

First-half 2016: a period of strong earnings growth
Recurring operating profit up 30.1% and net profit up 63.8% versus first-half 2015
Interim dividend of €0.20 per share announced

"The sharp improvement in our Group's profitability attests to the operational and financial effectiveness of the Performance, Discipline, Ambition plan," said Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer. "The plan's success can be put down to its focus on aligning each division's business model with the highest international standards of excellence. Thanks to its balanced industrial and geographic footprint – especially following the recent acquisition of Main Tape, Inc. in the United States – and its increasingly robust financial position, Chargeurs has the headroom needed to support future growth."

The Board of Directors of Chargeurs met on September 8, 2016 under the chairmanship of Michaël Fribourg to approve the consolidated financial statements for the six months ended June 30, 2016.

INTERIM CONSOLIDATED RESULTS

(in euro millions)	H1 2016	H1 2015	Change (reported)	Change (like-for-like) *
Revenue	253.5	256.6	-1.2%	+5.4%
EBITDA	25.3	20.7	+22.2%	21.7%
As a % of revenue	10.0%	8.1%		
Recurring operating profit	20.3	15.6	+30.1%	+29.5%
As a % of revenue	8.0%	6.1%		
Attributable net profit	13.1	8.0	+63.8%	

* Based on a comparable scope of consolidation and at constant exchange rates

Strong underlying growth momentum in a volatile global economy

Chargeurs' revenue grew by 5.4% like-for-like in first-half 2016 versus the year-earlier period, with all operating segments contributing to the increase. The main growth drivers were higher volumes (excluding wool trading) and a further improvement in the product mix. Changes in exchange rates – mainly for the Argentine peso and New Zealand dollar – trimmed 3.2% from revenue, while changes in the scope of consolidation had a negative impact of 3.4%, reflecting Chargeurs' withdrawal from the Yak joint ventures in China.

A sustained improvement in operating performance and net profit

At €20.3 million, recurring operating profit was up by a strong 30.1% compared with first-half 2015. The increase reflected the favorable impact on costs of the performance plan launched by the new management team in late 2015 and the selective marketing strategies applied across all business segments.

Attributable net profit came in at €13.1 million, an increase of 63.8% compared with first-half 2015.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: Solid marketing and operating performances driving a 190-bp gain in operating margin

<i>(in euro millions)</i>	H1 2016	H1 2015	Change
Revenue	120.5	113.6	+6.1%
<i>Like-for-like change</i>			+7.0%
EBITDA	16.5	13.5	+22.2%
<i>As a % of revenue</i>	+13.7%	+11.9%	
Recurring operating profit	14.0	11.0	+27.3%
<i>As a % of revenue</i>	+11.6%	+9.7%	

First-half 2016 revenue came to €120.5 million, an increase of 6.1% as reported and 7.0% like-for-like compared with the year-earlier period. Growth was led by record volumes and an improved product mix.

The currency effect was negative, particularly for the British and Chinese currencies; however, Chargeurs Protective Films improved its product mix and launched a steady stream of differentiating innovations in international markets. This led to a strong 27.3% increase in the division's recurring operating profit to €14.0 million from €11.0 million in first-half 2015.

Going forward, the July 2016 acquisition of Main Tape, Inc. will provide Chargeurs Protective Films with additional marketing and manufacturing capacity, supported by robust synergies. In addition, the Group will benefit more fully from the effects of macro-economic cycles, thanks to increased capacity in the dollar zone, and will be able to offer a better service to its customers.

Chargeurs Fashion Technologies: A remarkable recovery, with EBITDA margin up by more than 300 bps

<i>(in euro millions)</i>	H1 2016	H1 2015	Change
Revenue	68.9	79.7	-13.6%
<i>Like-for-like change</i>			+3.6%
EBITDA	6.5	5.0	+30.0%
<i>As a % of revenue</i>	+9.4%	+6.3%	
Recurring operating profit	4.5	2.8	+60.7%
<i>As a % of revenue</i>	+6.5%	+3.5%	

At €68.9 million, Chargeurs Fashion Technologies' revenue for first-half 2016 was up by 3.6% like-for-like compared with the same period of 2015. The sharp rise was partly due to decisions by major international fashion brands to start making their winter collections earlier than usual. Thanks to its improved competitiveness, the division was able to capitalize on this trend and end the period slightly ahead of the budget.

The restructuring measures launched in late 2015 and pursued during first-half 2016, along with the adoption of a more selective marketing strategy, helped to drive a recovery in operating performance, with recurring operating profit rising by a very strong 60.7% compared with first-half 2015.

During the period, Chargeurs Fashion Technologies withdrew from the Chinese joint venture Yak Trading as part of the strategy to optimize its geographic footprint.

Chargeurs Technical Substrates: A robust performance

<i>(in euro millions)</i>	H1 2016	H1 2015	Change
Revenue	11.6	9.8	+18.4%
<i>Like-for-like change</i>			+18.4%
EBITDA	2.3	1.8	+27.8%
<i>As a % of revenue</i>	+19.8%	+18.4%	
Recurring operating profit	1.8	1.5	+20.0%
<i>As a % of revenue</i>	+15.5%	+15.3%	

Chargeurs Technical Substrates enjoyed a gradual improvement in manufacturing productivity, helped by the commissioning of a new 5-meter width coating line, and reported an 18.4% increase in revenue for the period.

This division continuously develops innovative products incorporating new functionalities. The product pipeline highlights its agility in anticipating the emerging needs of the buoyant technical fabrics market.

Operating profit for the period totaled €1.8 million, up 20.0% on first-half 2015.

Chargeurs Wool: A solid first-half performance

<i>(in euro millions)</i>	H1 2016	H1 2015	Change
Revenue	52.5	53.5	-1.9%
<i>Like-for-like change</i>			+2.2%
EBITDA	1.8	1.5	+20.0%
<i>As a % of revenue</i>	+3.4%	+2.8%	
Recurring operating profit	1.8	1.5	+20.0%
<i>As a % of revenue</i>	+3.4%	+2.8%	

Chargeurs Wool reported revenue of €52.5 million in first-half 2016, an increase of 2.2% like-for-like that was attributable to a sharply improved price mix and the benefits of a more selective marketing strategy.

Despite the negative currency effect related to the New Zealand dollar, the division's recurring operating profit rose by 20% to €1.8 million.

The focus on full product traceability ("From the Sheep to the Shop") is being welcomed by an ever-increasing number of customers.

FINANCIAL POSITION AT JUNE 30, 2016

Chargeurs' financial position remained strong, with consolidated equity (excluding non-controlling interests) of €214.0 million at June 30, 2016 versus €219.3 million at December 31, 2015. The decline over the first half of the year was mainly due to unfavorable adjustments to the translation reserve.

After paying €6.9 million in dividends in May 2016, sharply improving its operating performance and investing to support its growth strategy (through capex and R&D spending), the Group's net cash position remained positive, at €16.9 million at June 30, 2016 compared with €23.3 million at December 31, 2015.

During the first half, Chargeurs broadened its sources of long-term business finance by negotiating its first ever Euro private placement (Euro PP), raising a total of €57.0 million in 7-year financing repayable at maturity. The funds were received on May 27, 2016 and will be used for general corporate purposes.

The Group also obtained several 3 and 5-year confirmed credit facilities during the period, for a total of €33 million, none of which was drawn down at the period-end, and extended the maturity of the €15 million bank loan set up in December 2014 from 2018 to 2021.

These operations had a very favorable impact on the Group's balance sheet structure and significantly extended the average maturity of its debt at a low cost.

INTERIM DIVIDEND

In light of the sharp improvement in operating performance during the first half, the Board of Directors has decided to pay an interim dividend of €0.20 per share.

The dividend timeline will be as follows:

- Ex-dividend date: September 19, 2016
- Dividend payment date: September 21, 2016

SUBSEQUENT EVENT

Chargeurs acquired the entire capital of Main Tape, Inc. from Nekoosa Holdings, Inc. on July 18, 2016. Based in Cranbury, New Jersey (USA), Main Tape specializes in the design and manufacture of plastic film for temporary surface protection applications.

This carefully selected acquisition will consolidate the Group's leadership in its largest market, the United States, and in its largest business, temporary surface protection.

OUTLOOK

Achieved in a volatile economic environment throughout the world but especially in South America and South Asia, the first-half 2016 results attest to the Group's robust fundamentals.

As previously announced, the Group expects to report increased recurring operating profit and high free cash flow in 2016, providing the resources needed to consolidate its global leadership positions in industrial niches over the coming years.

Next announcement: Third-quarter 2016 financial information on November 10, 2016

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ABOUT CHARGEURS

Chargeurs is a global manufacturing and services group with leading positions in four segments: temporary surface protection, technical substrates, garment interlinings, and combed wool.

It has some 1,500 employees based in 34 countries on five continents, who serve a diversified customer base spanning more than 45 countries.

In 2015, consolidated revenue totaled almost €500 million, of which nearly 93% was generated outside France.