FIRST-HALF 2019 RESULTS: CHARGEURS CONFIRMS ITS STRATEGIC GROWTH OBJECTIVES AND TARGETS €750M TO €800M IN REVENUE IN 2020

"A WORLD OF" NICHE MARKET LEADERS

PRESS RELEASE

Paris - September 12, 2019

First-half 2019: one of the Group's best-ever performances despite a more volatile environment and persistently high levels of investment

- **Major increase in investment by Groupe Familial Fribourg at the start of 2019, demonstrating its confidence in Chargeurs.**
- **€326.1 million in revenue (up 13.6%), €32.5 million in EBITDA (up 6.2%), and €22.8 million in cash flow (up 5.1%). Like-for-like growth back on track in second-quarter 2019.**
- **Recurring operating profit[1] of €22.7 million for the first six months of 2019 which includes the deliberate ramp-up in investments and the impact of the current business climate on Chargeurs Protective Films.**
- **Acceleration in the Group's transformation process to support growth:**
  - **Successful development of new leader products and new production capacity.**
  - **Completion of three acquisitions and new acquisition projects planned for the coming months.**
  - **Successful integration of the companies acquired in 2018.**
  - **Effective implementation of the new marketing policy across all businesses.**
- **Unparalleled financial flexibility for the Group with the removal of the leverage covenant and extension of maturities of borrowings in the first half of 2019.**
- **Interim dividend of €0.20 for 2019, with a reinvestment option.**

"Groupe Familial Fribourg's increased investment gives Chargeurs the assurance of a solid and lasting capital base. Despite a more volatile context, the start of 2019 saw the Group maintain its high-level performance while stepping up and accelerating the core measures needed to cement all of our segments' business models and leadership positions. Thanks to the success of these measures, in all areas including industrial, technological, geographic and talent development, Chargeurs is clearly in a position to confirm its target of achieving €1 billion in revenue by end-2021 and a recurring operating margin of over 10% from 2022", said **Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer**.

The consolidated financial statements for the six months ended June 30, 2019 were approved by Chargeurs' Board of Directors at its meeting held on September 11, 2019 chaired by Michaël Fribourg.

STRATEGICALLY STEPPING UP INVESTMENTS

The first half of 2019 saw Groupe Familial Fribourg raise its interest in Colombus Holding, supported by its long-standing shareholders, as well as a new investor in Colombus Holding – the blue chip, long-term shareholder Groupama, a French mutual insurance group. Groupe Familial Fribourg is now the controlling shareholder of Columbus Holding, which in turn is Chargeurs' lead shareholder with a 27.6% stake in its share capital.
The strengthening of Groupe Familial Fribourg's indirect interest in Chargeurs reflects a high level of confidence in the Group's ability to create significant industrial and shareholder value over the long term.

The acquisitions carried out since 2016 also reflect the success of Chargeurs' targeted external growth strategy aimed at creating global champions and ensuring that the Group's various businesses contribute in an increasingly balanced way to its overall earnings.
The acquisitions of PCC and Leach in 2018 marked an acceleration in the implementation of this strategy, and their successful integration was a major contributing factor to the Group's first-half 2019 results.
On July 4, 2019, the Group announced that it had acquired majority stakes in three market leaders for Chargeurs Technical Substrates. This led to the creation of the Chargeurs Creative Collection network – a high-potential niche business that is a new global champion in museum heritage management and visitor experience solutions, made up of Leach and the Group's three majority-stake acquisitions: Design PM, MET Studio and Hypsos.

[1] *See glossary for definition of recurring operating profit*

The Group expects Chargeurs Technical Substrates' revenue to exceed €60 million for full-year 2019, and has brought its objective of topping the €100 million revenue mark forward to end-2020. It is also aiming for a recurring operating margin of 14% and a strong earnings to cash conversion ratio in the medium term.

During first-half 2019, Chargeurs continued to step up the rollout of its **Game Changer** performance acceleration plan, by carrying out deep-seated measures to strengthen the business models and leadership positions of all of the Group's business segments over the long term. All Chargeurs teams across the world are working hard on these action plans at all operational levels. The main initiatives taken in first-half 2019 were as follows:

- **Sales & Marketing:** in each business segment, Chargeurs continued to optimize the mix between direct customer contact and partnerships with distributors. The Group completely overhauled the brand strategy for its businesses, so that they can effectively share their premium and technological DNA with their customers. High Emotion Technology®, the Group's new global branding signature, is a reflection of the way in which all of Chargeurs' businesses are able to assist their customers and their customers' customers on a daily basis. Part of an innovative BtoB and BtoBtoC marketing drive, the new branding signature will increase the Group's market visibility and make its products and services even more indispensable for customers.
- **Smart manufacturing:** the Group managed to flexibilize and premiumize its production systems across all of its businesses. In less than 18 months, Chargeurs has been able to build and bring on stream a high-tech production line at Chargeurs Protective Films. This project was completed more quickly and at a lower cost than expected and the new line started delivering its first orders in July. The project represented considerable additional costs in the first six months of 2019, but the Group does not expect any significant capital outlay in the second half of the year as the capex peak was reached in the first half.
- **Innovation:** the Group's technology strategy focused on the accelerated rollout of "green" products. At Chargeurs Protective Films, 100% of plastic films are recyclable, and the business has a wide range of bio-sourced films. In the Group's textiles operations, products developed using recycled or traceable fibers have met with worldwide success. On June 18, 2019, Chargeurs was awarded the Hermès de l'Innovation prize for excellence in the "Best creative synthesis" category for its value creation through the development of products and services that improve the lives of individuals and society as a whole.
- **Talent management:** the organizational structures of Chargeurs' four businesses were updated and globalized. International profiles now make up over 80% of the operations executive committees, which better reflects the Group's global commitment to its customers located in 90 countries. We have considerably strengthened our teams to ensure we have the talent required to support each business's upscaling.

Chargeurs is actively pursuing its strategy of acquiring companies with high earnings potential, while continuing to reinforce its solid fundamentals. The Group is confident that it will meet its strategic objective of topping the €1 billion revenue mark by 2021, and is aiming for a recurring operating margin of over 10% from 2022.

BETTER REVENUE WEIGHTING BY GEOGRAPHIC REGION IN FIRST-HALF 2019

							Change 19/18	
In euro millions	**H1 2019**	***Q2 2019***	***Q1 2019***	**H1 2018**	***Q2 2018***	***Q1 2018***	**Reported**	**lfl [1]**
Europe	151.3	*72.9*	*78.4*	146.6	*69.5*	*77.1*	+3.2%	+0.6%
Americas	77.2	*38.8*	*38.4*	71.3	*37.2*	*34.1*	+8.3%	+1.1%
Asia	97.6	*53.2*	*44.4*	69.2	*35.6*	*33.6*	+41.0%	-10.4%
Chargeurs	**326.1**	***164.9***	***161.2***	**287.1**	***142.3***	***144.8***	**+13.6%**	**-1.9%**

(1) like-for-like: based on a comparable scope of consolidation and at constant exchange rates

The 13.6% reported revenue growth figure for first-half 2019 can be analyzed as follows by geographic region:

- **In Europe**, despite the sharp economic slowdown seen in Germany, which was felt by Chargeurs Protective Films, consolidated revenue **rose 3.2%**, led by Chargeurs Technical Substrates' strong sales momentum thanks to the acquisition of Leach in the United Kingdom in May 2018 and new strategic industrial partnerships signed by Chargeurs Luxury Materials. This performance clearly reflects the success of the Group's growth strategy.
- **In the Americas**, the Group's revenue **advanced 8.3%**, fueled by the integration of PCC into Chargeurs Fashion Technologies in 2018 as well as a positive currency effect arising from the appreciation of the US dollar.
- **In Asia**, consolidated revenue **surged 41.0%**, and now represents almost a third of the Group's global revenue. This performance was mainly due to the strategic integration of PCC into Chargeurs PCC Fashion Technologies in August 2018.

CONSOLIDATED KEY FIGURES FOR FIRST-HALF 2019

In euro millions	H1 2019	H1 2018	H1 2019 vs H1 2018	Q2 2019 vs Q2 2018	Q1 2019 vs Q1 2018
Revenue	**326.1**	**287.1**	**+13.6%**	***+15.9%***	***+11.3%***
like-for-like (1)			***-1.9%***	***+1.0%***	***-4.6%***
EBITDA (2)	**32.5**	**30.6**	**+6.2%**		
as a % of revenue	***10.0%***	***10.7%***			
Recurring operating profit	**22.7**	**24.8**	**-8.5%**		
as a % of revenue	***7.0%***	***8.6%***			
Attributable net profit	**8.3**	**15.3**	**-45.8%**		

(1) like-for-like: based on a comparable scope of consolidation and at constant exchange rates

(2) The impact of IFRS 16 is presented in the simplified financial report

Consolidated revenue was up once again in first-half 2019, rising by over 13% year on year. Growth was driven by the acquisitions carried out in 2018 and the 1.0% like-for-like increase posted for the second quarter of 2019.

Consolidated EBITDA amounted to €32.5 million, representing 10.0% of revenue. This figure reflects the combination of the following factors (i) a positive €3.3 million impact from the Group's first-time application of IFRS 16 at January 1, 2019, (ii) intensified strategic capex, particularly for the launch of the new 4.0 production line at Chargeurs Protective Films, (iii) the economic slowdowns in Germany and China, and (iv) the successful integrations of PCC into Chargeurs Fashion Technologies and Leach into Chargeurs Technical Substrates.

Recurring operating profit came to €22.7 million, representing 7.0% of revenue. Depreciation and amortization expense increased by (i) €3.1 million due to the impact of IFRS 16 and (ii) €0.9 million as a result of the Group's high capex strategy aimed at driving future growth.

Profit for the period totaled €8.3 million. This figure includes (i) €1.2 million in amortization of intangible assets acquired through business combinations, (ii) €1.9 million in non-recurring expenses related to acquisitions carried out, (iii) €1.1 million in acquisition-related reorganization costs, (iv) €0.7 million for acquisition projects in process, and (v) a €0.4 million negative impact on net financial expense related to the first-time application of IFRS 16.

ANALYSIS BY BUSINESS SEGMENT

Chargeurs Protective Films: a stronger Q2 than Q1, in terms of both sales and orders

In euro millions	H1 2019	H1 2018	H1 2019 vs H1 2018	Q2 2019 vs Q2 2018	Q1 2019 vs Q1 2018
Revenue	**142.1**	**150.0**	**-5.3%**	**-3.2%**	**-7.4%**
like-for-like (1)			***-7.1%***	***-4.6%***	***-9.5%***
EBITDA (2)	**19.2**	**21.7**	**-11.5%**		
as a % of revenue	***13.5%***	***14.5%***			
Recurring operating profit	**14.1**	**18.2**	**-22.5%**		
as a % of revenue	***9.9%***	***12.1%***			

(1) like-for-like: based on a comparable scope of consolidation and at constant exchange rates

(2) The impact of IFRS 16 is presented in the simplified financial report

Sales generated by Chargeurs Protective Films ("CPF") totaled €73 million in the second quarter of 2019, up more than 5% on the first quarter of the year. The second quarter of 2019 was CPF's **best quarter in the last 12 months in terms of sales and orders**, reflecting both a more buoyant market and aggressive sales measures put in place by the business while preserving its premium pricing policy in line with its standards. CPF's sales figure for Q2 2019 represents its **second highest-ever Q2 sales performance**, with a very good product mix, which will have a positive impact in the coming months.

Recurring operating profit for first-half 2019 amounted to €14.1 million, with solid cash generation: cash flow from operations is in line with that of the first half of 2018. As explained in the March 12, 2019 annual results release, the basis of comparison with first-half 2018 is extremely high as CPF's recurring operating profit reached a record level during that period, driven by a favorable market context and a peak in orders taken in June 2018. The business's recurring operating profit figure for first-half 2019 – which is one of the best ever recorded by CPF – reflects a less positive first quarter in terms of volumes, particularly in China and Germany, followed by a much more dynamic second quarter. These operational factors explain half of the year-on-year decrease.

A further quarter of the year-on-year decrease was attributable to measures undertaken to step up the Game Changer plan, which led to opex with a high medium-term return.

CPF's excellent second-quarter 2019 showing was achieved despite the negative effects of the following:

- the termination of Italian subsidies in support of the environmental performance of local production equipment;
- additional costs, concentrated in first-half 2019, related to the industrial and logistics reorganization measures implemented due to the launch of the new production line;
- the deferral, to the second half of 2019, of highly profitable orders at Chargeurs Protective Specialty Machines.

Chargeurs PCC Fashion Technologies: operating performance on a growth trajectory

In euro millions	H1 2019	H1 2018	H1 2019 vs H1 2018	Q2 2019 vs Q2 2018	Q1 2019 vs Q1 2018
Revenue	107.7	68.8	+56.5%	+56.3%	+56.8%
like-for-like (1)			*2.3%*	*+2.3%*	*+2.4%*
EBITDA (2)	11.4	7.6	+50.0%		
as a % of revenue	*10.6%*	*11.0%*			
Recurring operating profit	8.1	6.0	+35.0%		
as a % of revenue	*7.5%*	*8.7%*			

(1) like-for-like: based on a comparable scope of consolidation and at constant exchange rates
(2) The impact of IFRS 16 is presented in the simplified financial report

At €107.7 million, Chargeurs PCC Fashion Technologies' revenue for first-half 2019 was up 56.5% on the same period of 2018, led by the acquisition of PCC in 2018 and the segment's customer-centric strategy. This very strong showing comes on the back of excellent sales momentum achieved in a competitive market, driven by upscaling the segment's product and service offerings.

Recurring operating profit continued to grow, jumping 35.0% year on year to €8.1 million, despite an unfavorable basis of comparison resulting from the devaluation of the Argentine peso in first-half 2018. During the period, Chargeurs PCC Fashion Technologies pursued its growth opex strategy in order to continue upscaling the business, which had an impact on recurring operating margin.

The segment is stepping up its pace of growth powered by the synergies leveraged from the game-changing acquisition of PCC in the United States and Asia, which has led to the creation of a global champion in technical textiles for the Luxury and Fashion industries.

Chargeurs Technical Substrates: creation of a global champion in museum heritage management and visitor experience services

In euro millions	H1 2019	H1 2018	H1 2019 vs H1 2018	Q2 2019 vs Q2 2018	Q1 2019 vs Q1 2018
Revenue	18.0	14.8	+21.6%	+16.5%	+28.6%
like-for-like (1)			*-2.0%*	*+5.9%*	*-12.7%*
EBITDA (2)	2.3	2.6	-11.5%		
as a % of revenue	*12.8%*	*17.6%*			
Recurring operating profit	1.4	1.9	-26.3%		
as a % of revenue	*7.8%*	*12.8%*			

(1) like-for-like: based on a comparable scope of consolidation and at constant exchange rates
(2) The impact of IFRS 16 is presented in the simplified financial report

Chargeurs Technical Substrates ("CTS") also continued to grow in first-half 2019, led by the 2018 acquisition of UK-based Leach, a leading graphic display specialist serving retail outlets, museums and institutions. Thanks to the hard work put in by the segment's teams, led by their new CEO Sampiero Lanfranchi, CTS was able to accelerate its like-for-like growth, which reached 5.9% in the second quarter of 2019. The launch of new products in the second quarter led to an increase in the consumption of raw materials and machine time, triggering a temporary negative effect on recurring operating margin.

In early July 2019, CTS announced the launch of its Chargeurs Creative Collection network made up of four international specialists, which together form a new global standard-setter in the museum sector. Following on from the acquisition of Leach in 2018, majority stakes were acquired in Design PM (UK), MET Studio (UK) and Hypsos (the Netherlands), and together these four companies provide a comprehensive offering of solutions in museum heritage management and visitor experience services. For full-year 2019, CTS's revenue will exceed €60 million. CTS's recurring operating profit for first-half 2019 includes the impact of a year-on-year contraction in the first quarter as well as the growth opex incurred in order to accelerate the segment's growth with a view to topping the €100 million revenue mark by end-2021.

Chargeurs Luxury Materials: first benefits of the strategic premiumization of the product range

In euro millions	H1 2019	H1 2018	H1 2019 vs H1 2018	Q2 2019 vs Q2 2018	Q1 2019 vs Q1 2018
Revenue	**58.2**	**53.5**	**+8.8%**	**+16.2%**	**+3.0%**
like-for-like (1)			***7.5%***	***+15.3%***	***+1.3%***
EBITDA (2)	**1.5**	**1.0**	**+50.0%**		
as a % of revenue	***2.6%***	***1.9%***			
Recurring operating profit	**1.5**	**1.0**	**+50.0%**		
as a % of revenue	***2.6%***	***1.9%***			

(1) like-for-like: based on a comparable scope of consolidation and at constant exchange rates
(2) The impact of IFRS 16 is presented in the simplified financial report

Chargeurs Luxury Materials ("CLM") generated €58.2 million in revenue in first-half 2019, up 8.8% year on year. Recurring operating profit was up by a strong 50% to €1.5 million, and recurring operating margin also increased sharply by 70 basis points.

This very good performance is attributable to the segment's strategy of focusing on high quality, traceable and durable fibers whose properties mean they can be sold at a premium to major customers in the luxury and sportswear markets worldwide. CLM is beginning to benefit from the opex incurred in recent years to meet increasingly sophisticated supply-chain requirements.

MORE FINANCIAL FLEXIBILITY FOR THE GROUP AT JUNE 30, 2019

During the first half of 2019, Chargeurs successfully renegotiated the indenture for its Euro PP notes issued in 2016 and 2017 in order to align the notes' financial terms and conditions with those of the syndicated loan agreement signed in December 2018. This involved removing the leverage covenant, lowering the gearing requirement to 1.2x, and extending by three years the maturities of the Euro PP notes originally scheduled to mature in 2023 in order to increase the average maturity of the Group's debt and stagger its repayments. This successful renegotiation has enabled the Group to augment its financial flexibility.

Chargeurs' financial structure at June 30, 2019 was very solid, with net debt of €115.2 million, representing 50% of the €234.6 million in equity attributable to owners of the parent, corresponding to a gearing ratio of 0.5.

At the same date, the Group had €173.7 million in undrawn confirmed credit facilities, of which €130.0 million have been earmarked for financing future acquisitions and capital expenditure.

INTERIM DIVIDEND FOR 2019

In view of the Group's first-half 2019 performance, the Board of Directors has decided to pay an interim dividend of €0.20 per share, with the option to reinvest the interim dividend in Chargeurs shares.

The payment timeline for the interim dividend is:

Ex-dividend date and start of dividend reinvestment option period	September 18, 2019
Start of reinvestment option period	September 20, 2019
End of reinvestment option period	October 10, 2019
Announcement of no. of options exercised	October 14, 2019
Delivery date of shares and payment of cash interim dividend	October 16, 2019

SHARE BUYBACK PROGRAM

During the first half of 2019, based on the contract signed in September 2018, the Group's investment services provider bought back 358,873 Chargeurs shares for €6.3 million.

Confident of its performance, Chargeurs has decided to renew its share buyback program. The investment services provider will be authorized to purchase Chargeurs shares (depending on market conditions) for up to €15 million, at a maximum price of €29 per share.

The program, which will run until November 5, 2020, falls within the scope of the shareholder authorization granted at the AGM of May 6, 2019 to buy back Chargeurs shares representing up to 10% of the Company's capital for a period of 18 months as from the date of said AGM.

OUTLOOK

In light of its first-half 2019 results, strong performance and level of orders at August 31, 2019, barring any changes in the geopolitical and macro-economic climate and despite a more volatile market context, Chargeurs is targeting one of its best-ever increases in revenue and recurring operating profit, with recurring operating profit for full-year 2019 expected be higher than for 2017. At the same time the Group is expecting to generate solid cash flow.

The recent increase in Groupe Familial Fribourg's indirect stake in the Group demonstrates the underlying confidence of Chargeurs' reference shareholder, Colombus Holding, as well as in the Group's fundamentals and long-term development strategy.

Going forward, Chargeurs intends to actively pursue its strategy of acquiring companies with high earnings potential and to reinforce its solid fundamentals. Consequently, the Group confirms that it is confident it will meet its strategic objective of topping the €1 billion revenue mark by 2021, and is also aiming to achieve a recurring operating margin of over 10% as from 2022.

Appendices:

IFRS 16 – Leases, applied by the Chargeurs Group since January 1, 2019

IFRS 16, which is applicable for accounting periods beginning on or after January 1, 2019, supersedes IAS 17 as well as the related IFRIC and SIC interpretations. It introduces a single lessee accounting model under which a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

At January 1, 2019, the Group elected to apply the cumulative catch-up approach, under which the cumulative effect of initially applying IFRS 16 is recognized as an adjustment to opening equity at the date of initial application. The prior-period data in this press release have therefore not been restated and are presented in accordance with the Group's previous accounting policies, as used in the consolidated financial statements for the year ended December 31, 2018. Lease liabilities are presented separately to net debt.

The impact at June 30, 2019 of applying this new standard was €23.2 million recorded under lease liabilities and €3.1 million recorded in depreciation and amortization expense.

Like-for-like change (LFL)

Like-for-like changes in year Y compared with year Y-1 are calculated:

- by applying the average exchange rates for year Y-1 to the period concerned (year, half-year, quarter); and
- based on the scope of consolidation for Year Y-1.

EBITDA corresponds to the businesses operating profit (as defined below) restated for the amortization of property, plant and equipment and intangible assets.

Recurring operating profit corresponds to gross profit after distribution costs, administrative expenses and research and development costs.
It is stated:

- before amortization of intangible assets resulting from acquisitions; and
- before other operating income and expense, which correspond to non-recurring items that represent material amounts, are unusual in nature and occur infrequently, and therefore distort assessments of the Group's underlying performance.

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).

CPF: Chargeurs Protective Films develops, manufactures and markets (i) technical solutions to protect steel, aluminum, plastic and other surfaces during the production process and (ii) laminators for temporary surface protection films (Chargeurs Protective Specialty Machines, CPSM).

CFT: Chargeurs PCC Fashion Technologies manufactures and markets garment interlinings.

CTS: Chargeurs Technical Substrates develops, manufactures and markets functionalized coated technical substrates.

CLM: Chargeurs Luxury Materials manufactures and markets premium wool tops (Top making).

Financial Calendar

Thursday, November 14, 2019 (after the close of trading)	Third-quarter 2019 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 2,000 employees based in 45 countries on five continents, who serve a diversified customer base spanning more than 90 countries.

In 2018, revenue totaled €573.3 million, of which more than 90% was generated outside France.

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