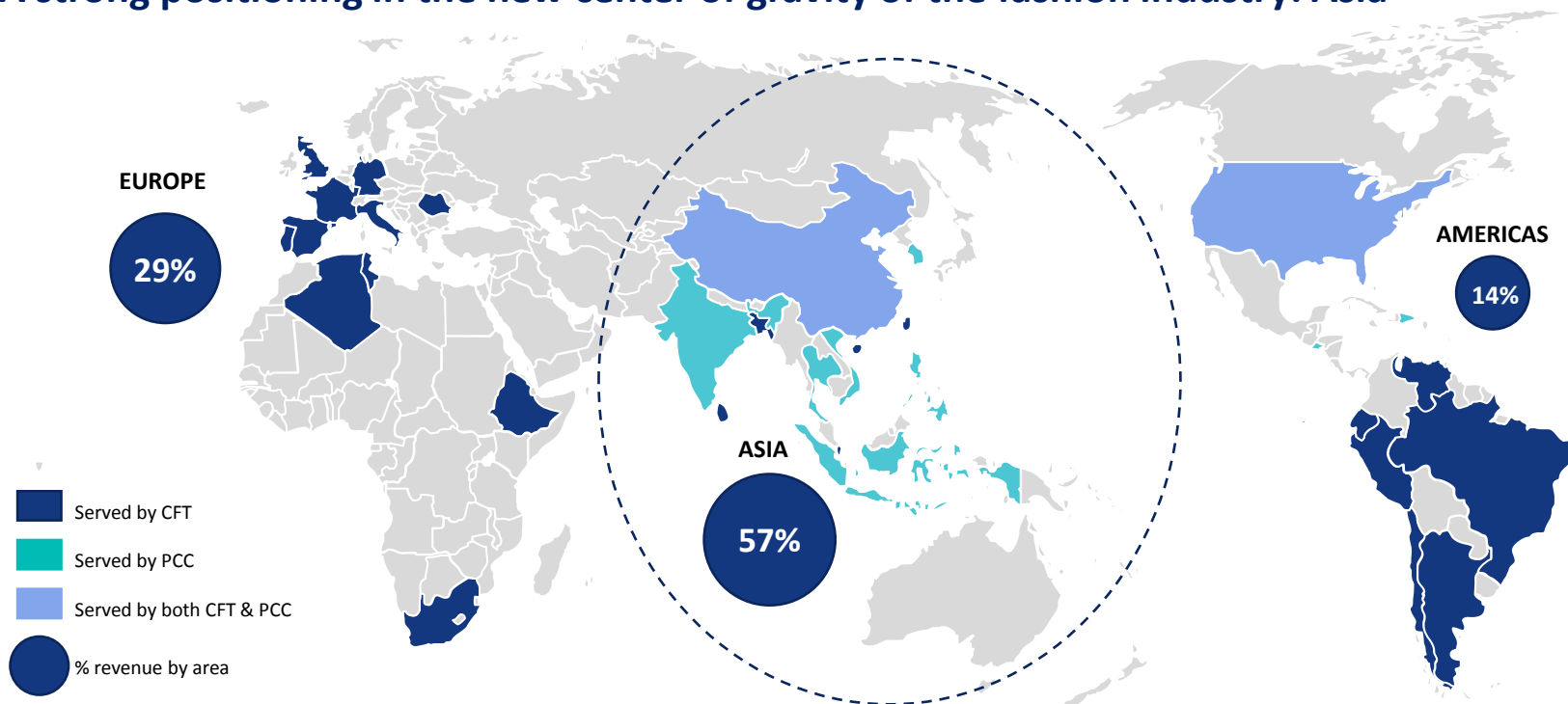
**Specializing
in
nomination**



- ✓ Improve pricing power with respect to strategic global suppliers
- ✓ Consolidate the operational segment’s commercial strategy by integrating a sales force experienced in nomination and recognized for its technical expertise
- ✓ Broaden the geographic footprint
- ✓ Strengthen direct ties to decision makers in the fashion industry via product nomination and develop a portfolio of prestigious clients
- ✓ Boost synergies with other Group businesses, including Chargeurs Luxury Materials and its Organica label

Chargeurs Fashion Technologies and PCC: A world leader at the core of fashion & luxury industry

A strong positioning in the new center of gravity of the fashion industry: Asia



Paris – Milan: longstanding fashion capitals at the center of the European cluster. Europe will continue to dominate the fashion industry in creativity and craftsmanship

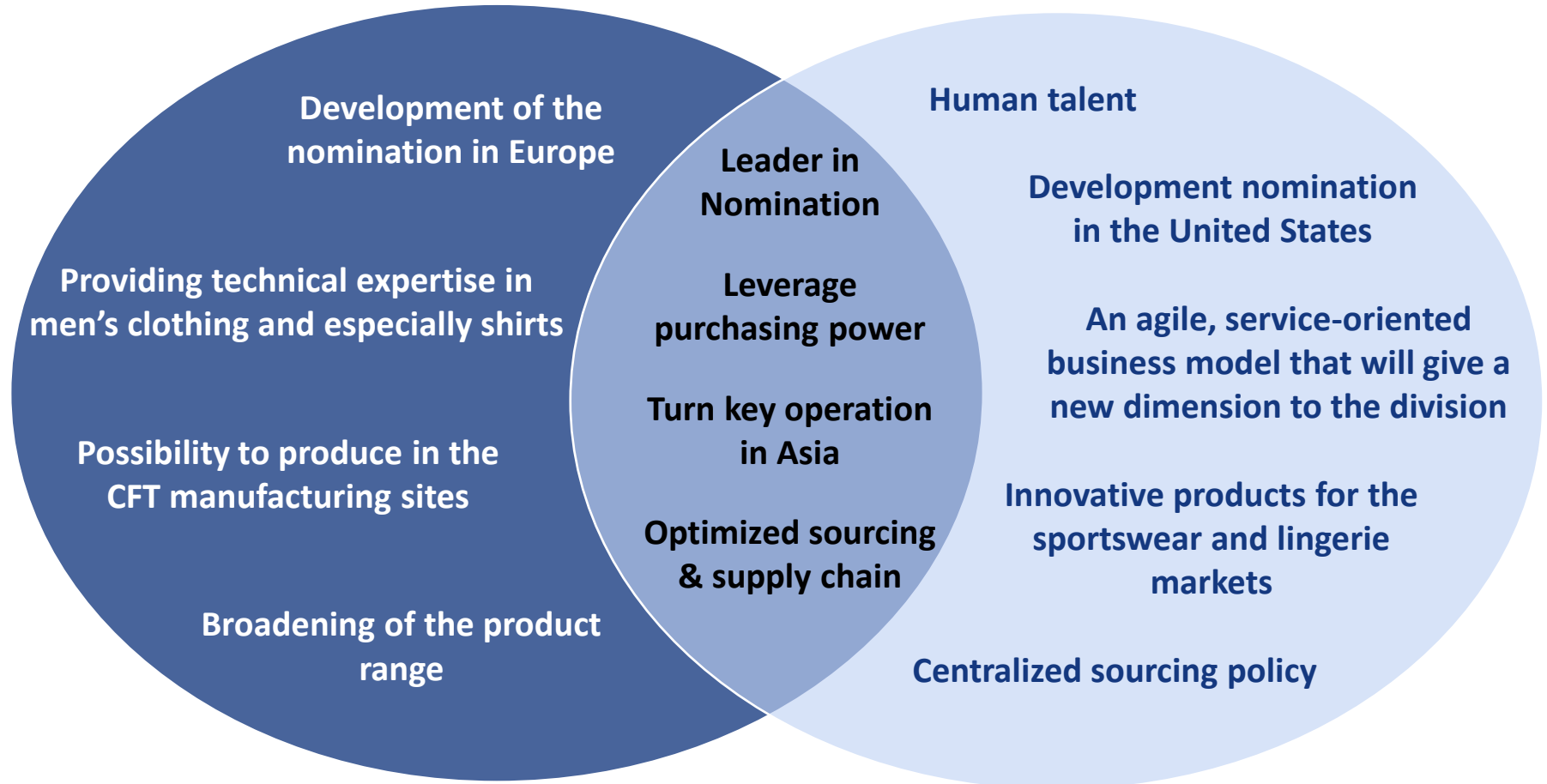


Consolidation of **Hong Kong's** position as the decision-making center for Asia: a key platform with a direct line to textile industry players and with operations in more than 11 Asia Pacific and North Asian countries. **Chargeurs is doubling up on its positions in this strategic area**



New York: strategically positioned at the center of the specification model and decision makers of the US fashion industry.

Chargeurs Fashion Technologies and PCC: The leading player combining strong skills



A focused, targeted and tactical acquisition that leads to significant value creation

Combined assets to enhance financial performance and position, completely in line with our strict acquisition strategy

Solid revenues & Accretive value

- Since its creation in 1987, thanks to its **distinctive high quality service**, PCC has **over performed its market** by generating a **very strong growth** reaching

\$80 m annual revenues

\$8.8 m EBITDA and 11% EBITDA margin

\$8.6 m ROP and 11% operating margin

✓ **Strong accretive margins for CFT & Chargeurs**

✓ **Excellent profit to cash ratio**

Fair conditions for transaction

- Acquisition price of \$66 m ✓ **Fair price**

Enterprise Value / EBITDA = 7.5

Return On Capital Employed > 10 (13%)

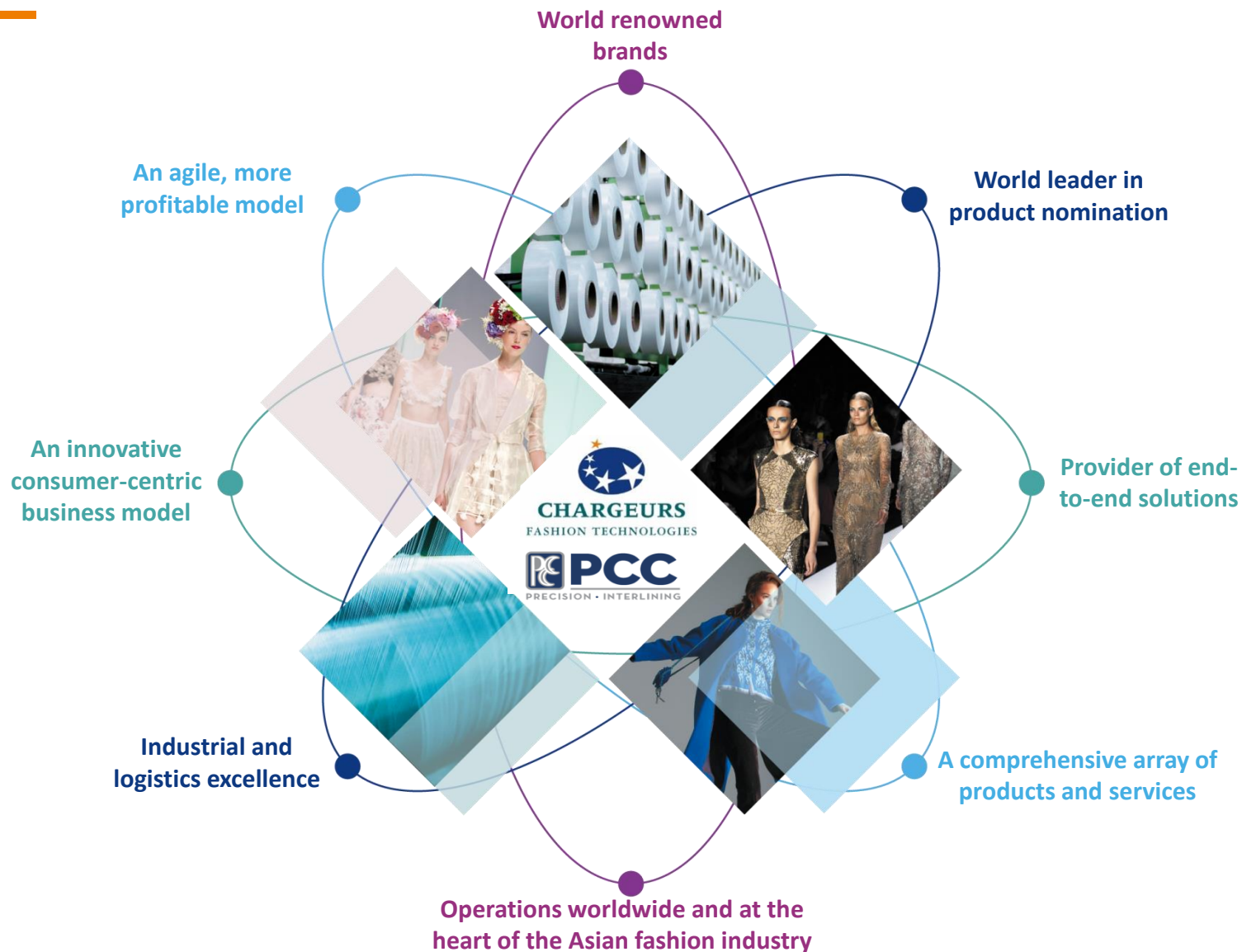
✓ **Low capital intensive business model**

- ✓ **Acquisition already financed** thanks to the €122 m of Euro PP raised in 2016 & 2017 at historical low rates with maturities from 5 to 10 years



**Chargeurs Fashion Technologies accelerates in
becoming the world champion of its market**

The creation of a global champion





Chargeurs accelerates its worldwide champion strategy to create new value



Committed and long term strategy of excellence

Clear Strategy

- Strong commitment of the board & top management
- Clear vision: constantly extending our leaderships in niche markets
- Continuously implementing and deploying systematic excellence methods
- Long term capital structure, robust balance sheet & cash flow to support organic growth and acquisitions strategy

Operational excellence

High
Committed
teams

Excellence
operational
programs:
"Game Changer"

Continuously
improving
production &
customer service

Strict
financial
discipline

Quantitative & qualitative value creation

Disruptive
innovation

Expanding the
value chain &
designing our
markets

Targeted &
accretive
acquisitions

Strong
"Sales to Profit"
&
"Profit to Cash"

Confirmation of guidance for full-year 2018:

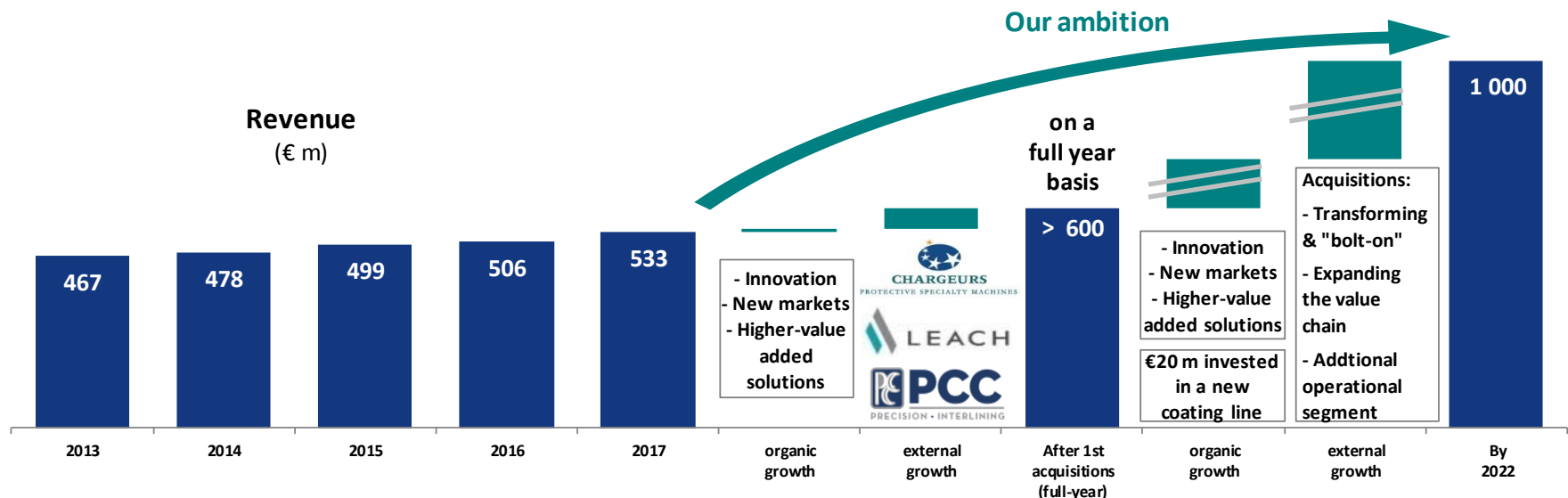
Revenue growth *
Higher operating margin
Solid cash generation

* Based on a like-for-like basis and barring any changes in the geopolitical and macro-economic environment

Pushing new operational limits

Revenue	~ €600 m
ROP	~ €50 m, above 8.3%
Cash flow	~ €40 m

Growth track for €1 bn revenue target





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CHARGEURS

2018 Investor Calendar

Thursday, September 6, 2018 *(before trading)*

First-half 2018 results

Wednesday, November 14, 2018 *(after trading)*

Third-quarter 2018 financial information

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