

Like-for-like growth of 3.0% for the nine months ended September 30, 2017

A solid end of year in view

- Another period of robust like-for-like growth
- Continuation of the “Game Changer” acceleration plan
- Solid end-of-year performance expected and the continuation of the Group’s selective acquisition strategy

Michaël Fribourg, Chargeurs’ Chairman and Chief Executive Officer, said “We expect 2017 to be another **very good year for Chargeurs** following the launch of our **Game Changer** plan aimed at optimizing our operations. The Group performed well in the third quarter of 2017 despite the extreme weather events during the period, which resulted in some sales being pushed over to the fourth quarter but also generated additional sales opportunities for the end of the year. Armed with strong standards that set it apart, Chargeurs is reaping the benefits of its **tight operational discipline** and is clearly well positioned to step up the pace of its selective acquisition program in the coming 12 months.”

SUSTAINED LIKE-FOR-LIKE GROWTH

In euro millions	Nine months		Change		Third quarter		Change	
	2017	2016	reported	like-for-like *	2017	2016	reported	like-for-like *
Protective Films	211.0	187.5	+23.5	+6.3%	67.7	67.0	+0.7	+1.9%
Fashion Technologies	98.7	100.3	-1.6	-0.9%	30.9	31.5	-0.6	+2.9%
Technical Substrates	18.3	17.2	+1.1	+6.4%	5.8	5.6	+0.2	+3.6%
Luxury Materials	74.8	74.6	+0.2	-0.9%	16.6	22.1	-5.5	-21.7%
Chargeurs, including Luxury Materials	402.8	379.6	+23.2	+3.0%	121.0	126.2	-5.2	-1.9%
Chargeurs, excluding Luxury Materials	328.0	305.0	+23.0	+3.9%	104.4	104.1	+0.3	+2.3%

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

Excluding Chargeurs Luxury Materials – which is a wool trader – the Group’s revenue for the nine months ended September 30, 2017 was up 3.9% on a like-for-like basis (i.e. based on a comparable scope of consolidation and at constant exchange rates).

For the third quarter of 2017, revenue rose 2.3% like-for-like, again excluding Chargeurs Luxury Materials.

ONGOING BRISK MOMENTUM AND A MORE SELECTIVE STRATEGY

The overall like-for-like growth figure of 3.0% for the first nine months of 2017 breaks down as follows by operating segment:

- Like-for-like revenue growth for **Chargeurs Protective Films** was once again very strong, coming in at **6.3%**. This performance was driven by higher worldwide demand, constant optimization of the division’s product mix and the launch of game-changing innovations. During the third quarter, business in the United States – which is Chargeurs Protective Films’ primary market – suffered as a result of the extreme weather events that hit the country in September. However, the division saw business pick up again as of the beginning of the fourth quarter, as postponed projects were relaunched and demand grew due to the reconstruction required in the United States. Meanwhile, the integration of Main Tape – which was acquired in July 2016 – continued successfully during the period.
- Like-for-like revenue for **Chargeurs Fashion Technologies** was stable in the first nine months of 2017 compared with the same period of 2016, in accordance with the division’s strategy. In third-quarter 2017, revenue climbed **2.9%** on a like-for-like basis, with the division feeling the expected benefits of projects starting up again after being postponed at the beginning of the year, as the industry returned to more habitual delivery schedules. Chargeurs Fashion Technologies is pursuing its selective sales strategy, focusing on products with more resilient margins, and is continuing to turn around its operating performance.

- **Chargeurs Technical Substrates** continued its brisk growth trajectory in the first nine months of September 2017 propelled by a strong like-for-like increase in business volumes. This drove a **6.4% like-for-like revenue rise** compared with the same period of 2016, when the division had already posted a sharp increase. In third-quarter 2017, revenue growth came to **3.6%**, reflecting the impact of both annual summer closures and the timings of international export orders (such as with China, India, Asia-Pacific, etc.), which vary throughout the year. Business in 2018 is expected to be driven by sales of new game-changing innovations – notably Sublimis – which should help to capture new U.S. markets, as well as by a gradual foray into the new acoustics markets.
- **Chargeurs Luxury Materials** – whose business involves trades of premium fibers that are systematically hedged by forward sale contracts – generated revenue of €74.8 million in the first nine months of 2017. During the third quarter, Chargeurs Luxury Materials followed the Group's other divisions by putting in place a selective sales strategy in order to gradually boost its profitability and strengthen its long-term relations with major international luxury and sportswear brands. To speed up this process of reorienting its business towards products with more profitable margins, in October 2017 the division launched a new range of premium fibers called Organica (see <http://www.organica-preciousfiber.com>). The initial benefits of this worldwide launch are expected to be felt within 18 months.

THE GAME CHANGER PLAN

In the third quarter of 2017, Chargeurs launched an acceleration plan called **Game Changer** which is intended to help the Group reach its objective of doubling profitable revenue within the space of five years, subject to macro-economic conditions remaining constant.

All of Chargeurs teams, across the world and at all operational levels within the Group, are working on the rollout of the program, which covers the following:

- **Sales & Marketing:** Chargeurs intends to give its various businesses new marketing tools to help them stand out and build even stronger customer relations, which will in turn consolidate their sales forces.
- **Smart & Advanced Manufacturing:** the Group is taking pro-active steps to improve the performance of its production assets and is working determinedly towards reducing non-quality rates and production costs.
- **Distinctive Innovation:** the Group is acting ahead of anticipated changes in its markets, increasing its innovation capacity by accelerating the development of game-changing products and extending its offerings to related markets.
- **Talent Management:** as human capital is one of the cornerstones of Chargeurs' distinctive business model, the Group plans to continue streamlining its organizational structure and to set up new talent development programs – the "Excellence Training Program" and "Young & Executive Programs".

In line with this plan, in order to accelerate its shift towards Industry 4.0 and heighten the focus of its manufacturing activities on very high value-added products, the Group has just announced that it intends to make a strategic internal investment of over **€20 million** in Chargeurs Protective Films and that it is launching a techno-smart project that will give the division a brand new production line within the next 24 months, which will be unique in the world.

OUTLOOK FOR FULL-YEAR 2017

Based on the Group's growth momentum in the first nine months of the year as well as its performance at October 31, 2017, Chargeurs expects to see a solid end-of-year performance. Consequently, it is standing by its full-year guidance, namely that it will achieve a further increase in recurring operating profit and a higher level of cash flow, based on a comparable scope of consolidation and constant exchange rates and assuming that geopolitical and macro-economic conditions remain unchanged.

Appendices - definitions

Like-for-like growth: determined by excluding the effects of changes in the scope of consolidation and fluctuations in exchange rates. The effect of fluctuations in exchange rates is calculated by converting current period figures using the prior period exchange rate.

Financial Calendar

Thursday, January 25, 2018 (after the close of trading) 2017 annual revenue release



ABOUT CHARGEURS

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

It has over 1,500 employees based in 34 countries on five continents, who serve a diversified customer base spanning more than 70 countries.

In 2016, revenue totaled more than €500 million, of which over 90% was generated outside France.

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