CHARGEURS

Financial Report
Year ended December 2016

CONTENT

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

2016 ANNUAL RESULTS
AN EXCELLENT PERFORMANCE

"A WORLD OF" NICHE MARKET LEADERS

CHARGEURS

PRESS RELEASE

Paris – March 9, 2017

Recurring operating profit up 27% to €38.9 million
Net profit up by a very strong 63% to €25.0 million
Recommended dividend up 83% at €0.55 per share

These above-target performances attest to the success of Chargeurs' new strategic growth model and "Performance, Discipline, Ambitions" plan:

- **Revenue growth driven by innovation, success in international markets and seamless integration of highly selected acquisitions**
- **Double-digit EBITDA growth across all of the Group's businesses**
- **Successful deployment of the new Chargeurs Business Standards embodying the powerful and transformative Chargeurs Way**

In 2017, Chargeurs will pursue its strategy of operational excellence and hold fast to its global leadership goals with the aim of becoming the long-term game changer in its markets.

"Chargeurs moved up a gear in its development in 2016, building on its solid strategic vision and distinctive operational and financial discipline, underpinned by the new Chargeurs Business Standards describing the Chargeurs Way," said Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer. *"In 2017, while maintaining the constant vigilance required by today's global geopolitical and macro-economic environment, we will pursue our strategic ambition of building global positions in our niche industrial markets. We intend to be the game changer in these markets, setting a trajectory for our competitors to follow. The focus will be on internationalization, innovation, operational discipline and a unique approach to managing talent, all in support of a strong and sustainable value creation process."*

The fiscal 2016 accounts have been approved by the Board of Directors at its meeting held on March 08, 2017, under the Chairmanship of Michaël Fribourg. The consolidated accounts for fiscal 2016 have been audited and the auditor's report is about to be issued.

2016 CONSOLIDATED RESULTS

(in euro millions)	**2016**	2015	Change (reported)	Change (like-for-like)
Revenue	**506.4**	498.7	*+1.5%*	*+5.1%*
EBITDA	**48.8**	40.3	*+21.1%*	*+24.1%*
As a % of revenue	***9.6%***	*8.1%*		
Recurring operating profit	**38.9**	30.6	*+27.1%*	*+31.0%*
As a % of revenue	***7.7%***	*6.1%*		
Attributable net profit	**25.0**	15.3	*+63.4%*	

Revenue crossed the symbolic €500 million mark
Like-for-like revenue growth was greater than global economic growth and three times greater than euro zone growth

Revenue for the twelve months ended December 31, 2016 was up 5.1% like-for-like, fueled by a solid increase in business volumes and a further improvement in the product mix across all of the Group's businesses. Excluding Chargeurs Luxury Materials, year-on-year revenue growth was 4.7% on a like-for-like basis.
Changes in the scope of consolidation had a 1.4% negative effect, reflecting the January 1, 2016 deconsolidation of Yak Trading (Fashion Technologies) in China, the effect of which was partly offset by the acquisition of Main Tape (Protective Films) in the United States. Changes in exchange rates trimmed 2.2% from revenue. The impact mainly concerned the Argentine peso with the Fashion Technologies business being the most affected.

Faster improvement in operational performance: higher net profit and cash flow

Operating margin rate widened by 160 basis points compared to 2015, with all of the Group's businesses contributing to the increase. Successful implementation of the "Performance, Discipline, Ambitions" plan launched at the end of 2015 and last year's deployment of the Chargeurs Business Standards have aligned all of the businesses with the best international benchmarks in terms of innovation strategy, operational and technological excellence, quality and services. Net profit rose by 63% to €25.0 million while cash flow, at €30.0 million, was 24% higher year-on-year, reflecting the steady improvement in the Group's cash generation.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: more than €250 million in revenue for the year and a 150-basis point increase in operating margin rate

(in euro millions)	**2016**	2015	Change	
Revenue	**250.3**	227.2	+23.1	+10.2%
Like-for-like change (%)				***+6.5%***
EBITDA	**33.2**	26.8	+6.4	+23.9%
As a % of revenue	***13.3%***	*11.8%*		
Recurring operating profit	**28.0**	21.8	+6.2	+28.4%
As a % of revenue	***11.2%***	*9.6%*		

Chargeurs Protective Films' revenue grew by 6.5% like-for-like in 2016. The main growth drivers were high business volumes and a further improvement in product mix, reflecting the division's ongoing innovation drive, technological differentiation and broader global footprint. The July 2016 acquisition of Main Tape in the United States – representing Chargeurs Protective Films' first external growth transaction in over 15 years – has added new production capacity in the dollar zone, robust synergies and a product offer that complements the division's existing line-up.

It helped to lift Chargeurs Protective Films' revenue to above the symbolic €250 million mark. The division's contribution to recurring operating profit totaled €28.0 million, reflecting a 150-basis point improvement in operating margin rate that was attributable to efficient cost management and favorable exchange rates.

Chargeurs Fashion Technologies: an outstanding recovery, with operating margin rate up by an exceptional 280 basis points

(in euro millions)	**2016**	2015	Change	
Revenue	**132.0**	157.5	-25.5	-16.2%
Like-for-like change (%)				***+0.1%***
EBITDA	**11.7**	9.6	+2.1	+21.9%
As a % of revenue	***8.9%***	*6.1%*		
Recurring operating profit	**8.0**	5.5	+2.5	+45.5%
As a % of revenue	***6.1%***	*3.5%*		

In line with its more selective marketing strategy, Chargeurs Fashion Technologies delivered an excellent performance in 2016 by focusing on the most profitable product lines meeting the needs of global customers.

The division optimized its presence in China by selling its stake in the Yak Trading joint venture (representing revenues of €17.3 million in 2015) and transferring all local manufacturing operations to its plant located close to Shanghai.

Despite the unfavorable exchange rate for the Argentine peso, operating margin rate increased by an exceptional 280 basis points, leading to recurring operating profit of €8.0 million. This performance reflects the full-year impact of the restructuring plan launched at the end of 2015 and the improvement in product mix that followed the February 2016 marketing launch of ultra-thin (40-gauge) high-end interlining products.

Chargeurs Technical Substrates: successful commissioning of 5-meter width coating line and launch of product innovations

(in euro millions)	**2016**	2015	Change	
Revenue	**24.6**	20.3	+4.3	+21.2%
Like-for-like change (%)				***+21.2%***
EBITDA	**4.7**	4.1	+0.6	+14.6%
As a % of revenue	***19.1%***	*20.2%*		
Recurring operating profit	**3.8**	3.6	+0.2	+5.6%
As a % of revenue	***15.4%***	*17.7%*		

Last year's commissioning of the new 5-meter width coating line and the steady stream of innovations for the digital fabric printing market helped to drive more than 20% like-for-like revenue growth at Chargeurs Technical Substrates, near €25 million.

Profitability remained strong thanks to effective cost management. Recurring operating profit rose to €3.8 million despite the additional depreciation expense and fixed costs associated with the new coating line.

Chargeurs Luxury Materials: a sharper focus on high-end products

Chargeurs Wool has been renamed Chargeurs Luxury Materials to underscore its expertise in managing the high quality combed wool supply chain for customers at the luxury end of the apparel market.

(in euro millions)	**2016**	2015	Change	
Revenue	**99.5**	93.7	+5.8	+6.2%
Like-for-like change (%)				***+6.8%***
EBITDA	**2.9**	2.6	+0.3	+11.5%
As a % of revenue	***2.9%***	*2.8%*		
Recurring operating profit	**2.9**	2.5	+0.4	+16.0%
As a % of revenue	***2.9%***	*2.7%*		

Chargeurs Luxury Materials reported revenue of nearly €100.0 million in 2016, an increase of 6.8% like-for-like compared with the previous year. This performance attests to the effectiveness of the division's strategic focus on high quality, traceable and durable fibers, aimed at offering premium services to customers in the luxury segment. Chargeurs Luxury Materials reported recurring operating profit of €2.9 million for 2016, up 16% on the prior year, and return on capital employed of some 10%.

Sustainable development is a growing concern for the leading luxury brands and this will be a key factor in Chargeurs Luxury Materials' strategy going forward.

A ROBUST FINANCIAL POSITION WITH INCREASED RESOURCES TO FINANCE FUTURE GROWTH

Chargeurs' robust financial position was further strengthened during the year, with equity attributable to owners of the parent rising to €227.3 million at December 31, 2016 from €219.3 million at the previous year-end.

Thanks to its high profit-to-cash conversion rate and tight control of working capital, the Group ended the year with a €3.2 million net cash position despite sustained investment to support its leadership of niche markets, an increase in the dividend and external growth (acquisition of Main Tape).

A total of €89 million in new financing was raised during the year, extending the average life of financing from 3.4 to 5.1 years. The new facilities included the Group's first foray into France's Euro PP market, in the shape of two seven-year issues for a total of €72 million.

INCREASED DIVIDEND

At the Annual General Meeting on April 20, the Board of Directors will recommend increasing the 2016 dividend by 83% to €0.55 per share, to take account of the faster pace of improvement in the Group's operating performance and its enhanced fundamentals.

An interim dividend of €0.20 was paid on September 21, 2016, after the 2016 interim financial statements had been approved.

The proposed timeline for payment of the final dividend of €0.35 is as follows:

- Ex-dividend date: May 3th, 2017
- Payment date of the final dividend: May 30th, 2017

OUTLOOK

With the Chargeurs Business Standards providing leverage, the Group is well placed to report increased recurring operating profit and high free cash flow in 2017, on a like-for-like basis and barring any unforeseen changes in the geopolitical and macro-economic environment. During the year, the Group will invest more than ever in the qualitative aspects of business growth, placing Chargeurs in a class of its own compared to the competition.

The dates of the Annual General Meeting and the publication of first-quarter 2017 financial information, initially scheduled for April 27, 2017, have been brought forward to Thursday, April 20, 2017.

Appendices – Definitions

Net profit: profit for the period reported in the consolidated financial statements.

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

Operating margin: recurring operating profit

Free cash flow = Cash flow + Dividends received from associates and joint ventures – Change in working capital – Capital expenditure

Return on capital employed (ROCE) = Recurring operating profit / Capital employed (as presented in the consolidated financial statements)

2017 Financial Calendar

Thursday, April 20, 2017 (before the start of trading)	First-quarter 2017 financial information
Thursday, April 20, 2017	Annual General Meeting
Thursday, September 7, 2017 (before the start of trading)	First-half 2017 results
Thursday, November 14, 2017 (after the close of trading)	Third-quarter 2017 financial information

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 more than 90% was generated outside France.

CONTACT

Financial Communications ● +33 1 47 04 13 40 ● comfin@chargeurs.fr ● www.chargeurs.fr

Consolidated Income Statement
(in euro millions)

	Year ended December 31	
	2016	2015
Revenue	**506,4**	**498,7**
Cost of sales	(376,4)	(378,2)
Gross profit	**130,0**	**120,5**
Distribution costs	(54,8)	(53,9)
Administrative expenses	(32,6)	(32,1)
Research and development costs	(3,7)	(3,9)
Recurring operating profit	**38,9**	**30,6**
Other operating income	-	0,2
Other operating expense	(5,0)	(6,8)
Operating profit	**33,9**	**24,0**
Finance costs, net	(4,3)	(3,5)
Other financial expense	(1,5)	(2,3)
Other financial income	3,8	0,5
Net financial expense	**(2,0)**	**(5,3)**
Share of profit/(loss) of associates	(2,0)	(10,7)
Pre-tax profit for the period	**29,9**	**8,0**
Income tax expense	(4,9)	7,5
Profit from continuing operations	**25,0**	**15,5**
Profit/(loss) from discontinued operations	-	-
Profit for the period	**25,0**	**15,5**
Attributable to:		
Owners of the parent	**25,0**	**15,3**
Non-controlling interests	-	0,2
Earnings per share (in euros)		
Basic earnings per share	1,09	0,78
Diluted earnings per share	1,09	0,78

Consolidated Statement of Comprehensive Income
(in euro millions)

	Year ended December 31	
	2016	2015
Profit for the period	**25,0**	**15,5**
Exchange differences on translating foreign operations	(4,5)	10,2
Cash flow hedges	(0,7)	0,7
Total items that may be reclassified subsequently to profit or loss	**(5,2)**	**10,9**
Other components of other comprehensive income	0,2	0,8
Actuarial gains and losses on post-employment benefit obligations	(1,7)	0,8
Income tax on items that will not be reclassified to profit or loss	-	(0,1)
Total items that will not be reclassified to profit or loss	**(1,5)**	**1,5**
Other comprehensive income for the period, net of tax	**(6,7)**	**12,4**
Total comprehensive income for the period	**18,3**	**27,9**
Attributable to:		
Owners of the parent	19,5	27,5
Non-controlling interests	(1,2)	0,4

Consolidated Statement of Financial Position
(in euro millions)

Assets	12/31/2016	12/31/2015
Non-current assets		
Intangible assets	92,1	78,5
Property, plant and equipment	61,8	55,9
Investments in associates and joint ventures	14,9	18,1
Deferred tax assets	29,0	27,1
Non-current financial assets	2,4	2,1
Other non-current assets	0,5	0,5
	200,7	**182,2**
Current assets		
Inventories and work-in-progress	105,4	101,0
Trade receivables	47,3	44,6
Factored receivables (*)	50,7	48,9
Derivative financial instruments	0,5	1,1
Other receivables	23,0	23,6
Current income tax receivables	2,2	1,3
Cash and cash equivalents	161,5	97,7
	390,6	**318,2**
Assets held for sale	-	-
Total assets	**591,3**	**500,4**

Equity and Liabilities	12/31/2016	12/31/2015
Attributable to owners of the parent	227,3	219,3
Non-controlling interests	-	3,1
Total equity	**227,3**	**222,4**
Non-current liabilities		
Long-term borrowings	133,1	49,1
Pension and other post-employment benefit obligations	16,7	14,6
Provisions	0,5	0,7
Other non-current liabilities	3,1	8,1
	153,4	**72,5**
Current liabilities		
Trade payables	91,3	90,6
Other payables	39,7	38,9
Factoring liabilities (*)	50,7	48,9
Current income tax liability	1,9	1,5
Derivative financial instruments	1,8	0,3
Short-term portion of long-term borrowings	8,1	8,6
Short-term portion of long-term borrowings	17,1	16,7
	210,6	**205,5**
Liabilities related to assets held for sale	-	-
Total equity and liabilities	**591,3**	**500,4**

(*) Related to receivables for which title has been transferred.

Consolidated Statement of Cash Flows

(in euro millions)

	Year ended December 31	
	2016	**2015**
Cash flows from operating activities		
Pre-tax profit of consolidated companies	31,9	18,7
Adjustments to reconcile pre-tax profit to cash generated from operations	6,1	11,3
- Depreciation and amortization expense	*9,9*	*9,7*
- Provisions and pension and other post-employment benefit obligations	*(1,2)*	*(0,1)*
- Impairment of non-current assets	*0,6*	*0,3*
- Fair value adjustments	*0,7*	*(0,2)*
- Impact of discounting	*0,3*	*1,0*
- (Gains)/losses on sales of investments in non-consolidated companies and other non-curr	*(3,6)*	*(0,2)*
- Exchange (gains)/losses on foreign currency receivables and payables	*(0,6)*	*0,8*
Income tax paid	(8,0)	(5,9)
Cash generated by operations	**30,0**	**24,1**
Dividends from equity-accounted companies	0,3	0,3
Change in operating working capital	0,8	8,0
Net cash from operating activities	**31,1**	**32,4**
Cash flows from investing activities		
Acquisitions of subsidiaries, net of the cash acquired (1)	(19,7)	-
Proceeds from disposals of subsidiaries	(0,9)	-
Purchases of intangible assets	(0,7)	(0,8)
Purchases of property, plant and equipment	(10,2)	(13,3)
Proceeds from sales of property, plant and equipment	0,1	0,5
Other movements	0,1	0,7
Net cash from/(used in) investing activities	**(31,3)**	**(12,9)**
Cash flows from financing activities		
Proceeds from issues of shares on conversion of bonds	-	11,9
Bond conversions	-	(11,9)
Returns of capital to minority shareholders of subsidiaries	-	(1,1)
Dividends paid to owners of the parent *(2)*	(11,5)	(3,2)
Proceeds from new borrowings	92,2	17,7
Repayments of borrowings and overdrafts	(10,3)	(9,0)
Change in bank overdrafts	(0,5)	1,5
Other movements	(6,0)	(1,1)
Net cash from/(used in) financing activities	**63,9**	**4,8**
Increase/(decrease) in cash and cash equivalents	**63,7**	**24,3**
Cash and cash equivalents at beginning of period	97,7	72,7
Effect of changes in foreign exchange rates on cash and cash equivalents	0,1	0,7
Cash and cash equivalents at period-end	**161,5**	**97,7**

(1) No cash and cash equivalent included in Main Tape balance sheet at the acquisition date.

(2) Including a €4,6 million interim dividend payment.

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 postemployment benefit obligations	Treasury stock	Total equity attributable to owners of the parent	Non controlling interests	Total equity
At December 31, 2014	**2,6**	**42,2**	**132,8**	**11,4**	**(0,4)**	**(5,8)**	**(0,2)**	**182,6**	**3,8**	**186,4**
Issue of share capital	1,1	10,8						11,9		11,9
Payment of dividends			(3,2)					(3,2)		(3,2)
Profit for the period			15,3					15,3	0,2	15,5
Effect of changes in scope of consolidation (1)			0,5					0,5	(1,1)	(0,6)
Other comprehensive income for the period			0,8	10,0	0,7	0,7		12,2	0,2	12,4
At December 31, 2015	**3,7**	**53,0**	**146,2**	**21,4**	**0,3**	**(5,1)**	**(0,2)**	**219,3**	**3,1**	**222,4**
Payment of dividends (2)			(11,5)					(11,5)		(11,5)
Profit for the period			25,0					25,0		25,0
Effect of changes in scope of consolidation								-	(1,9)	(1,9)
Other comprehensive income for the period			0,2	(3,3)	(0,7)	(1,7)		(5,5)	(1,2)	(6,7)
At December 31, 2016	**3,7**	**53,0**	**159,9**	**18,1**	**(0,4)**	**(6,8)**	**(0,2)**	**227,3**	**-**	**227,3**

(1) Corresponding to the first-time consolidation of LP Romania, which was previously included in "Investments in non-consolidated companies".

(2) Including a €4,6 million interim dividend payment.