



**"A WORLD OF"
NICHE MARKET
LEADERS**



Investor Presentation

**Chargeurs re-affirms the effectiveness of
its structural growth strategy**



October 2018

Chargeurs: an ambitious long-term growth strategy backed by solid financials

■ Full deployment of a carefully-prepared growth strategy

- Excellent financial performances in H1 2018 with continued:
 - Growth opex: €1.3m in H1 2018
 - Growth capex: €2.2m in H1 2018
- New game-changing acquisitions: Leach (CTS) in May 2018 and PCC Interlining (CFT) in August 2018
- Robust financial structure: €286m in financing facilities with an average maturity of 5 years

■ Reaping the fruits of our internal and external growth drives

- Since 2015, the Group has taken on a new dimension
 - Crossing new thresholds: EBITDA > €50m & ROP > €40m
 - Another sharp increase in ROP in H1 2018, up 12.3% like for like after an increase of 15.9% like for like in 2017 and 31% like for like in 2016
- Accretive acquisitions: €100m in additional revenue since 2015
 - Target to achieve €1bn in revenue by 2022 confirmed

■ Upgrading the business models of all our divisions

- Performance, Discipline, Ambition plan launched by the new governance structure in 2015
- Implementation of the Chargeurs Business Standards to achieve operational excellence
- Launch of the Game Changer plan in 2017 to speed up the Group’s growth and profitability
- Our ambition: become **ICONIC CHAMPIONS** in all of our businesses

■ Our global presence, prudence and long-term vision make us an opportunity taker, whatever the geopolitical and economic environment

■ Fundamental change in our corporate culture

- New drive and impetus to develop all of our businesses and internationalization of management and organizations
- Substantial investment in distinctive skills and talent: “young talents” & “executive talents” programs
- Development of our resilience and lasting strength

- 1. First-half 2018 summary:
Continued enhancement of Chargeurs' growth profile, profitability and resilience**
- 2. Industrial excellence roadmap for long-term value creation**
- 3. A successful acquisition program:
€75m in additional revenue from value-generating acquisitions, purchased at reasonable price**
- 4. Case study: Chargeurs PCC Interlining, a remarkable acquisition**
- 5. Outlook**



First-half 2018 summary: Continued enhancement of Chargeurs' growth profile, profitability and resilience

Sharp improvement in performance despite:

- an adverse geopolitical and currency environment
- a very high basis of comparison



Intensified investment drive, with:

- targeted acquisitions with an accretive operating margin for the Group
- higher opex and capex to support long-term growth

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

Revenue bridge (€m)



Recurring operating profit bridge (€m)



Scope

Accretive contribution of 2017 and 2018 acquisitions: **operating margin of 14.4% in first-half 2018.**

Currency

12% drop in the USD in H1 2018: negative impact of €2m on ROP linked to CPF's net seller position of around USD 20m in revenue in H1. **Excluding the USD currency effect, CPF's operating margin increased to 13.1% in first-half 2018 from 12.7% in first-half 2017.**

Volume

Excluding CLM, volume had a positive impact on the Group's revenue and recurring operating profit.

Price/mix

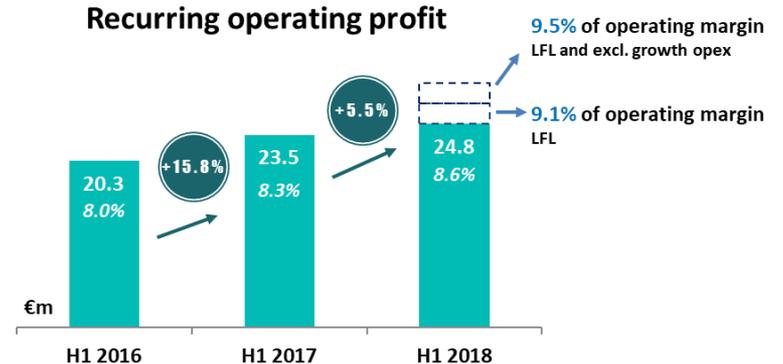
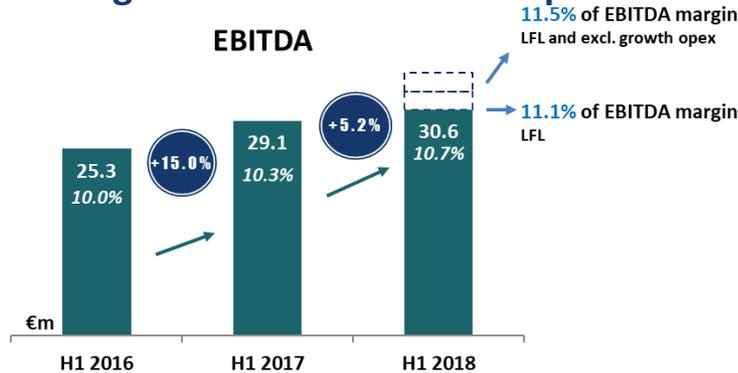
Excluding CLM, price/mix had a positive impact on the Group's revenue and recurring operating profit.

Other costs

€3.0m in opex in line with revenue growth.
€1.3m in additional growth opex over the long term.

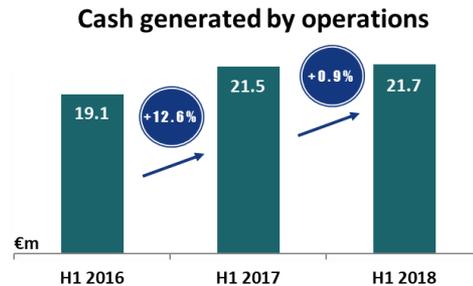
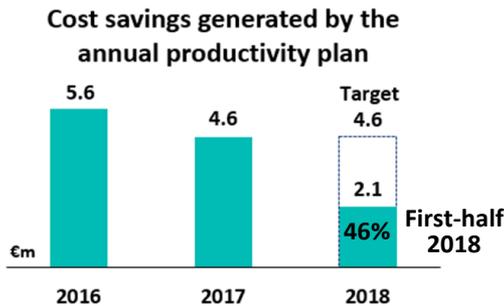
➔ Recurring operating profit continues to grow faster than revenue despite an unfavorable currency effect

Reinvesting our excellent financial performance in growth opex and capex



➔ 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.

Very robust cash generation and financial position to create long-term value



- Solid cash flow from operations of €21.7m
- Working capital increased by €16.4m in first-half 2018, due to:
 - the Group's organic growth, and
 - volatility in our markets in recent months, which reached a peak on June 30, 2018.
 Note that the Group's working capital is structurally higher in the first half of the year, with December 31 marking a low point, and June 30 marking a high point, for business.

■ **Solid equity:** €240.1m at June 30, 2018, compared with €229.9m at December 31, 2017 following the payment of the €8.1m dividend for 2017

■ **Solid financing structure:** €286m in financing facilities at Group level, with an average debt maturity of 5 years, before the acquisition of PCC



Industrial excellence roadmap for long-term value creation

**Achieve €1bn in revenue by 2022
with an operating margin topping 8%**

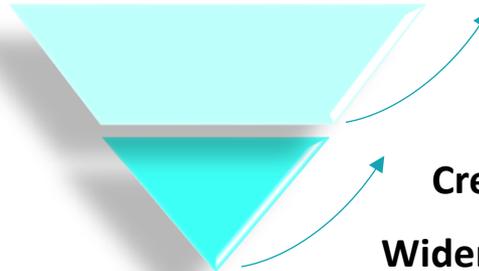
Iconic Champions

**New
markets**

**New
opportunities**

**Game Changer
plan**

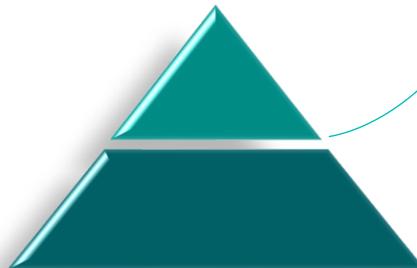
**Chargeurs
Business Standards**



Expand market opportunities

**Create strategic customer partnerships
Widen our customer & product portfolios**

**Create
global champions**



Differentiation

Leadership & efficiency
Greater market share
Revenue growth
Higher margins

Game Changer: an operating performance acceleration plan that advocates daily discipline in the creation of long-term value and that is based on four key areas:

Sales & Marketing



Talent Management



HARVARD
BUSINESS SCHOOL

HCI | HIDDEN
CHAMPIONS
INSTITUTE



Smart & Advanced Manufacturing



Distinctive Innovation



➔ One year after its launch,
the plan has already had multiple successes and new, promising developments are being pursued.

Chargeurs: A designer of leaders recognized in their niche markets whose operations are shaped according to four core principles:

Cutting-edge technical expertise



- Industry 4.0
- Product innovation
- Technical know-how

Optimized global supply chain management



- Global footprint
- Customer proximity

A consumer centric and service oriented approach



- Integrated solutions
- Service provider
- Technical advice

Globally-recognized B2B brands



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

Global champion

- #1 in global market share
- Superior technical and services offering
- Best value for money
- Superior functional & experimental expertise
- Provider of innovative products
- Technical experts
- Reliable teams
- Proximity with customers



Iconic champion

- #1 brand worldwide
- A go-to, indispensable partner
- An unrivaled partner
- Superior emotional appeal
- Designer of innovations
- Additional success and value creation
- Creative, proactive partners
- Fully immersed in our customers' strategies



From a "best offer culture" to a "must-have strategy"

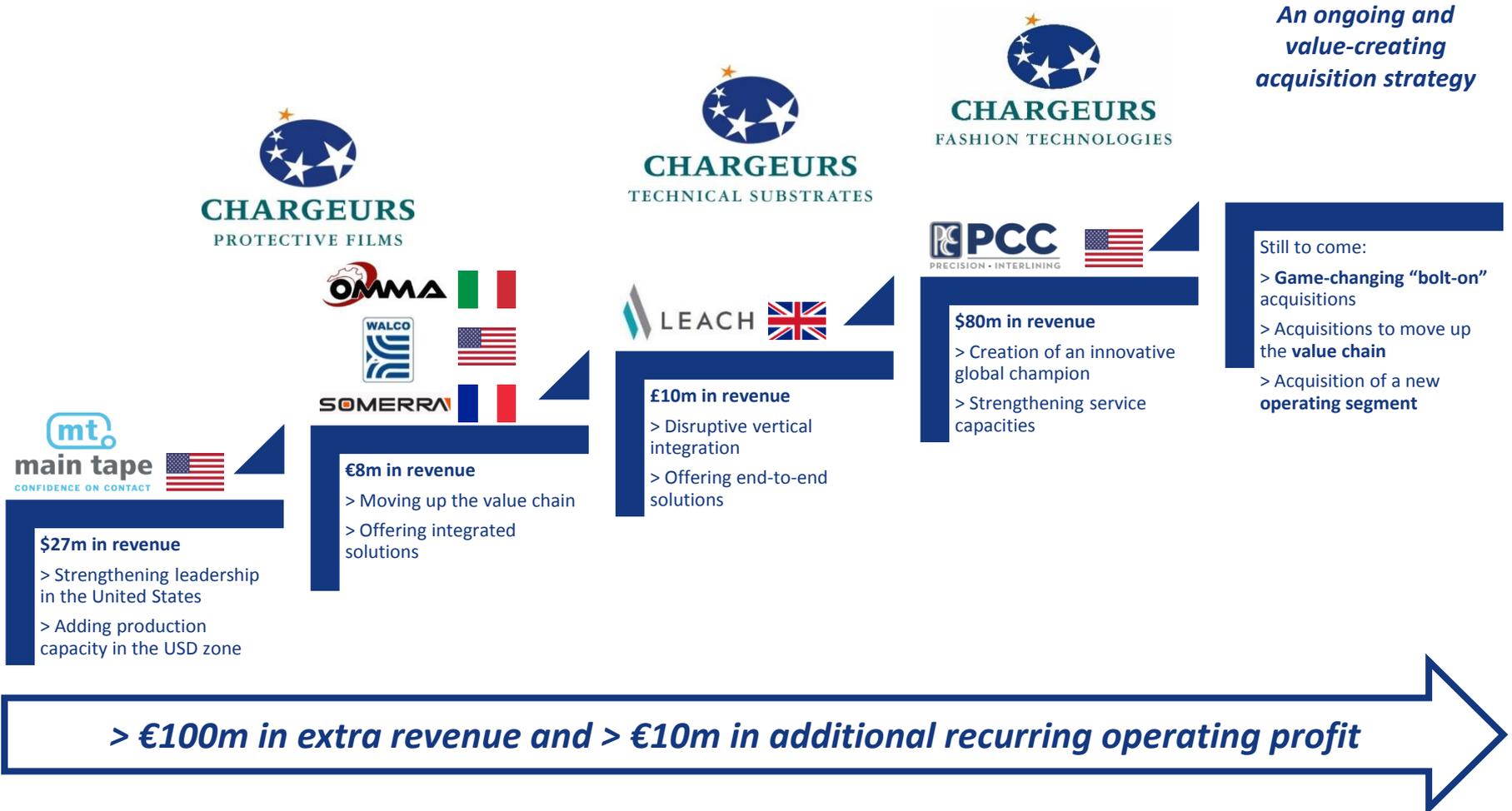


**A successful acquisition program:
€75m in additional revenue from
value-generating acquisitions, purchased at
reasonable price**

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



An ongoing and value-creating acquisition strategy



Case study: Chargeurs PCC Interlining, a remarkable acquisition

A profound transformation for a return to profitable growth

Business development



- **Management internationalization** and appointment of Angela Chan as Managing Director
- Major **management overhaul**: executive management and key subsidiaries
- **Decentralized management** broken down into regions

Industrial optimization

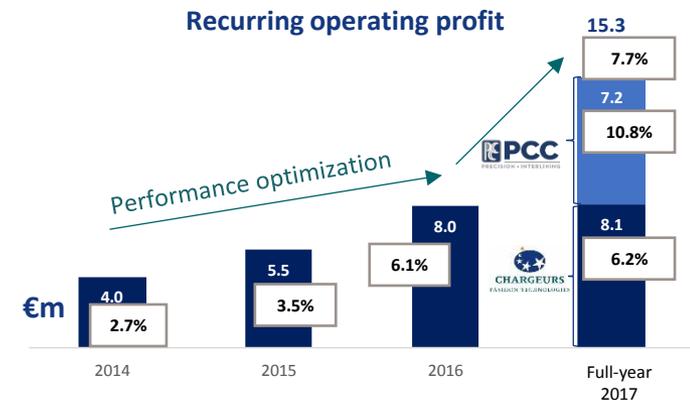
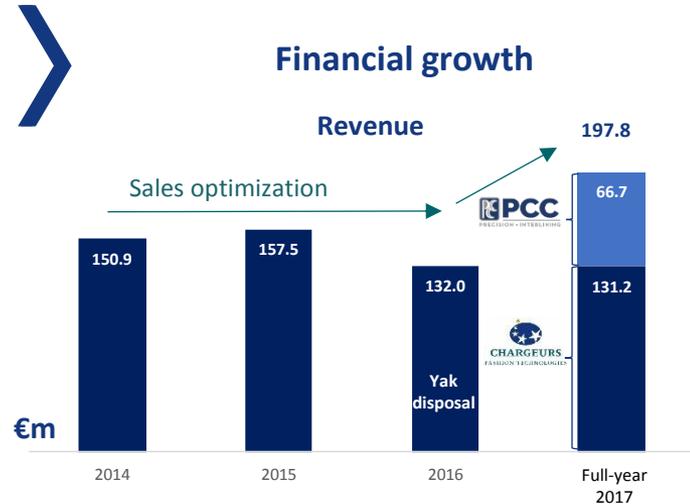


- High value-added production thanks to a **selective sales strategy**
- Supply chain optimization through **logistics excellence**
- Creation of **powerful production hubs** in Europe and Asia
- Comprehensive, innovative offering focused on **services solutions**

Global footprint



- **"Think global, act local"** approach closely aligned with customer needs
- An international expansion with the opening of three service centers and **operations in new countries**, such as Ethiopia, Ecuador, Peru and Bolivia
- A more diversified customer base



The fashion industry: an ongoing revolution

Chargeurs Fashion Technologies customers need to adapt to industry transforming trends



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



Transition to **real-time supply chains** that require highly sophisticated logistics



The race to offer the best value for money, calling for a “**great products, great services, great expertise**” approach



More than ever before, the world’s leading fast-growing brands are looking for **end-to-end and integrated solutions**



The acquisition of PCC enhances the end-customer experience with efficiency, quality and value

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



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

300 employees in a dozen countries, primarily in Asia and the United States

**Specialist in
nomination**

**Key player
in Asia**



**Powerful
brand**

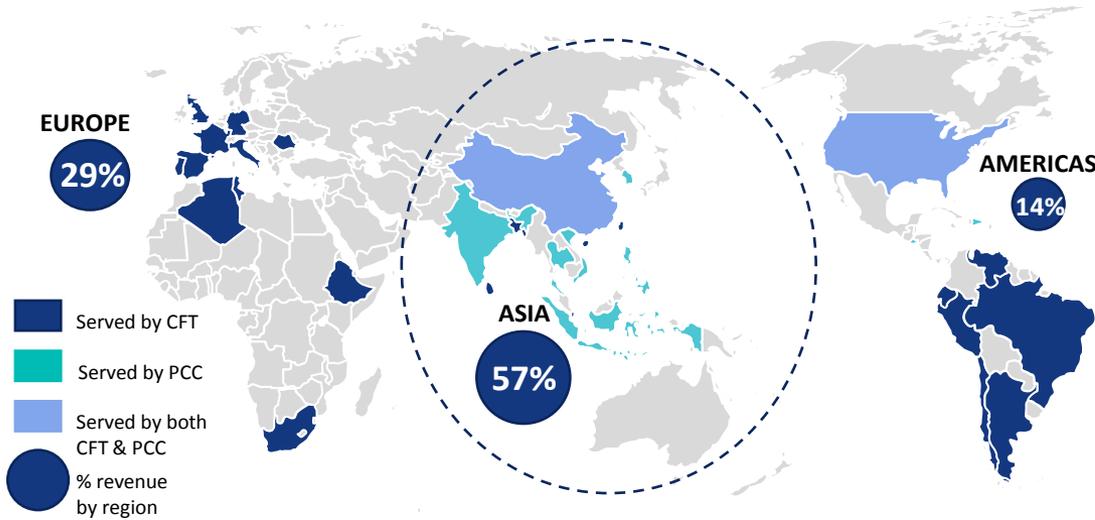
**Customer-centric
approach**

**Agile
model**

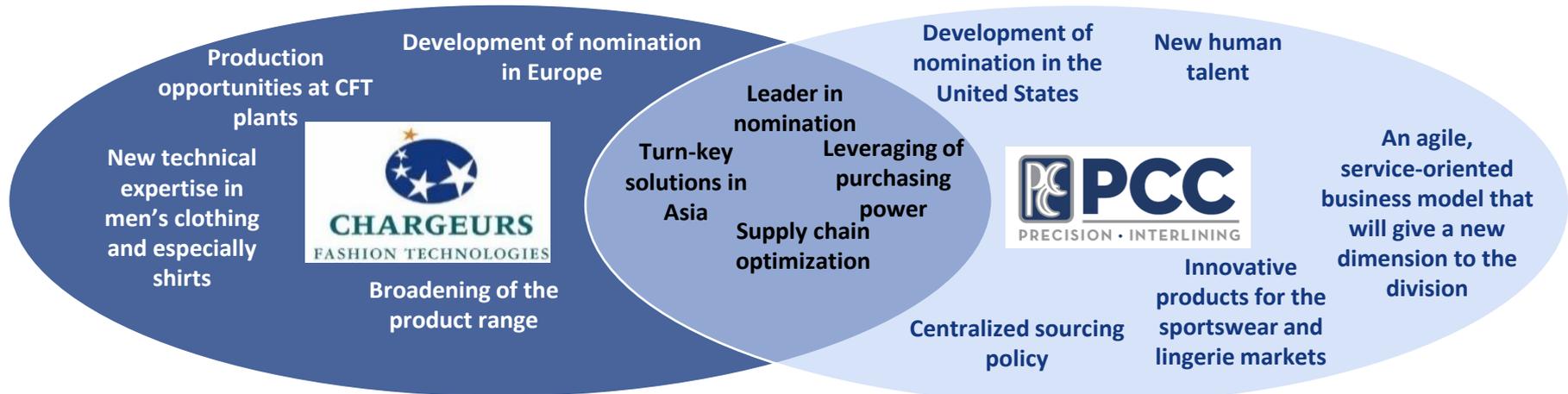
- ✓ **30 years** of business growth
- ✓ **Top 5** leading interlinings manufacturers
- ✓ Leading player in **women's fashion**
- ✓ Decision-making **at the heart of the Asian fashion industry**, with Hong Kong-based headquarters
- ✓ Sales operations in more than 20 countries, mainly in Asia
- ✓ An **international 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

CFT + PCC: a global leader with solid fundamentals at the heart of the fashion & luxury industry

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



Creation of a new leading player with solid fundamentals



A targeted and tactical acquisition for major value creation

By sharply improving the Group’s profitability and financial position, the new entity is a perfect fit with Chargeurs’ strict acquisition strategy

Solid revenues Accretive margins

- Since its creation in 1987, PCC’s **distinctive high quality service**, has enabled it to **outperform its market** and enjoy **very strong growth** to achieve:
 - \$80m in revenue
 - \$8.8m in EBITDA and 11% EBITDA margin
 - \$8.6m in recurring operating profit and 11% operating margin
- ✓ **Strong accretive margins for CFT & Chargeurs**
- ✓ **Excellent profit-to-cash ratio**

Very strong transaction terms

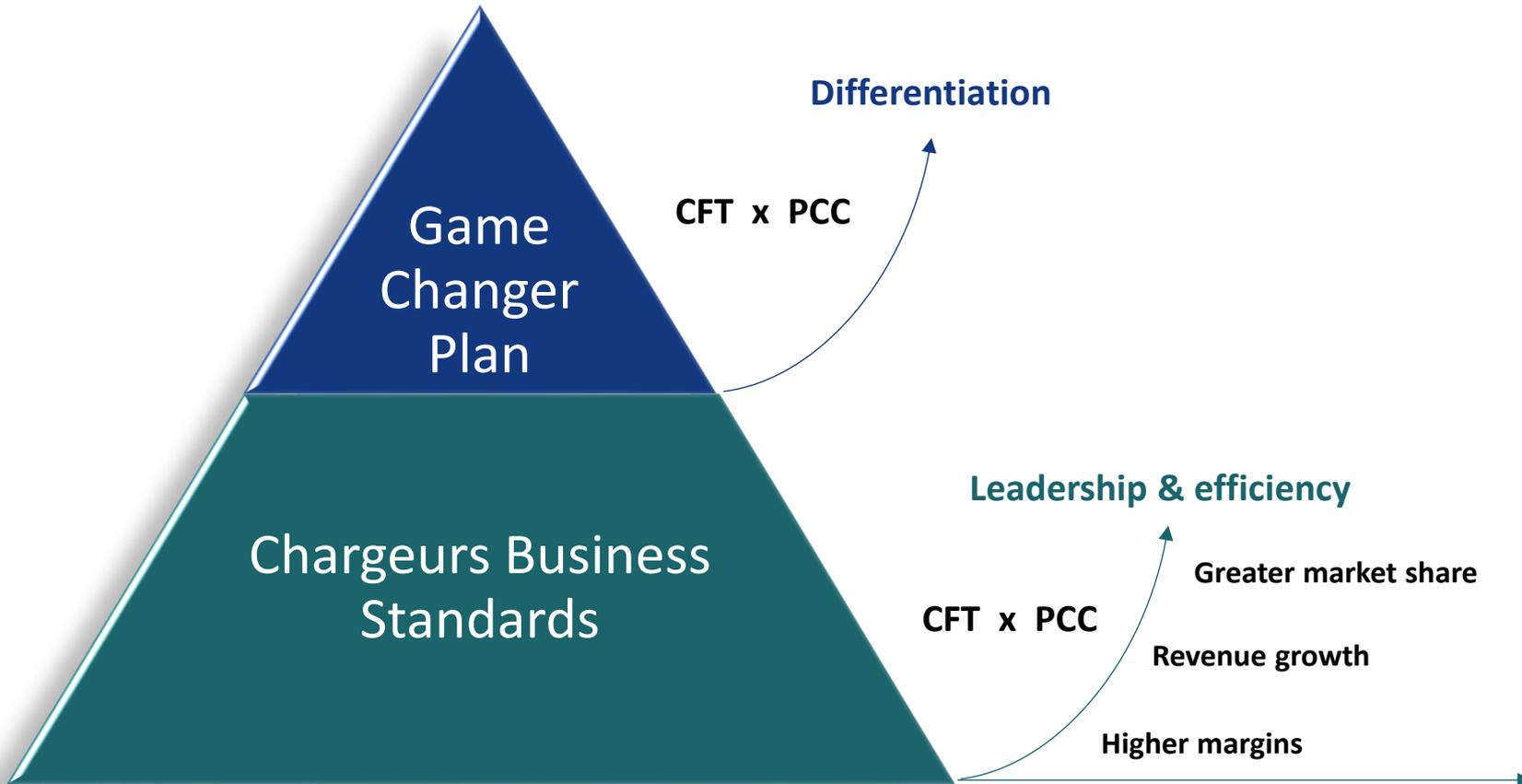
- ✓ **Fair acquisition price of \$66m**
 - Enterprise Value/EBITDA = 7.5
 - Return On Capital Employed > 10 (13%)
- ✓ **Low capital intensive business model**
- ✓ **Acquisition already financed** via €122m in Euro PPs raised in 2016 and 2017 at historically low rates with maturities of 5 and 10 years



Chargeurs Fashion Technologies accelerates to become the global champion of its market

Chargeurs and PCC Interlining: applying Chargeurs' distinctive model

Objective of Chargeurs' acquisition of PCC Interlining: become the global benchmark in interlinings



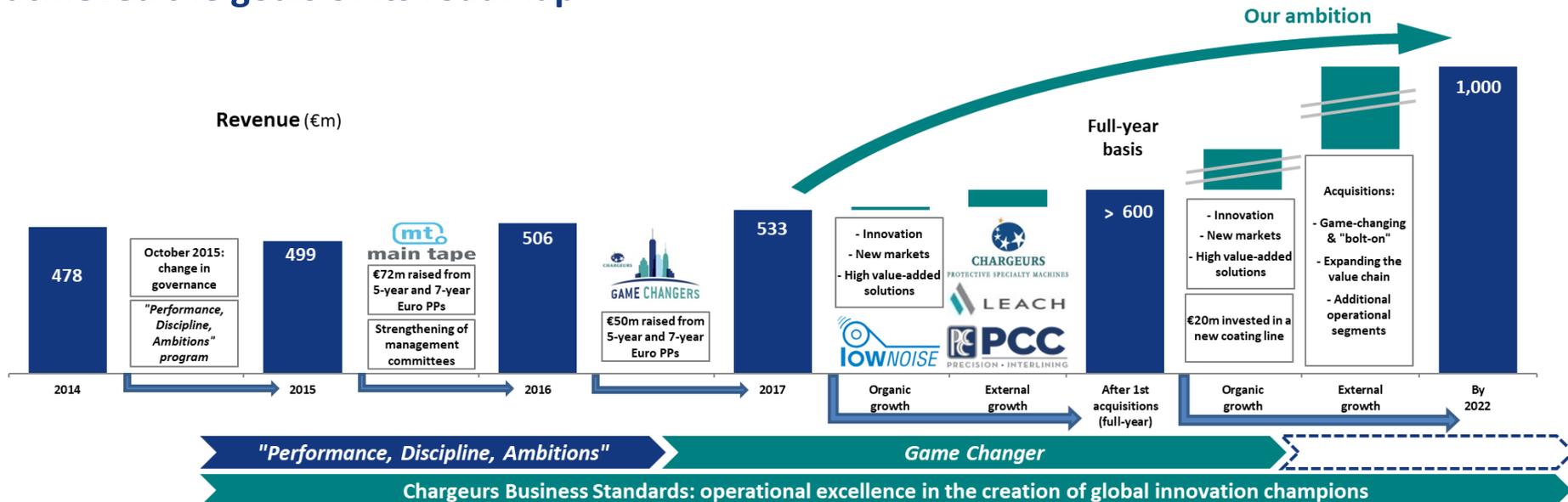


Outlook

Confirmation of guidance for full-year 2018

Revenue growth
Higher operating margin
Solid cash generation

One year after announcing its €1bn revenue target, Chargeurs has re-affirmed and fully achieved the goals of its roadmap



A pro-active and long-term excellence strategy

A clear strategy

- A committed reference shareholder
- Experienced Top Management with an international profile
- A clear vision to constantly strengthen 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



Appendices

- **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.

- **Recurring operating margin:** recurring operating profit as a % of revenue

- **Net cash from operating activities:** net cash from operations = Cash flow + Dividends received from equity-accounted investees + Change in working capital (excl. currency effect)



CHARGEURS
GAME CHANGERS

“A WORLD OF”
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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