

Quarterly revenue exceeds the €160 million mark for the first time

- Revenue up by a sharp 11.3% despite a very high basis of comparison with the first quarter of 2018
- Reinforced financial flexibility, following the renegotiation of the financial terms and conditions of Chargeurs' Euro PP notes to align them with those of the syndicated credit agreement signed in December 2018
- Continuation of the Group's active external growth drive in 2019
- Launch of "Chargeurs for future" – a new program dedicated to investment in innovation and game-changing technologies

"Chargeurs began 2019 on a strong commercial footing across all continents despite a volatile environment. Sales in the first quarter reached a new record high as the Group reaped the benefits of recent acquisitions, continued with its premiumization strategy as part of the Game Changer plan, and took its financial flexibility to a new level. Today, Chargeurs has confirmed that it is on track to achieving its strategic objective of topping €1 billion in revenue by the end of 2021", said Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer.

FURTHER ACCELERATION IN OVERALL GROWTH IN FIRST-QUARTER 2019

Consolidated revenue for the first quarter of 2019 rose by a sharp 11.3% to €161.2 million, led by the ongoing optimization of the product mix, a 1.0% favorable currency effect mainly deriving from the US dollar, and a 15.0% scope effect linked to acquisitions carried out in 2018 (UK-based Leach in Technical Substrates, and US and Asia-based PCC Interlining in Fashion Technologies). This performance was achieved despite a very high basis of comparison with the first quarter of 2018, when revenue for the Protective Films business hit record levels at like-for-like production capacity.

As announced, the Group pursued its **premiumization strategy** in all of its businesses and continued to concentrate on **very high value-added** products and services. Boosted by the Game Changer plan, Chargeurs maintained its strategy of focusing its production on premium offerings and made some selective operating choices, particularly in the Protective Films business.

ROBUST REVENUE CONTRIBUTIONS FROM ALL GEOGRAPHIC REGIONS IN FIRST-QUARTER 2019

In euro millions	First quarter		Change 19/18	
	2019	2018	Reported	Like-for-like*
Europe	78.4	77.1	+1.7%	-1.9%
Americas	38.4	34.1	+12.6%	+3.7%
Asia	44.4	33.6	+32.1%	-19.4%
Chargeurs	161.2	144.8	+11.3%	-4.6%

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

The Group's 11.3% revenue growth for first-quarter 2019 can be analyzed as follows by geographic region:

- In Europe, revenue rose 1.7%, fueled by (i) solid sales momentum propelled by the acquisition of UK-based Leach in Technical Substrates, and (ii) new strategic industrial partnerships signed in the Luxury Materials business.
- In the Americas, revenue advanced 12.6%, thanks to (i) the integration of PCC Interlining into the Fashion Technologies business in 2018, and (ii) a very positive currency effect due to the rise in the US dollar (although this impact was partly offset by a weaker Argentine peso). Like-for-like growth came in at 3.7%, underpinned by the capture of new strategic markets and brisk sales momentum in North America (the United States and Mexico) spurred by the stronger US dollar.
- In Asia, revenue leapt 32.1% on the back of the strategic integration of PCC Interlining into the Fashion Technologies business in August 2018. This performance was achieved in spite of some Luxury Materials orders being postponed (notably due to the fact that China will be reducing its standard VAT rate from April 1, 2019) and a very high basis of comparison in New Zealand with first-quarter 2018.

SIGNIFICANT EVENTS OF FIRST-QUARTER 2019

In euro millions	First quarter			Change 19/18		Change
	2019	2018	2017	Reported	Like-for-like*	19/17
Protective Films	69.2	74.7	70.9	-7.4%	-9.5%	-2.4%
Fashion Technologies	53.0	33.8	33.6	56.8%	2.4%	57.7%
Technical Substrates	8.1	6.3	6.6	28.6%	-12.7%	22.7%
Luxury Materials	30.9	30.0	32.3	3.0%	1.3%	-4.4%
Chargeurs	161.2	144.8	143.4	11.3%	-4.6%	12.3%

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

The Group's 11.3% revenue growth for first-quarter 2019 can be analyzed as follows by operating segment:

- **Chargeurs Protective Films** posted €69.2 million in revenue, representing one of the best quarterly performances in its history and testifying to its market clout. As previously mentioned, year-on-year comparisons should be made bearing in mind that first-quarter 2018 figures reached record highs and were boosted by a very strong operating context. During the first quarter of 2019, Chargeurs Protective Films was able to firmly hold its ground both in terms of sales volumes and prices. It achieved this despite a less favorable economic environment in Europe – especially in Germany where customers have adopted a much more wait-and-see attitude – as well as in China, where some customers postponed their orders to the second quarter of the year, when the new lower VAT rate will be introduced. Chargeurs Protective Films pursued its premiumization strategy during the period by prioritizing certain types of production and making selective operational choices. This allowed it to effectively prepare for new strategic premium production at its Sessa plant in Italy, which will come on stream in the second half of 2019. The additional production capacity will strengthen the business line's sales clout for premium value-added products, while also ensuring that its client base around the world continues to benefit from the level of service that makes it the leader it is today. Drawing on its numerous structural strengths, Chargeurs Protective Films intends to actively pursue its strategy of consolidating its global leadership position throughout 2019. To date, despite the more volatile economic environment, Chargeurs Protective Films' order book is higher than in the same period of 2018.
- **Chargeurs PCC Fashion Technologies** delivered solid like-for-like growth of 2.4% in first-quarter 2019, led by its customer-centric strategy. On a reported basis, revenue surged 56.8%, mainly driven by the integration of US and Asia-based PCC Interlining in 2018, and despite a negative 2.1% currency effect (primarily due to the Argentine peso). The business reaped the benefits of new synergies leveraged during the period and continued to ramp up the premiumization of its product and service offerings. By strategically strengthening its positions in all of the geographic regions around the world where it produces and distributes technical textiles for the fashion and luxury industries, Chargeurs PCC Fashion Technologies was able to accelerate its geographic expansion and value creation while increasing its global leadership.
- **Chargeurs Technical Substrates** reported 28.6% revenue growth for the first three months of 2019. This year-on-year increase was fueled by the integration, in May 2018, of Leach – a leading UK-based specialist in large-format graphic displays – which has enabled the segment to propose a new and unique offering of end-to-end visual communication solutions and access new strategic markets. First-quarter 2019 growth also reflects an improved product mix. Buoyed by the acquisition of Leach, Chargeurs Technical Substrates is pursuing its capital expenditure drive to accelerate its global geographic expansion, while breaking into new markets that have high innovation potential and strong long-term growth prospects. It is also continuing to implement its consolidation strategy and is standing by its target of topping the €100 million revenue mark by end-2021.
- **Chargeurs Luxury Materials'** revenue came to €30.9 million in first quarter 2019, up 3.0% year on year as reported and 1.3% like for like. The main growth drivers during the period were a better product mix and a favorable currency effect, notably stemming from the US dollar. The segment enjoyed another period of robust sales, driven by its new strategic contract in Europe and the integration of Responsible Wool Standard (RWS) certification in its Organica Precious Fiber label, the world's leading label for certified and traceable premium-grade fibers designed for the most prestigious global luxury and sportswear brands. Lastly, it is continuing to roll out its new luxury online brand, Amédée 1851, which is specialized in scarves and squares made of premium-grade fibers.

FINANCIAL POSITION

In the first quarter 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 credit agreement signed in December 2018. This involved removing the leverage covenant, lowering the gearing requirement to 1.2x and extending the maturity of the notes by three years until 2023 in order to extend the average maturity of the Group's debt and stagger its repayments. This successful renegotiation has enabled the Group to further increase its financial flexibility.

OUTLOOK CONFIRMED

Barring any changes in the geopolitical and macro-economic climate, for full-year 2019 Chargeurs is aiming to achieve further growth in its overall performance and once again increase its revenue and recurring operating profit while generating solid cash flow, drawing on its solid fundamentals, reinforced financial flexibility, the iconic brands strategy underpinning its Game Changer plan, and its very long-term shareholder vision. The Group also intends to actively pursue its strategy of acquisitions with highly profitable profiles.

As well as accelerating its capital expenditure drive dedicated to innovation in game-changing technologies, Chargeurs has announced the launch of a new strategic investment program called "Chargeurs for future".

Backed by its numerous structural strengths, which are enabling it to increasingly stand out from the competition, the Group has every confidence that it will be able to meet its strategic objective of topping €1 billion in profitable revenue by the end of 2021.

Appendices – Definitions:

Like-for-like change (LFL) – Like-for-like growth:

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.

Revenue by geographical market (or destination):

Revenue by geographical market (or destination) is presented according to customer location.

Financial Calendar

Thursday, September 12, 2019
(before the start of trading)

First-half 2019 results

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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