CHARGEURS

Interim Financial Report 2019

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The Interim Financial Report 2019 is a translation from the original, which was prepared in French. In all matters of interpretation of information, views or opinions expressed therein, the original language version of the report takes precedence over this translation.

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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CHARGEURS

CONSOLIDATED FINANCIAL STATEMENTS

First-half 2019

Consolidated Income Statement *(in euro millions)*

	Note	Six months ended June 30 2019	2018
Revenue	4	**326.1**	**287.1**
Cost of sales		(241.1)	(211.3)
Gross profit		**85.0**	**75.8**
Distribution costs		(37.4)	(28.9)
Administrative expenses		(22.8)	(20.2)
Research and development costs		(2.1)	(1.9)
Recurring operating profit		**22.7**	**24.8**
Amortization of intangible assets acquired through business combinations		(1.2)	-
Other operating income	5	-	0.2
Other operating expense	5	(4.2)	(0.3)
Operating profit		**17.3**	**24.7**
Finance costs, net		(4.7)	(4.5)
Other financial expense		(1.1)	(1.0)
Other financial income		-	0.1
Net financial expense	7	**(5.8)**	**(5.4)**
Pre-tax profit for the period		**11.5**	**19.3**
Share of profit/(loss) of equity-accounted investees	13	-	0.1
Income tax expense	8	(3.2)	(4.1)
Profit from continuing operations		**8.3**	**15.3**
Profit for the period		**8.3**	**15.3**
Attributable to owners of the parent		**8.3**	**15.3**
Attributable to non-controlling interests		-	-
Earnings per share *(in euros)*	9	**0.36**	0.65
Diluted earnings per share *(in euros)*	9	**0.36**	0.65

The impact of the first-time adoption of IFRS 16 is presented in note 2.2.1.

Consolidated Statement of Comprehensive Income *(in euro millions)*

	Note	Six months ended June 30 2019	2018
Profit for the period		**8.3**	**15.3**
Exchange differences on translating foreign operations		0.3	(0.8)
Cash flow hedges		0.3	(0.5)
Share of other comprehensive income of associates		-	-
Income tax relating to items that may be reclassified directly in equity		-	0.5
Total items that may be reclassified subsequently to profit or loss		**0.6**	**(0.8)**
Other components of other comprehensive income		(0.3)	(0.1)
Actuarial gains and losses on post-employment benefit obligations	17	(1.7)	0.8
Total items that will not be reclassified to profit or loss		**(2.0)**	**0.7**
Other comprehensive income for the period, net of tax		**(1.4)**	**(0.1)**
Total comprehensive income for the period		**6.9**	**15.2**
Attributable to:			
Owners of the parent		**6.9**	**15.2**

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position *(in euro millions)*

Assets	Note	June 30, 2019	Dec. 31, 2018
Intangible assets	10	157.6	158.1
Property, plant and equipment	11	83.1	80.7
Right-of-use assets	12	27.7	-
Investments in associates and joint ventures	13	13.0	13.1
Deferred tax assets	8	32.1	32.0
Non-current financial assets		7.1	6.4
Other non-current assets		0.8	0.6
Net non-current assets		**321.4**	**290.9**
Inventories and work-in-progress	14	129.7	128.4
Trade receivables	14	87.6	72.4
Derivative financial instruments	14	0.9	0.7
Other receivables	14	22.6	20.5
Current income tax receivables	14	0.9	3.2
Cash and cash equivalents	16	98.6	110.0
Net current assets		**340.3**	**335.2**
Total assets		**661.7**	**626.1**

Equity and liabilities	Note	June 30, 2019	Dec. 31, 2018
Attributable to owners of the parent		234.6	237.2
Non-controlling interests		-	-
Total equity		**234.6**	**237.2**
Long-term borrowings	16	189.5	169.1
Medium and long-term lease liabilities	12	19.2	-
Deferred taxes	8	4.8	4.8
Pension and other post-employment benefit obligations	17	19.5	17.4
Provisions	18	0.5	0.5
Other non-current liabilities	19	3.4	3.5
Net non-current liabilities		**236.9**	**195.3**
Trade payables	14	117.5	116.8
Other payables	14	38.0	42.3
Current income tax liability	14	1.6	1.0
Derivative financial instruments	14	0.2	0.4
Short-term portion of long-term borrowings	16	6.3	12.3
Short-term portion of lease liabilities	12	8.6	-
Short-term bank loans and overdrafts	16	18.0	20.8
Net current liabilities		**190.2**	**193.6**
Total equity and liabilities		**661.7**	**626.1**

The impact of the first-time adoption of IFRS 16 is presented in note 2.2.1.

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows *(in euro millions)*

	Note	Six months ended June 30 2019	2018
Cash flows from operating activities			
Pre-tax profit of consolidated companies		11.5	19.3
Adjustments to reconcile pre-tax profit to cash generated from operations		11.7	4.8
- Depreciation and amortization expense	10 & 11 & 12	*11.0*	*5.8*
- Provisions and pension and other post-employment benefit obligations		*0.2*	*0.2*
- Impairment of non-current assets		-	*0.4*
- Fair value adjustments		*0.1*	-
- Impact of discounting		*0.3*	-
- (Gains)/losses on sales of investments in non-consolidated companies and other non-current assets		-	*(0.1)*
- Exchange (gains)/losses on foreign currency receivables and payables		*0.1*	-
- Other non-cash adjustments		-	*(1.5)*
Income tax paid		(0.4)	(2.4)
Cash generated by operations		**22.8**	**21.7**
Change in operating working capital	14	(22.3)	(16.4)
Net cash from operating activities		**0.5**	**5.3**
Cash flows from investing activities			
Acquisitions of subsidiaries, net of the cash acquired		-	(13.9)
Proceeds from disposals of subsidiaries, net of cash transferred		-	-
Purchases of intangible assets	10	(0.8)	(0.3)
Purchases of property, plant and equipment	11	(15.5)	(8.4)
Proceeds from sales of intangible assets and property, plant and equipment		-	0.3
Change in non-current financial assets		-	-
Impact of changes in scope of consolidation		-	-
Other movements		(0.9)	(0.4)
Net cash used in investing activities		**(17.2)**	**(22.7)**
Cash flows from financing activities			
Cash dividends paid to owners of the parent		(5.1)	(4.4)
(Purchases)/sales of treasury stock		(4.5)	-
Proceeds from new borrowings	16	32.2	2.1
Repayments of borrowings	16	(9.3)	(6.0)
Repayments of lease liabilities	12	(4.8)	-
Change in bank overdrafts	16	(2.9)	6.8
Net cash from/(used in) financing activities		**5.6**	**(1.5)**
Increase/(decrease) in cash and cash equivalents		**(11.1)**	**(18.9)**
Cash and cash equivalents at beginning of period	16	110.0	214.8
Effect of changes in foreign exchange rates on cash and cash equivalents		(0.3)	-
Cash and cash equivalents at end of period	**16**	**98.6**	**195.9**

The impact of the first-time adoption of IFRS 16 is presented in note 2.2.1.

The accompanying notes are an integral part of the consolidated financial statements.

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 post-employment benefit obligations	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At December 31, 2017	**3.7**	**60.2**	**171.5**	**1.6**	**(0.6)**	**(6.3)**	**(0.2)**	**229.9**	**-**	**229.9**
Issue of share capital	0.1	3.6	-	-	-	-	-	3.7	-	3.7
Changes in treasury stock	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-	-	-	-	-
Payment of dividends	-	-	(8.1)	-	-	-	-	(8.1)	-	(8.1)
Profit for the period	-	-	15.3	-	-	-	-	15.3	-	15.3
Impact of changes in scope of consolidation	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	(0.1)	(0.3)	(0.5)	0.8	-	(0.1)	-	(0.1)
At June 30, 2018	**3.8**	**63.8**	**178.6**	**1.3**	**(1.1)**	**(5.5)**	**(0.2)**	**240.7**	**-**	**240.7**
At December 31, 2018	**3.7**	**64.6**	**182.9**	**3.1**	**-**	**(6.7)**	**(10.4)**	**237.2**	**-**	**237.2**
Issue of share capital *(1)*	0.1	3.3	-	-	-	-	-	3.4	-	3.4
Changes in treasury stock		-	-	-	-	-	(4.5)	(4.5)	-	(4.5)
Share-based payment	-	-	0.1	-	-	-	-	0.1	-	0.1
Payment of dividends *(1)*	-	-	(8.5)		-	-	-	(8.5)	-	(8.5)
Profit for the period		-	8.3		-	-	-	8.3	-	8.3
Other comprehensive income for the period	-	-	(0.3)	0.3	0.3	(1.7)	-	(1.4)	-	(1.4)
At June 30, 2019	**3.8**	**67.9**	**182.5**	**3.4**	**0.3**	**(8.4)**	**(14.9)**	**234.6**	**-**	**234.6**

(1) Of the €8.5 million paid in first-half 2019, €5.1 million was paid in cash and €3.4 million in shares.

The accompanying notes are an integral part of the consolidated financial statements.

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Chargeurs and its subsidiaries (the Chargeurs Group) are organized around four business lines:

- ***Chargeurs Protective Films (CPF)*** 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)***.
- ***Chargeurs PCC Fashion Technologies (CFT)*** manufactures and markets garment interlinings.
- ***Chargeurs Technical Substrates (CTS)*** develops, manufactures and markets functionalized coated technical substrates.
- ***Chargeurs Luxury Materials (CLM)*** manufactures and markets premium wool tops (*Top making*).

Chargeurs is a *société anonyme* governed by the laws of France. Its headquarters are located at 112 avenue Kléber, 75016 Paris, France.

Chargeurs shares are listed on Euronext Paris.

The consolidated financial statements for the six months ended June 30, 2019 were approved by the Board of Directors on September 11, 2019.

1 Significant events of the period

1.1 Renegotiation of the indenture of Chargeurs' Euro PP notes

In the first half of 2019, the Group 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 by three years the maturity of the notes originally due to mature in 2023 in order to extend the average maturity of the Group's debt and stagger its repayments (see note 16).

2 Summary of significant accounting policies

2.1 Basis of preparation

The first-half 2018 consolidated financial statements of the Chargeurs Group have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. These standards can be downloaded from the European Commission's website (http://ec.europa.eu/commission/index_en).

They have been prepared in accordance with IAS 34, Interim Financial Reporting, and therefore do not contain all of the information and disclosures required in annual consolidated financial statements. Consequently, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

The consolidated financial statements have been prepared under the historical cost convention, except for land and buildings revalued at January 1, 2004, available-for-sale financial assets, financial assets and liabilities measured at fair value through profit or loss (including derivative instruments), financial assets and liabilities measured at amortized cost and assets and liabilities underlying fair value hedges.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The areas involving the highest degree of judgment or estimation complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.2 List of new, revised and amended standards and interpretations

2.2.1 *New standards, interpretations and amendments to existing standards whose application was mandatory for the first time in the period ended June 30, 2019*

Adopted by the European Union:

– **IFRS 16 – Leases**

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 report 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.

The Group's leases mainly concern real estate assets (such as industrial buildings, warehouses and offices) but also machinery and equipment.

At the transition date, the Group used the practical expedients provided for in the standard and therefore:

- Measured the right-of-use asset for each lease as an amount equal to the value of the lease liability, adjusted for any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately prior to the date of transition to IFRS 16.
- Applied a single discount rate to a portfolio of leases with similar characteristics.
- Excluded initial direct costs from the measurement of right-of-use assets at the date of initial application (e.g. commissions, legal fees and negotiation costs).

The Group also elected to use the recognition exemptions available under IFRS 16 concerning:

- leases of low-value assets; and
- short-term leases (i.e. whose term ends within 12 months).

The Group's first-time application of IFRS 16 did not have any impact on its opening equity at January 1, 2019.

No tax effects relating to the first-time application of IFRS 16 were recognized at January 1, 2019.

Leases capitalized at the date of initial application

Lease liabilities

At January 1, 2019 the Group recognized lease liabilities of €23.5 million, corresponding to the present value of the remaining lease payments on operating leases identified at January 1, 2019.

The lease terms used were determined on a lease-by-lease basis and correspond to the non-cancelable period of the lease including optional lease periods when Management is reasonably certain to exercise an option to extend (or not to terminate) a lease.

The discount rates used at the transition date were based on the Group's incremental borrowing rate, plus a credit spread applied to take into account the economic environments specific to each country. These discount rates were calculated using the average residual maturities of the leases at the date of initial application, i.e. January 1, 2019.

The finance lease liabilities presented in debt in the statement of financial position at December 31, 2018 were reclassified at January 1, 2019 to a new separate line called "Lease liabilities", in an amount of €8.7 million. Lease liabilities are therefore presented separately from net debt.

Right-of-use assets

At January 1, 2019, the carrying amount of the right-of-use assets related to the Group's leases equaled the amount of its lease liabilities, i.e. €23.5 million, adjusted for (i) prepaid or accrued lease payments, net of lease incentives received (€0.3 million at December 31, 2018) and (ii) the net value of assets recognized at December 31, 2018 as property, plant and equipment acquired under finance leases (€11.2 million).

Consequently, the Group's right-of-use assets at the transition date totaled €35.0 million.

Presentation impact

"Right-of-use assets" and "Lease liabilities" are presented on separate lines in the consolidated statement of financial position.

The depreciation and interest expense recognized due to the application of IFRS 16 are respectively accounted for under (i) recurring operating profit, before amortization of intangible assets acquired through business combinations and before other operating income and expense, and (ii) net financial expense.

The following table presents the impacts of the Group's first-time application of IFRS 16 on the statement of financial position:

Assets	December 31, 2018 Published	IFRS 16 First adoption	January 1, 2019 IFRS 16
Intangible assets	158.1	-	158.1
Property, plant and equipment	80.7	(11.2)	69.5
Right-of-use assets	-	35.0	35.0
Investments in associates and joint ventures	13.1	-	13.1
Deferred tax assets	32.0	-	32.0
Non-current financial assets	6.4	-	6.4
Other non-current assets	0.6	-	0.6
Net non-current assets	**290.9**	**23.8**	**314.7**
Inventories and work-in-progress	128.4	-	128.4
Trade receivables	72.4	-	72.4
Derivative financial instruments	0.7	-	0.7
Other receivables	20.5	(0.3)	20.2
Current income tax receivables	3.2	-	3.2
Cash and cash equivalents	110.0	-	110.0
Net current assets	**335.2**	**(0.3)**	**334.9**
Total assets	**626.1**	**23.5**	**649.6**

Equity and liabilities	December 31, 2018 published	IFRS 16 First adoption	January 1, 2019 IFRS 16
Attributable to owners of the parent	237.2	-	237.2
Non-controlling interests	-	-	-
Total equity	**237.2**		**237.2**
Long-term borrowings	169.1	(5.7)	163.4
Medium and long-term lease liabilities	-	23.2	23.2
Deferred taxes	4.8	-	4.8
Pension and other post-employment benefit obligations	17.4	-	17.4
Provisions	0.5	-	0.5
Other non-current liabilities	3.5	-	3.5
Net non-current liabilities	**195.3**	**17.5**	**212.8**
Trade payables	116.8	-	116.8
Other payables	42.3	-	42.3
Current income tax liability	1.0	-	1.0
Derivative financial instruments	0.4	-	0.4
Short-term portion of long-term borrowings	12.3	(3.0)	9.3
Short-term portion of lease liabilities	-	9.0	9.0
Short-term bank loans and overdrafts	20.8	-	20.8
Net current liabilities	**193.6**	**6.0**	**199.6**
Total equity and liabilities	**626.1**	**23.5**	**649.6**

In the first half of 2019, the income-statement impacts of adopting IFRS 16 (except for finance leases) were as follows:

Six months ended June 30, 2019 (in euro millions)	Published	Restated for IFRS 16	IAS 17
Revenue	**326.1**	**-**	**326.1**
EBITDA	**32.5**	**3.3**	**29.2**
Depreciation and amortization	(9.9)	(3.1)	(6.8)
Recurring operating profit	**22.7**	**0.2**	**22.5**
Amortization of intangible assets acquired through business combinations	(1.2)	-	(1.2)
Other operating income and expense (note 5)	(4.2)	-	(4.2)
Recurring operating profit	**17.3**	**0.2**	**17.1**
Financial loss	(5.8)	(0.4)	(5.4)
Pre-tax profit/(loss) for the period	**11.5**	**(0.2)**	**11.7**
Share of profit/(loss) of equity-accounted investees	-	-	-
Income tax expense	(3.2)	-	(3.2)
Profit for the period	**8.3**	**(0.2)**	**8.5**

In the statement of cash flows, repayments of the principal portion of lease liabilities amounted to €4.8 million in first-half 2019. The related interest expense is still included in cash flows from operating activities.

The following table reconciles lease liabilities at the transition date with leases recognized as off-balance sheet commitments at December 31, 2018:

(in euro millions)	
Lease commitments at December 31, 2018	**23.1**
Scope	**(0.6)**
Effect of leases accounted recognized in off-balance sheet commitments but outside of the scope of IFRS 16	(0.2)
Effect of short-term leases not recognized in debt at January 1	(0.4)
Term	**3.5**
Effect of termination and extension options not recognized in off-balance sheet commitments and recognized under leases	3.5
Lease liabilities before discounting	**26.0**
Effect of discounting	**(2.5)**
Lease liabilities after discounting	**23.5**
Lease liabilities at January 1, 2019 after first adoption	**23.5**

Application of the following interpretation and amendments to existing standards was also mandatory for the first time in the period ended June 30, 2019:

- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRSs (2015-2017 Cycle)
- IFRIC 23 – Uncertainty over Income Tax Treatments

The above interpretation and amendments did not have a material impact on Chargeurs' interim consolidated financial statements at June 30, 2019.

2.2.2 *New standards, interpretations and amendments to existing standards applicable in future periods and not early adopted by the Group*

Adopted by the European Union:

– None.

Not yet adopted by the European Union:

– IFRS 17 – Insurance Contracts
– Amendments to References to the Conceptual Framework in IFRS Standards.
– Amendments IFRS 3 – Definition of a Business.
– Amendments to IAS 1 and IAS 8 – Definition of Material.

2.3 Accounting policies

2.3.1 *Leases*

The Group recognizes a lease when the contract conveys the right to obtain substantially all of the economic benefits from use of an identified asset and it has the right to direct the use of that asset. The Group's leases mainly concern real estate assets (such as industrial buildings, warehouses and offices) but also machinery and equipment.

Leases are recognized in the statement of financial position at the commencement of the lease, in an amount corresponding to the present value of the future lease payments. This results in the recognition of:

- a non-current "Right-of-use asset"; and
- a lease liability representing the obligation to make lease payments.

2.3.2 *Right-of-use assets*

At the commencement date of a lease, the value of the right-of-use asset comprises the amount of the initial measurement of the lease liability plus (i) any initial direct costs incurred, (ii) the estimated costs for restoring the asset to the conditions required under the terms and conditions of the lease, and (iii) any lease payments made at or before the commencement date, less any lease incentives received.

The right-of-use asset is depreciated over the term of the lease, which generally corresponds to the non-cancelable period of the lease including optional lease periods when Management is reasonably certain to exercise an option to extend (or not to terminate) a lease. Depreciation expense for right-of-use assets is recorded under recurring operating profit.

2.3.3 *Lease liabilities*

At the commencement date of a lease, the lease liability is measured at the present value of the future lease payments. These payments include fixed payments, variable payments (that depend on an index or a rate specified in the lease contract), as well as payments related to extension, purchase, termination or non-renewal options, if the Group is reasonably certain that such options will be exercised.

If the interest rate implicit in the lease cannot be readily determined, the Group uses its incremental borrowing rate to measure its right-of-use assets and corresponding lease liabilities. This rate takes into account the Group's financing conditions and the economic environment in which the lease was signed.

Subsequent to initial recognition, lease liabilities are measured at amortized cost using the effective interest method.

Interest expense for the period is recognized under net financial expense.

Lease liabilities are presented separately from net debt.

2.3.4 *Exemptions*

Short-term leases and leases corresponding to low-value assets are expensed.

3 Critical accounting estimates and judgments

The preparation of financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses.

The critical accounting estimates and assumptions that could result in a material adjustment to the carrying amount of assets and liabilities during subsequent periods are analyzed below.

3.1 Impairment of goodwill

Goodwill is tested for impairment on an annual basis as described in note 2.11.1 to the consolidated financial statements for the year ended December 31, 2018. The recoverable amounts of cash-generating units (CGUs) are determined based on calculations of value in use, which require the use of estimates (see note 10).

3.2 Income tax expense

Deferred tax assets are recognized for tax loss carryforwards only if it is considered probable that there will be sufficient future taxable profit against which the loss can be utilized. The amount of these assets is assessed based on taxable profit projections over a period of five or seven years depending on the tax jurisdiction concerned.

The exercise of judgment is therefore required in assessing the consequences that new events will have on the value of deferred tax assets, notably changes in the estimates of future taxable profit and the timings for utilizing the assets.

In addition, tax positions may depend on interpretations of legislation, and such interpretations may be uncertain.

3.3 Other significant estimates

The other significant estimates made by Management in the preparation of these consolidated financial statements mainly relate to the assumptions used for:

- Measuring right-of-use assets and lease liabilities.
- Provisions for claims and litigation.
- Uncertain tax provisions.

4 Segment reporting

4.1 Information by operating segment

Chargeurs analyzes its business based on four operating segments.

4.1.1 *Income statement by operating segment*

Six months ended June 30, 2019 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue *(1)*	**142,1**	**107,7**	**18,0**	**58,2**	**-**	**-**	**326,1**
EBITDA	**19,2**	**11,4**	**2,3**	**1,5**	**(1,9)**	**-**	**32,5**
Depreciation and amortization	(5,1)	(3,3)	(0,9)	-	(0,5)	-	(9,8)
Recurring operating profit/(loss)	**14,1**	**8,1**	**1,4**	**1,5**	**(2,4)**	**-**	**22,7**
Amortization of intangible assets acquired through business combinations	-	(1,0)	(0,1)	-	-	-	(1,2)
Other operating income and expense (note 5)	(0,5)	(2,1)	(0,3)	-	(1,4)	-	(4,2)
Operating profit/(loss)	**13,6**	**5,0**	**1,0**	**1,5**	**(3,8)**	**-**	**17,3**
Net financial expense							(5,8)
Pre-tax profit for the period							**11,5**
Share of profit/(loss) of equity-accounted investees							-
Income tax expense							(3,2)
Profit for the period							**8,3**

(1) In the first half of 2019, PCC companies acquired in August 2018 contributed €35.7 million to the revenue of the Fashion Technologies segment.

Six months ended June 30, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Inter-segment eliminations	Consolidated
Revenue	**150.0**	**68.8**	**14.8**	**53.5**	**-**	**-**	**287.1**
EBITDA	**21.7**	**7.6**	**2.6**	**1.0**	**(2.3)**	**-**	**30.6**
Depreciation and amortization	(3.5)	(1.6)	(0.7)	-	-	-	(5.8)
Recurring operating profit/(loss)	**18.2**	**6.0**	**1.9**	**1.0**	**(2.3)**	**-**	**24.8**
Other operating income and expense (note 5)	(0.3)	1.4	(0.1)	-	(1.1)	-	(0.1)
Operating profit/(loss)	**17.9**	**7.4**	**1.8**	**1.0**	**(3.4)**	**-**	**24.7**
Net financial expense							(5.4)
Pre-tax profit for the period							**19.3**
Share of profit/(loss) of equity-accounted investees							0.1
Income tax expense							(4.1)
Profit for the period							**15.3**

4.1.2 *Assets and liabilities by operating segment*

Six months ended June 30, 2019 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Consolidated
Assets(1)	223.3	185.1	48.2	61.4	45.3	563.3
Liabilities(2)	79.6	56.6	11.2	32.1	6.1	185.6
Capital employed	**143.7**	**128.5**	**37.0**	**29.3**	**39.2**	**377.7**
Capital expenditure	9.3	1.4	0.5	0.1	5.0	16.3

Six months ended June 30, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Consolidated
Assets(1)	206.3	175.7	45.8	56.0	32.3	516.1
Liabilities(2)	79.5	59.2	9.8	31.2	7.0	186.7
Capital employed	**126.8**	**116.5**	**36.0**	**24.8**	**25.3**	**329.4**
Capital expenditure	9.4	0.5	1.4	0.1	5.0	16.3

(1) Excluding cash and cash equivalents. This item included €28.4 million in right-of-use assets at June 30, 2019.
(2) Excluding equity attributable to owners of the parent, borrowings (long-term borrowings, short-term portion of long-term borrowings and short-term bank loans and overdrafts) and leases liabilities.

4.1.3 *Additional information*

Six months ended June 30, 2019 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(3.3)	(1.3)	(0.8)	-	(0.1)	(5.5)
Impairment:						
- Inventories	(0.7)	(0.6)	-	-	-	(1.3)
- Trade receivables	-	(0.1)	-	-	-	(0.1)
Restructuring costs (note 5)	-	(1.6)	-	-	-	(1.6)

Six months ended June 30, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Non-operating	Consolidated
Depreciation of property, plant and equipment	(3.4)	(1.5)	(0.6)	-	-	(5.5)
Impairment:						
- Financial assets	-	(0.4)	-	-	-	(0.4)
Impairment:						
- Inventories	(1.1)	(0.2)	-	-	-	(1.3)
Restructuring costs (note 5)	-	(0.3)	-	-	-	(0.3)

4.2 Information by geographical area

The Group generates over 90% of its revenue outside France.

Revenue by customer location breaks down as follows:

Six months ended June 30, 2019 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Consolidated
GEOGRAPHICAL AREA					
Europe	73.6	30.1	15.8	31.8	151.3
Asia-Pacific and Africa	22.3	64.7	1.8	8.8	97.6
Americas	46.2	12.9	0.5	17.6	77.2
Total	**142.1**	**107.7**	**18.0**	**58.2**	**326.1**

Six months ended June 30, 2018 (in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Luxury Materials	Consolidated
GEOGRAPHICAL AREA					
Europe	78.6	29.6	12.0	26.4	146.6
Asia-Pacific and Africa	26.0	28.8	2.6	11.8	69.2
Americas	45.4	10.4	0.2	15.3	71.3
Total	**150.0**	**68.8**	**14.8**	**53.5**	**287.1**

The main countries where the Group's customers are located are the following:

	Six months ended June 30			
(in euro millions)	2019		2018	
United States	58.0	17.8%	52.4	18.3%
Italy	40.0	12.3%	35.6	12.4%
China and Hong Kong	34.9	10.7%	22.2	7.7%
Germany	21.9	6.7%	27.2	9.5%
France	23.2	7.1%	23.9	8.3%
Top 5 countries	**178.0**	**54.6%**	**161.3**	**56.2%**
Other countries	148.1	45.4%	125.8	43.8%
Total	**326.1**	**100.0%**	**287.1**	**100.0%**

5 Other operating income and expense

Other operating income and expense can be analyzed as follows:

(in euro millions)	Six months ended June 30 2019	2018
Bargain purchase gain *(1)*	-	1,7
Restructuring costs *(2)*	(0,3)	(0,3)
Impairment of non-current assets	-	-
Acquisition-related expenses *(3)*	(3,9)	(1,7)
Other	-	0,2
Total	**(4,2)**	**(0,1)**

(1) In first-half 2018, the Group acquired Lantor Lanka for a token amount of one euro, which generated €1.7 million in badwill.
(2) At June 30, 2019, restructuring costs were incurred mainly by the Fashion Technologies division.
(3) Acquisition-related expenses correspond to costs incurred in connection with the Group's business development and growth programs.

6 Number of employees and payroll costs

6.1 Number of employees

The average number of employees of fully consolidated subsidiaries was as follows in first-half 2019 and 2018:

	Six months ended June 30 2019	2018
Employees in France	577	553
Employees outside France	1,497	1,090
Total employees	**2,074**	**1,643**

6.2 Payroll costs

(in euro millions)	Six months ended June 30 2019	2018
Wages and salaries	36.3	30.0
Payroll taxes	13.0	13.2
Discretionary profit sharing	0.9	1.7
Total	**50.2**	**44.9**

The reported increase was attributable to the consolidation of PCC Interlining.

7 Financial income and expense

(in euro millions)	Six months ended June 30 2019	2018
- Finance costs	(4.7)	(4.5)
Cost of net debt	**(4.7)**	**(4.5)**
- Interest on lease liabilities	(0.6)	-
- Interest expense on employee benefit obligations	(0.2)	(0.2)
- Impairment of financial assets	-	(0.4)
- Exchange gains and losses on foreign currency receivables and payables	(0.3)	(0.4)
- Fair value adjustments to financial instruments	-	0.1
Other financial income and expenses	**(1.1)**	**(0.9)**
Finance costs and other financial income and expense, net	**(5.8)**	**(5.4)**

8 Income tax

The income tax expense reported in the income statement may be analyzed as follows.

(in euro millions)	Six months ended June 30 2019	2018
Current taxes	(3.4)	(4.2)
Deferred taxes	0.2	0.1
Total	**(3.2)**	**(4.1)**

No deferred tax assets have been recognized for a significant portion of the evergreen losses of the various tax groups (see note 8 to the consolidated financial statements for the year ended December 31, 2018).

9 Earnings per share

Basic earnings per share are calculated by dividing profit from continuing operations attributable to owners of the parent by the weighted average number of shares outstanding during the period.

Basic earnings per share amounted to €0.36 for first-half 2019.

Diluted earnings per share takes into account the weighted average number of performance shares granted to employees, interim dividends and dividends paid in the form of shares. The calculation of diluted earnings per share also involved adding back to profit from continuing operations the €0.2 million recognized for performance shares during the year.

Diluted earnings per share were the same as basic earnings per share in first-half 2019.

	Six months ended June 30			
	2019		2018	
(in euro millions)	Basic	Diluted	Basic	Diluted
From continuing operations	8.3	8.3	15.3	15.3
Weighted average number of shares	23,012,756	23,012,756	23,374,727	23,374,727
Earnings per share from continuing operations *(in euros)*	**0.36**	**0.36**	**0.65**	**0.65**

All Chargeurs SA shares have been called and are fully paid-up. Changes in the number of shares outstanding in first-half 2019 were as follows:

Shares outstanding at December 31, 2018	**23,551,755**
Shares issued in payment of the 2018 dividend balance	204,348
Shares outstanding at June 30, 2019	**23,756,103**

Based on a par value of €0.16 per share, the shares outstanding at June 30, 2019 represented issued capital of €3,800,976.

Double voting rights

Chargeurs' bylaws provide that shares registered in the name of the same owner for at least two years carry double voting rights. Consequently, in accordance with article L.225-124 of the French Commercial Code (*Code de commerce*), holders of said shares are entitled to double voting rights at Chargeurs Shareholders' Meetings. At June 30, 2019, 850,187 shares carried double voting rights.

10 Intangible assets

10.1 Goodwill

10.1.1 *Movements in goodwill*

The table below provides a breakdown of goodwill by cash-generating unit (CGU).

(in euro millions)	Protective Films	Fashion Technologies	Technical Substrates	Total
December 31, 2017	**69.2**	**6.0**	**11.0**	**86.2**
Additions	-	-	8.0	8.0
Translation adjustment	1.5	0.2	-	1.7
June 30, 2018	**70.7**	**6.2**	**19.0**	**95.9**
December 31, 2018	**72.1**	**35.8**	**18.9**	**126.8**
Translation adjustment	0.4	0.3	-	0.7
Other *(1)*	-	-	(0.7)	(0.7)
June 30, 2019	**72.5**	**36.1**	**18.2**	**126.8**

(1) Adjustment of the acquisition price for Leach (acquired in 2018).

PROTECTIVE FILMS

The Protective Films segment is managed on a worldwide basis to meet the needs of global customers, and is considered to represent a single CGU.

Substantially all of Protective Films' goodwill is measured in US dollars and the appreciation in the dollar against the euro between December 31, 2018 and June 30, 2019 resulted in a €0.4 million increase in its carrying amount.

FASHION TECHNOLOGIES

The Fashion Technologies segment also has a global management structure that is aligned with local needs.

In the second half of 2018, the Group acquired the interlinings business of Precision Custom Coatings (PCC). The acquisition consisted of a share deal for PCC Asia LLC and an asset deal for the PCC USA interlinings business. The provisional goodwill amounts recognized on the transaction were HKD 222.4 million (€24.1 million) for the share deal and USD 5.4 million (€4.6 million) for the asset deal.

As PCC has been integrated into the Fashion Technologies segment and its acquisition is expected to generate synergies for the division as a whole, the full amount of this provisional goodwill has been allocated to the Fashion Technologies CGU.

A portion of Fashion Technologies' goodwill is denominated in Bangladesh taka, Hong Kong dollars and US dollars, and the appreciation of these currencies against the euro between first half 2018 and first half 2019 resulted in a €0.3 million increase in the carrying amount of that segment's goodwill.

TECHNICAL SUBSTRATES

The Technical Substrates segment comprises Senfa and Leach.

During the first half of 2019, the acquisition price for the Leach group was adjusted by £0.6 million. The goodwill recognized for Leach was adjusted accordingly, and at the end of the measurement period amounted to £6.4 million, i.e. €7.2 million at June 30, 2019.

10.1.2 Goodwill impairment tests

The Group considered that it was not necessary to make any material adjustments to the assumptions used to determine the recoverable amounts of goodwill between December 31, 2018 and June 30, 2019.

Procedures were performed at June 30, 2019 to obtain assurance that there were no indications that the carrying amount of any CGUs might not be recoverable. These procedures enabled the Group to conclude that there was no evidence of impairment of any CGU or group of CGUs compared with December 31, 2018. An annual review of the carrying amounts of goodwill and other intangible assets will be performed at the year-end.

10.2 Other intangible assets

(in euro millions)	Trademarks, customers and patents	Development costs	Other	Total
December 31, 2017	**0.6**	**0.5**	**1.0**	**2.1**
Acquisitions	-	-	0.3	0.3
Changes in scope of consolidation	4.6	-	-	4.6
Amortization	(0.1)	-	(0.2)	(0.3)
June 30, 2018	**5.1**	**0.5**	**1.1**	**6.7**
December 31, 2018	**28.8**	**0.5**	**2.0**	**31.3**
Acquisitions	0.1	-	0.7	0.8
Amortization	(1.2)	(0.1)	(0.3)	(1.6)
Translation adjustment	0.3	-	-	0.3
June 30, 2019	**28.0**	**0.4**	**2.4**	**30.8**

11 Property, plant and equipment

Movements in the carrying amount of property, plant and equipment can be analyzed as follows:

(in euro millions)	Land	Buildings	Fixtures and fittings	Plant and equipment	Assets under construction	Total
December 31, 2017	**2.5**	**8.7**	**40.4**	**5.7**	**5.9**	**63.2**
Additions *(1)*	0.1	0.3	2.8	0.2	5.4	8.8
Disposals	-	-	-	-	(0.3)	(0.3)
Changes in scope of consolidation	0.2	1.8	1.0	0.4	-	3.4
Depreciation	-	(0.7)	(4.6)	(0.2)	-	(5.5)
Other	-	0.1	0.3	-	(0.4)	-
Translation adjustment	-	-	0.1	-	(0.2)	(0.1)
June 30, 2018	**2.8**	**10.2**	**40.0**	**6.1**	**10.4**	**69.5**
December 31, 2018	**5.6**	**8.9**	**44.7**	**6.9**	**14.6**	**80.7**
Transfer linked to IFRS 16 ***(2)***	**(1.3)**	**(1.1)**	**(8.4)**	**(0.4)**	**-**	**(11.2)**
Acquisitions	0.2	4.5	1.3	0.2	9.3	15.5
Depreciation	(0.2)	(0.4)	(4.4)	(0.4)	-	(5.5)
Other *(3)*	-	0.3	3.2	0.8	(0.7)	3.6
Translation adjustment			(0.1)	0.1	-	-
June 30, 2019	**4.3**	**12.2**	**36.3**	**7.1**	**23.2**	**83.1**

(1) Including €0.4 million worth of assets acquired under finance leases.
(2) Corresponding to the reclassification on the initial application of IFRS 16 of property, plant and equipment presented at December 31, 2018 as held under finance leases to "Right-of-use assets" (see note 12).
(3) In the first half of 2019, the Group exercised an option relating to property, plant and equipment held under finance leases, which had been reclassified to "Right-of-use assets" at January 1, 2019 in accordance with IFRS 16 (see note 12).

12 Right-of-use assets and lease liabilities

12.1 Right-of-use assets

The carrying amounts of right-of-use assets related to property, plant and equipment as defined in note 2.3 break down as follows:

(in euro millions)	Land	Buildings	Fixtures and fittings	Plant and equipment	Total
First-time adoption of IFRS 16	**-**	**12.9**	**10.3**	**0.6**	**23.8**
Transfer linked to IFRS 16 ***(1)***	**1.3**	**1.1**	**8.4**	**0.4**	**11.2**
New contracts	-	0.1	0.3	-	0.4
End of contracts	-	-	-	-	-
Depreciation	-	(1.7)	(2.2)	(0.1)	(4.0)
Other *(2)*	-	-	(3.6)	(0.2)	(3.8)
Translation adjustment	-	-	-	0.1	0.1
June 30, 2019	**1.3**	**12.4**	**13.2**	**0.8**	**27.7**

(1) Corresponding to the reclassification on the initial application of IFRS 16 of property, plant and equipment presented at December 31, 2018 as held under finance leases to "Right-of-use assets" (see note 11).
(2) In the first half of 2019, the Group exercised an option relating to property, plant and equipment held under finance leases, which had been reclassified to "Right-of-use assets" at January 1, 2019 in accordance with IFRS 16 (see note 11).

12.2 Lease liabilities

Movements in lease liabilities can be analyzed as follows:

(in euro millions)	
Lease liabilities at December 31, 2018	-
Cash movements:	
Increase	-
Decrease	(4.8)
Changes in scope of consolidation	-
Non-cash movements	
First-time adoption of IFRS 16	23.5
Transfer linked to IFRS 16	8.7
New leases	0.4
Changes in exchange rates	-
Other	-
Lease liabilities at June 30, 2019	**27.8**

At June 30, 2019, the maturities of the Group's lease liabilities were as follows:

(in euro millions)	June 30, 2019
Due in less than one year	8.6
Due in one to two years	7.5
Due in two to three years	4.9
Due in three to four years	2.5
Due in four to five years	1.8
Due in more than five years	2.5
Total	**27.8**

13 Equity-accounted investees

13.1 Companies

Luxury Materials segment

- CW Uruguay, comprising Lanas Trinidad SA and its subsidiaries.

- CW Argentina, comprising Chargeurs Wool Argentina and its subsidiary, Peinadura Rio Chubut.

Zhangjiagang Yangtse Wool Combing Co. Ltd, comprising Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary, Yangtse (Australia) PTY Ltd.

Fashion Technologies segment

Following the acquisition of the PCC Interlining group during the year, the Fashion Technologies segment now has two equity-accounted investees: Ningbo Textile Co Ltd (25%-held) and Weemeet Korea (20%-held).

Movements in equity-accounted investees (associates and joint ventures) can be analyzed as follows:

(in euro millions)	Dec. 31, 2018	Share of profit/(loss)	Translation adjustment	Scope changes	June 30, 2019
CW Uruguay	6.9	0.1	-	-	7.0
CW Argentina	1.6	0.1	(0.1)	-	1.6
Zhangjiagang Yangtse Wool Combing Co Ltd	2.7	(0.2)	-	-	2.5
Total joint ventures	**11.2**	**-**	**(0.1)**	**-**	**11.1**
Wool USA	0.6	(0.1)	-	-	0.5
Ningbo Textile Co Ltd	0.5	-	-	-	0.5
Weemeet Korea	0.8	0.1	-	-	0.9
Total associates	**1.9**	**-**	**-**	**-**	**1.9**
Total equity-accounted investees	**13.1**	**-**	**(0.1)**	**-**	**13.0**

(in euro millions)	Dec. 31, 2017	Share of profit/(loss)	Translation adjustment	Scope changes	June 30, 2018
CW Uruguay	6.5	0.1	0.3	-	6.9
CW Argentina	2.0	-	(0.4)	-	1.6
Zhangjiagang Yangtse Wool Combing Co Ltd	2.8	-	(0.1)	-	2.7
Total joint ventues	**11.3**	**0.1**	**(0.2)**	**-**	**11.2**
Wool USA	0.4	-	0.2	-	0.6
Total associates	**0.4**	**-**	**0.2**	**1.3**	**1.9**
Total equity-accounted investees	**11.7**	**0.1**	**-**	**1.3**	**13.1**

13.2 Key figures for the main equity-accounted investees

Key figures for material equity-accounted investees are presented below (on a 100% basis):

	At June 30, 2019 Chargeurs Luxury Materials				At December 31, 2018 Chargeurs Luxury Materials			
(in euro millions)	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd	Total	CW Uruguay	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd	Total
Non-current assets	2.6	1.6	4.6	**8.8**	2.6	1.4	4.8	**8.8**
Current assets	42.7	25.1	19.0	**86.8**	43.0	22.6	13.3	**78.9**
Cash and cash equivalents	2.2	0.4	0.7	**3.3**	1.6	0.2	1.4	**3.2**
Non-current financial liabilities	-	-	-	**-**	-	-	-	**-**
Other non-current liabilities	0.1	-	-	**0.1**	0.1	-	-	**0.1**
Current financial liabilities	28.5	14.0	2.6	**45.1**	25.6	10.1	2.5	**38.2**
Other current liabilities	4.9	9.9	16.6	**31.4**	7.7	11.0	11.5	**30.2**
Total net assets	**14.0**	**3.2**	**5.1**	**22.3**	**13.8**	**3.1**	**5.5**	**22.4**
% interest	50%	50%	50%	**n.a.**	50%	50%	50%	**n.a.**
Group share	7.0	1.6	2.5	**11.1**	6.9	1.6	2.7	**11.2**
Carrying amount	**7.0**	**1.6**	**2.5**	**11.1**	**6.9**	**1.6**	**2.7**	**11.2**

	At June 30, 2019 Chargeurs Luxury Materials				At December 31, 2018 Chargeurs Luxury Materials			
(in euro millions)	CW Uruguay(1)	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd	Total	CW Uruguay (1)	CW Argentina	Zhangjiagang Yangtse Wool Combing Co Ltd	Total
Revenue	29.8	10.9	8.2	**48.9**	26.2	14.4	16.8	**57.4**
Depreciation, amortization and impairment	(0.2)	-	(0.4)	**(0.6)**	(0.2)	-	(0.5)	**(0.7)**
Finance costs, net	(0.6)	(0.5)	(0.1)	**(1.2)**	(0.4)	(0.2)	(0.2)	**(0.8)**
Profit/(loss) from continuing operations	0.1	0.2	(0.4)	**(0.1)**	-	-	0.2	0.2
% interest	50%	50%	50%	**n.a.**	50%	50%	50%	**n.a.**
Group share of profit/(loss)	0.1	0.1	(0.2)	**-**	-	-	0.1	0.1

13.3 Transactions with equity-accounted investees

In the first half of 2019, the main transactions with the Group's equity-accounted investees (Lanas Trinidad, Chargeurs Wool Argentina and Zhangjiagang Yangtse Wool Combing Co. Ltd and its subsidiary Yangtse Pty Ltd) were as follows:

- purchases recorded in cost of sales for €27.1 million;
- sales for €2.7 million;
- trade receivables for €13.2 million;
- trade payables for €17.2 million.

14 Working capital

(in euro millions)	Dec. 31, 2018	Change in operating working capital *(1)*	Other changes	Translation adjustment *(2)*	Impact of changes in scope of consolidation	June 30, 2019
Inventories and work-in-progress	128.4	1.0		0.3	-	129.7
Trade receivables	72.4	14.9	0.1	0.2	-	87.6
Derivative financial instruments	0.7	0.2	-	-	-	0.9
Other receivables	20.5	2.3	(0.3)	0.1	-	22.6
Current income tax receivables	3.2	-	(2.3)	-	-	0.9
Assets	**225.2**	**18.4**	**(2.5)**	**0.6**	**-**	**241.7**
Trade payables	116.8	0.3	-	0.4	-	117.5
Derivative financial instruments	0.4	0.2	(0.4)	-	-	0.2
Other payables	42.3	(4.4)	-	0.1	-	38.0
Current income tax liability	1.0	-	0.6	-	-	1.6
Liabilities	**160.5**	**(3.9)**	**0.2**	**0.5**	**-**	**157.3**
Working capital	**64.7**	**22.3**	**(2.7)**	**0.1**	**-**	**84.4**

(1) Presented in the consolidated statement of cash flows under "Net cash from operating activities".
(2) Including €0.3 million corresponding to the impact of hyperinflation in Argentina.

The change in working capital in the first half of 2019 was primarily due to organic revenue growth.

(in euro millions)	Dec. 31, 2017	Change in operating working capital *(1)*	Other changes	Translation adjustment	Impact of changes in scope of consolidation	June 30, 2018
Inventories and work-in-progress	107.3	3.8	-	(0.9)	1.5	111.7
Trade receivables	53.0	15.0	(0.1)	(0.6)	2.5	69.8
Derivative financial instruments	0.4	-	-	-	-	0.4
Other receivables	23.5	(1.9)	(3.4)	(0.3)	0.6	18.5
Current income tax receivables	3.7	-	(1.7)	-	-	2.0
Assets	**187.9**	**16.9**	**(5.2)**	**(1.8)**	**4.6**	**202.4**
Trade payables	96.7	5.3	0.1	(0.2)	1.0	102.9
Derivative financial instruments	1.3	0.1	0.2	-	-	1.6
Other payables	42.5	(4.9)	0.9	(0.5)	1.4	39.4
Current income tax liability	2.8	-	0.1	-	0.1	3.0
Liabilities	**143.3**	**0.5**	**1.3**	**(0.7)**	**2.5**	**146.9**
Working capital	**44.6**	**16.4**	**(6.5)**	**(1.1)**	**2.1**	**55.5**

(1) Reported in the consolidated statement of cash flows under "Net cash from operating activities".

15 Factoring

Chargeurs SA and a number of its subsidiaries have negotiated with French financial institutions the terms and conditions of the Group's factoring programs in Europe.

The new programs provide for no-recourse sales with the transfer of substantially all of the risks and rewards of ownership of the sold receivables. Only the non-material risk of dilution is not transferred to the purchaser. Consequently, the sold receivables have been derecognized.

The amount of receivables sold under the new programs totaled €66.08 million at June 30, 2019.

16 Long- and short-term debt, cash and cash equivalents

16.1 Net debt

(in euro millions)	Dec. 31, 2018	Cash movements: Increase	Cash movements: Decrease	Cash movements: Changes in scope of consolidation	Non-cash movements: Transfer linked to IFRS 16	Non-cash movements: Changes in exchange rates	June 30, 2019
Marketable securities	16.8	-	(11.8)	-	-	-	5.0
Term deposits	4.5	0.3	-	-	-	0.1	4.9
Cash at bank	88.7	-	0.4	-	-	(0.4)	88.7
Total cash and cash equivalents	**110.0**	**0.3**	**(11.4)**	**-**	**-**	**(0.3)**	**98.6**
Long-term borrowings	181.4	32.3	(9.3)	-	(8.7)	0.1	195.8
- of which bank borrowings	*172.7*	*32.3*	*(9.3)*	-	-	*0.1*	*195.8*
- of which finance lease liabilities	*8.7*	-	-	-	*(8.7)*	-	-
Short-term bank loans	14.3	0.9	-	-	-	0.1	15.3
Overdrafts	6.5	-	(3.8)	-	-	-	2.7
Total gross debt	**202.2**	**33.2**	**(13.1)**	**-**	**(8.7)**	**0.2**	**213.8**
Net cash position/(Net debt position)	**(92.2)**	**(32.9)**	**1.7**	**-**	**8.7**	**(0.5)**	**(115.2)**

There were no restrictions on the use of the cash and cash equivalents held by Group at June 30, 2019.

The average interest rate on long-term borrowings after hedging was 2.36% at June 30, 2019 and 2.79% at December 31, 2018 including finance lease liabilities. The average interest rate after finance lease liabilities at December 31, 2018 was 2.73%.

16.2 Change in net debt

(in euro millions)	Six months ended June 30 2019	2018
EBITDA	32.5	30.6
Non-recurring - Cash *(1)*	(4.2)	(2.0)
Cost of net debt and interest on leases	(5.3)	(4.5)
Income tax paid	(0.4)	(2.4)
Other	0.2	-
Cash generated by operations	**22.8**	**21.7**
Change in operating working capital	(22.3)	(16.4)
Operating cash flows	**0.5**	**5.3**
Transfer linked to IFRS 16	8.7	-
Acquisition of PPE and intangible assets, net of disposals	(16.3)	(8.4)
Acquisitions of subsidiaries, net of cash acquired	-	(14.2)
Other investing cash flows	(0.9)	(0.4)
Share buybacks	(4.5)	-
Cash dividends paid to owners of the parent	(5.1)	(4.4)
Repayment of lease liabilities	(4.8)	-
Other	(0.1)	(0.4)
Currency effect	(0.5)	(0.1)
Change in net cash/(net debt)	**(23.0)**	**(22.6)**
Opening net cash/(net debt)	(92.2)	8.9
Closing net cash/(net debt)	**(115.2)**	**(13.7)**

(1) This line only includes cash items relating to restructuring costs and acquisition costs (see note 5).

16.3 Financial covenants

Neither (i) the Group's €230 million syndicated credit facility negotiated in December 2018 – comprising a €100 million RCF maturing in 5+1 years and a €130 million 6-year term loan – nor (ii) the Group's Euro PP notes (amounting to €122.0 million), are subject to a leverage covenant. They are, however, subject to a gearing covenant of ≤ 1.2x, calculated on a half-yearly basis (see note 1).

This covenant was respected at June 30, 2019.

The renegotiation of a portion of the Group's financing did not lead to any substantial changes in the initial debt.

16.4 Debt by maturity and interest rate

16.4.1 *Analysis of long-term and medium-term debt by maturity and interest rate:*

(in euro millions)	June 30, 2019 Total	Of which fixed rate	Of which variable rate	December 31, 2018 (*) Total	Of which fixed rate	Of which variable rate
Due in less than one year	6.3	6.1	0.2	12.3	11.6	0.7
Due in one to two years	4.5	4.5	-	7.6	6.7	0.9
Due in two to three years	3.3	3.3	-	6.6	4.7	1.9
Due in three to four years	26.6	26.6	-	3.5	2.4	1.1
Due in four to five years	15.4	15.4	-	101.4	71.4	30.0
Due in more than five years	139.7	79.7	60.0	50.0	50.0	-
Total	**195.8**	**135.6**	**60.2**	**181.4**	**146.8**	**34.6**

(*) Including finance lease liabilities in accordance with IAS 17, amounting to €8.7 million.

The carrying amount of fixed-rate debt, after hedging, was €135.6 million. The proportion of average debt at fixed rates of interest was 69.2% in first-half 2019 and 81.3% in 2018.

16.4.2 *Maturities of the Group's confirmed credit facilities*

The carrying amount of variable-rate borrowings approximates their fair value in view of the interest rates applied.

The maturities of the Group's confirmed credit facilities are as follows:

(in euro millions)	June 30, 2019	Average maturity	Dec. 31, 2018 (*)	Average maturity
Drawn financing facilities	-	3.1	195.7	4.7
Undrawn financing facilities (1)	173.7	4.4	206.5	5.8
Total financial resources confirmed	**173.7**	**4.4**	**402.2**	**5.3**

(*) Including finance lease liabilities in accordance with IAS 17, amounting to €8.7 million.
(1) Of which €130.0 million devoted to financing future acquisitions and capital expenditure.

16.5 Analysis of debt by currency

(in euro millions)	June 30, 2019	December 31, 2018
Euro	194.3	181.3
US dollar	9.2	8.6
Chinese yuan	2.8	4.0
Other	7.5	8.3
Total	**213.8**	**202.2**

17 Pension and other post-employment benefit obligations

Employee benefits expense for the first half of 2019 totaled €0.3 million, of which €0.1 million was recognized in recurring operating profit and €0.2 million in net financial expense.

United States: actuarial gains and losses arising during the first half of 2019 were estimated based on sensitivity tests performed at December 31, 2018, using a discount rate of 3.55% compared with 4.30% in 2018. A net actuarial gain of €0.6 million was recognized for the period.

Europe: actuarial gains and losses arising during the first half of 2019 were estimated based on sensitivity tests performed at December 31, 2018, using a discount rate of 0.75% compared with 1.50% in 2018. A net actuarial gain of €1.1 million was recognized for the period.

18 Provisions

The amount reported under "Provisions" in the statement of financial position does not include short-term provisions, which are included in "Other payables".

(in euro millions)	Long-term provisions	Short-term provisions	Total
December 31, 2017	**0.7**	**0.8**	**1.5**
Reversals of provisions used	(0.1)	-	(0.1)
Reversals of surplus provisions	-	(0.2)	(0.2)
June 30, 2018	**0.6**	**0.6**	**1.2**
December 31, 2018	**0.5**	**0.7**	**1.2**
June 30, 2019	**0.5**	**0.7**	**1.2**

Cash outflows covered by provisions for other contingencies will amount to €0.7 million within the next twelve months and €0.5 million beyond that period.

19 Other non-current liabilities

“Other non-current liabilities” mainly include a €2.9 million guarantee received in respect of a license.

20 Related-party transactions

Related-party transactions with equity-accounted investees are presented in note 13.3.

There were no material changes in related-party transactions between December 31, 2018 and June 30, 2019.

21 Commitments and contingencies

21.1 Commercial commitments

At June 30, 2019, Chargeurs SA and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €3.0 million.

21.2 Guarantees

At June 30, 2019, Chargeurs SA and its subsidiaries had given guarantees for a total of €27.5 million related to the Group’s financing.

21.3 Collateral

At June 30, 2019, Chargeurs SA and its subsidiaries had granted collateral representing a total of €1.9 million.

22 Subsequent events

In early July, the Group announced that it had acquired majority stakes in three niche companies, strengthening the graphics services unit of the Technical Substrates division, which has been renamed Chargeurs Creative Collection. Subject to the successful outcome of the due diligence procedures, the three entities will represent combined revenues of €25 million over the full year. The companies are:

- Design PM, a London-based company and a major player in museum heritage project management. This acquisition will enable the Group to gain greater expertise in the management of technical-intensive large-scale projects by capitalizing on the experience of Design PM’s founder, Christopher Cawte, who will retain a share in the company. The transaction consists of acquiring an immediate 80% majority stake, with the remaining 20% interest to be acquired at a later date.
- MET Studio, a London-based company which is an iconic designer specializing in museums, exhibitions and visitor experience. It serves customers in more than 50 countries, with a very strong international outlook thanks to a presence across four continents. The transaction consists of acquiring a 71% stake in the company, followed by a further 13% stake at a later date.
- Hypsos-NL, an Amsterdam-based fit out contractor that offers comprehensive design project solutions for all sectors, including corporate services, cultural services and services for the retail sector. The acquisition of an immediate 51% stake in this company – and the remaining 49% at a later date – gives Chargeurs Technical Substrates access to a portfolio of diversified, world-class customers.

23 Seasonal fluctuations in business

Seasonal fluctuations in business do not have a material impact on the Group’s financial statements.

24 Main consolidated companies

At June 30, 2019, 79 companies were fully consolidated (compared with 76 in 2018), and 11 were accounted for by the equity method (11 in 2018).

Parent company **Chargeurs SA**

A – Main fully consolidated companies

France	Chargeurs Boissy SARL / Chargeurs Textiles SAS / Chargetex 35 / Chargetex 34 / Chargeurs Cloud
Germany	Chargeurs Deutschland GmbH / Leipziger Wollkämmerei AG
Switzerland	CMI
North America	Chargeurs Inc (USA)

Protective Films segment

Holding company for the segment	**Chargeurs Films de Protection SA**
France	Novacel SA / Asidium (Somerra)
Italy	Boston Tapes S.p.A. / Boston Tapes Commercial S.r.l. / Novacel Italia S.r.l. / Omma S.r.l
Germany	Novacel GmbH
United Kingdom	Novacel UK Ltd
Spain	Novacel Iberica S.p.A.
Belgium	S.A Novacel Belgium N.V
North America	Chargeurs Protective Films Inc. (United States) / Novacel Inc. (United States) / Main Tape Inc. (United States) / T.L.C. Inc (United States) / Walco Machines Company (United States)
Central America	Novacel Mexico S.a de C.v (Mexico)
Asia	Novacel Shanghai Co. Ltd. (China) / Novacel Korea Ltd. (South Korea)

Fashion Technologies segment

Holding company for the segment	**Fitexin**
France	Lainière de Picardie BC SAS / Intissel / Chargeurs Entoilage SA
Italy	Chargeurs Interfodere Italia
Germany	Lainière de Picardie Deutschland GmbH / Chargeurs Deutschland
United Kingdom	Chargeurs Interlining (UK) Ltd
Portugal	Chargeurs Entretelas (Iberica) Ltd
Romania	Lainière de Picardie Insertii S.r.l.
North America	Lainière de Picardie Inc. (United States)
South America	Lainière de Picardie Golaplast Brazil Textil Ltda (Brazil) / Entretelas Americanas SA (Argentina) / Lainière de Picardie DHJ Chile SA (Chile)
Africa	Stroud Riley (Proprietary) Limited (South Africa) – ADT Chargeurs Entoilage Tunisie SARL (Tunisia) / Chargeurs Fashion Technologies Ethiopia (Ethiopia)
Asia	Chargeurs Interlining Limited (HK) / LP (Wujiang) Textiles Co. Ltd (China) / Lainière de Picardie Korea Co. Ltd (South Korea) / DHJ Interlining Limited (China) / Etacol Bangladesh Ltd (Bangladesh) / Chargeurs Interlining Singapore PTE Ltd (Singapore) / Intissel Lanka PVT Ltd (Sri Lanka) / Lantor Lanka (Sri Lanka) / Intissel China Ltd (China) / PCC Asia LLC (China) / PCC Guangzhou Trading Co Ltd (China)

Technical Substrates segment

Holding company for the segment	**Chargeurs Technical Substrates**
France	Senfa
United Kingdom	A.H. Leach & Company Limited – Leach Colour Limited

Luxury Materials segment

Holding company for the segment	**Chargeurs Wool Holding GmbH**
France	Chargeurs Wool (Eurasia) SAS
Italy	Chargeurs Wool Sales (Europe) S.r.l.
New Zealand	Chargeurs Wool (NZ) Limited
North America	Chargeurs Wool USA Inc. (United States)
South America	Alvisey (Uruguay) / Nuovalane (Uruguay)

B – Main companies accounted for by the equity method (Luxury Materials segment)

North America	USA Wool (35%)
South America	Lanas Trinidad SA (50%) (Uruguay) / Lanera Santa Maria (50%) and its subsidiary Hart Newco SA (50%) / Chargeurs Wool (Argentina) SA (50%), and its subsidiary Peinaduria Rio Chubut (25%)
Asia Pacific	Zhangjiagang Yangtse Wool Combing Co Ltd (50%), and its subsidiary Yangtse (Australia) Pty Ltd, Weemeet Korea (South Korea) and Ningbo Textile Co Ltd (China).

The percentages indicated correspond to Chargeurs' percentage of control at June 30, 2019 for companies that are not almost or entirely wholly owned by the Group.

CHARGEURS

RELATED PARTY TRANSACTIONS

A description of related party transactions is provided in Note 20 to the condensed interim consolidated financial statements for the first-half of 2019. Related parties are companies that are up to 50%-owned under cooperation agreements. Chargeurs having significant influence over their management, those companies are therefore accounted for by the equity method. Those companies are industrial and sales companies.

During the first-half 2019, there were no material changes in the nature and volume of related party transactions.

September 11th, 2019

CHARGEURS

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, (i) the condensed financial statements for the six months ended June 30, 2019 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the consolidated companies, and (ii) the interim management report includes a fair review of significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Paris, September 11th, 2019

Michaël FRIBOURG
Chairman & Chief Executive Officer

CHARGEURS S.A.

Statutory Auditors' report on the 2019 Half-year Financial Information

(For the period from January 1 to June 30, 2019)

PricewaterhouseCoopers Audit
63, rue de Villiers
92 208 Neuilly-sur-Seine
France

HAF Audit & Conseil
Member of Crowe Global
85, rue Edouard Vaillant
92300 Levallois-Perret

Statutory Auditors' report on the 2019 Half-year Financial Information

(For the period from January 1 to June 30, 2019)

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders
CHARGEURS SA
112 avenue Kleber
75116 Paris, France

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier) , we hereby report to you on :

- the review of the accompanying condensed half-year consolidated financial statements of Chargeurs SA, for the six months ended June 30, 2019 ;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

II - Specific verification

We have also verified the information given in the half-year management report on the condensed half-year consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Levallois-Perret, September 11th, 2019

The Statutory Auditors,

PricewaterhouseCoopers Audit	HAF Audit & Conseil Membre de Crowe Global
Eric Bertier	Marc de Prémare