2018 REVENUE

ANOTHER SHARP INCREASE IN OPERATING PERFORMANCE

“A WORLD OF” NICHE MARKET LEADERS

PRESS RELEASE

Paris – January 30, 2019

Strategic Game Changer plan is a success

- **Another very sharp increase in operating performance, with double-digit growth in unaudited recurring operating profit, up 10.0%, to over €48 million**
- **Revenue up 7.6% to €573.3 million and up 16.2% to €619.4 million including the full-year contribution of companies acquired in 2018**
- **EBITDA margin and recurring operating margin up once again, despite an unfavorable currency effect and an already very high basis of comparison**
- **A solid 4th quarter against a volatile trading backdrop, with an excellent contribution from PCC**

“Chargeurs Group has once again demonstrated ***the success of its profit and growth strategy****. 2018 was an excellent year despite the volatile operating context. Thanks to our Game Changer plan and our distinctive, targeted acquisition policy, our businesses continued their premiumization, gained leadership ground and reinforced* ***their structural strengths****. We have embarked on 2019 with confidence, combined as ever with prudence, as well as renewed ambition in view of our numerous structural opportunities. We intend to capitalize on our solid balance sheet structure and business discipline to reach our target of topping the €1 billion revenue mark by end-2021”,* said **Michaël Fribourg, Chargeurs’ Chairman and Chief Executive Officer.**

ROBUST REVENUE GROWTH IN 2018 DESPITE A DEMANDING AND VOLATILE OPERATING CONTEXT

Revenue for 2018 was up by a solid 7.6% compared with 2017 and by 13.2% versus 2016. Like-for-like growth was 2.6%, against a volatile economic backdrop and a high basis of comparison for 2017.

In 2018, the Group’s operations were affected by inventory shedding at Chargeurs Protective Films’ customers, a further acceleration of our selective sales strategy to step up the premiumization of our solutions offering across all of our businesses, and technological upgrades at several strategic manufacturing sites. The Group was also impacted by a 3.6% negative currency effect, mainly arising from the Argentine peso, US dollar and New Zealand dollar.

Chargeurs reported an acceleration in reported growth in the fourth quarter of 2018. The Group posted revenues of €152.0 million, up by **a very robust 16.7%** driven by the integration of PCC Interlining and Leach, and despite a negative currency effect deriving primarily from the Argentine peso. **Like-for-like growth in fourth-quarter 2018 was 3.0%**.

VERY STRONG GROWTH IN ALL GEOGRAPHIC REGIONS IN 2018 EXCLUDING THE CURRENCY EFFECT

Chargeurs Group expanded its global presence in 2018 and now operates in more than 90 countries.

	Twelve months			Change 18 / 17		Change 18 / 16	Fourth quarter		Change 18 / 17	
In euro millions	**2018**	**2017**	**2016**	**reported**	**like-for-like ***		**2018**	**2017**	**reported**	**like-for-like ***
Europe	**273.0**	250.6	250.1	+8.9%	+6.0%	+9.2%	**63.0**	58.6	+7.5%	+9.7 %
Americas	**138.9**	140.5	126.9	-1.1%	+4.9%	+9.5%	**33.8**	35.2	-4.0%	+0.6%
Asia	**161.4**	141.9	129.4	+13.7%	-5.8%	+24.7%	**55.2**	36.4	+51.6%	-5.5%
Chargeurs	**573.3**	**533.0**	**506.4**	**+7.6%**	**+2.6%**	**+13.2%**	**152.0**	**130.2**	**+16.7%**	**+3.0%**

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

Its 7.6% revenue growth for 2018 breaks down as follows by geographic region:

- **In Europe,** the Group’s **revenue rose 8.9%**, led by (i) the expansion of Chargeurs Protective Films’ new end-to-end “film + machine” solution called Chargeurs Protective Specialty Machines, (ii)) the integration of Leach, a leading UK-based specialist in large-format graphic displays, and (iii) the signature of new strategic industrial partnerships, notably at Chargeurs Technical Substrates.
- **In the Americas,** 2018 revenue was weighed down by a highly negative currency effect related to the Argentine peso and US dollar. Since 2016, this region has seen 9.5% revenue growth, spurred by the acquisitions of PCC Interlining in 2018 and Main Tape’s first full-year revenue contribution since 2017.

  Like-for-like growth reached 4.9% in 2018, buoyed by Chargeurs Protective Films’ production transfer and the capture of new strategic markets.
- **In Asia**, the Group’s revenue **leapt 13.7%**, thanks to the strategic integration of PCC Interlining in the fourth quarter of 2018 and despite some of Chargeurs Protective Films’ orders being postponed from the end of 2018 into 2019.

SOLID AND PROFITABLE FULL-YEAR GROWTH FOR ALL OF THE GROUP'S BUSINESSES

In euro millions	Twelve months 2018	2017	2016	Change 18 / 17 reported	Change 18 / 17 like-for-like *	Change 18 / 16	Fourth quarter 2018	2017	2016	Change 18 / 17 reported	Change 18 / 17 like-for-like *	Change 18 / 16
Protective Films	**283.3**	281.0	250.3	+0.8%	0.0%	+13.2%	**65.6**	70.0	62.8	-6.3%	-3.3%	+4.5%
PCC Fashion Technologies	**161.1**	131.2	132.0	+22.8%	+6.9%	+21.8%	**53.3**	32.5	31.7	+64.0%	+10.1%	+67.2%
Technical Substrates	**30.7**	25.8	24.6	+19.0%	-5.4%	+24.8%	**10.3**	7.5	7.4	+37.3%	+5.3%	+39.2%
Luxury Materials	**98.2**	95.0	99.5	+3.4%	+6.4%	-1.3%	**22.8**	20.2	24.9	+12.9%	+12.4%	-8.4%
Chargeurs	**573.3**	**533.0**	**506.4**	**+7.6%**	**+2.6%**	**+13.2%**	**152.0**	**130.2**	**126.8**	**+16.7%**	**+3.0%**	**+19.6%**

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

The overall 7.6% revenue growth figure for 2018 breaks down as follows by operating segment:

- **Chargeurs Protective Films** had another record year, with revenue coming in at €283.3 million. This represents **a 0.8% increase** on 2017 – which was an exceptional year with particularly brisk momentum in the fourth quarter – and a sharp 13.2% rise compared with 2016. It posted its second best fourth quarter to date after the last three months of 2017 which included exceptional orders from customers that restructured their supply chains.
  In 2018, following a pronounced sales peak towards the end of the first six months, the second half of the year saw major customers' inventories returning to more routine levels as they markedly reduced their stand-by inventories.
  During the year, Chargeurs Protective Films reinforced its premiumization strategy for its solutions offering. Firstly, it ramped up its selective sales policy by improving its product mix and strengthening its pricing power in order to increase its sales of higher value-added products. Secondly, it prepared for the mid-2019 launch of its new techno-smart production line at its Sessa plant in Italy, which will enable it to augment its production capacity for premium products with a view to further consolidating its global leadership position. The business is now well armed to cement its leadership in the surface protection market, which has clear sustainable growth prospects.
- **Chargeurs PCC Fashion Technologies** delivered an excellent performance in 2018, with revenue **surging 22.8%** to €161.1 million, driven by the rapid integration of PCC Interlining – which has been consolidated since end-August 2018 – and its excellent showing in the United States and Asia. The segment's like-for-like growth was also very strong, coming in at 6.9% thanks to its customer centric strategy. During the year, Chargeurs PCC Fashion Technologies proactively pursued its commercial strategy of premiumizing its products and services solutions offering, and leveraged new synergies generated through PCC Interlining's expertise. It also strengthened its positions in all of its geographic regions and increased its proportion of specification-based sales, which create long-term, profitable customer relationships.
- **Chargeurs Technical Substrates** reported €30.7 million in revenue for 2018, **up 19.0%** on 2017. This year-on-year growth 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. As previously announced, in the fourth quarter of 2018, Chargeurs Technical Substrates felt the positive effect of a greater concentration of orders after the third-quarter phasing of orders for major export destinations including China, India and Oceania. Thanks to the launch of ground-breaking innovations such as Sublimis, which was voted "Product of the Year" at the SGIA trade fair in Las Vegas, Chargeurs Technical Substrates accelerated its sales momentum during 2018 to win new markets.
  The segment also pursued its strategy of forging strategic partnerships with key customers, signing its first industrial partnership on innovation-intensive textiles. These strategic partnerships represent a cumulative revenue growth potential of more than 10% a year on a full-year basis.
  Lastly, the appointment in mid-January 2019 of Sampiero Lanfranchi as General Manager of Chargeurs Technical Substrates will enable this segment to intensify its external growth strategy with the aim of topping the €100 million revenue mark by 2021.
- **Chargeurs Luxury Materials** – whose business involves trades of premium fibers that are hedged by forward sale contracts – delivered a robust sales performance in 2018, with revenue **advancing 3.4%** to €98.2 million. Business in Europe was particularly buoyed by the signature of a new strategic commercial contract.
  The segment continued to implement its premiumization strategy during the year, and in the fourth quarter it added to its marketing clout by signing an agreement to integrate the Responsible Wool Standard (RWS) certification into its Organica Precious Fiber label, the world's leading label for certified and traceable premium-grade fibers designed for the world's most prestigious luxury and sportswear brands.
  In December 2018, Chargeurs Luxury Materials deepened its commitment to the luxury industry by launching its online brand, Amédée 1851, which specializes in scarves and squares made of premium-grade fibers (www.amedee1851.com). Amédée 1851 has already received excellent media reviews and strong interest from its target customers.

FURTHER ACCELERATION IN PROFITABLE GROWTH IN 2018

Based on its €573.3 million in revenue for 2018 (up 7.6% year on year as reported and 2.6% like for like) as well as its 2018 unaudited consolidated results, Chargeurs expects its profitable growth to have increased once again for the full year, with another solid double-digit rise in recurring operating profit up 10.0% to €48 million. This performance comes despite a high basis of comparison in 2017, a ramp-up in operating expenses for profitable growth and the impact of changes in exchange rates and is further proof of the success of the Game Changer performance acceleration plan.

The Group also pursued its strategy of optimizing its balance sheet and very long-term financial resources over the year, securing a game-changing €230 million bank loan in December 2018. This new loan – which has drawdown flexibility and no leverage covenant – has enabled the Group to extend the average maturity of its borrowings under excellent terms and conditions.

Thanks to all of these ground-breaking achievements under the Game Changer plan and to our new financial clout, we are even more confident that we have got our profitable growth strategy right and that, barring any unforeseen changes in the macro-economic environment, we can reach our target of topping €1 billion in revenue by end-2021, one-year head of our original schedule.

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.

2019 Financial Calendar

Tuesday, March 12, 2019 (before trading)	2018 annual results
Monday, May 6, 2019	Annual General Meeting

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.

CONTACTS – www.chargeurs.fr

Group Corporate Communications ● +33 1 47 04 13 40 ● comcorporate@chargeurs.fr
Group Financial Communications ● +33 1 47 04 13 40 ● comfin@chargeurs.fr