REVENUE FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 UP 12.2% YEAR ON YEAR

"A WORLD OF" NICHE MARKET LEADERS

PRESS RELEASE

Paris – November 14, 2019

A very good revenue performance in third-quarter 2019 with a return to like-for-like growth in all geographic regions

- **Solid 1.7% like-for-like revenue growth in third-quarter 2019, despite a more volatile market context**
- **Intensification of the Group's transformation:**
  - **Successful commissioning of the new Chargeurs Protective Films technological site**
  - **Highly successful integration of PCC just one year after its acquisition**
  - **Rollout of "High Emotion Technology®", the global branding signature for all of the Group's businesses**
  - **Launch of "Sustainable Fifty", the world's largest range of eco-responsible interlinings**
  - **Acceleration of acquisitions at Chargeurs Technical Substrates**

"Chargeurs Group delivered a very robust performance in third-quarter 2019 thanks to a commercial and geographic strategy that is able to withstand a volatile market backdrop. Our offensive for premium products and services is picking up pace, and drawing on the success of our decision to further intensify our opex drive in recent months, we expect to see an acceleration in our overall performance in 2020. Going forward, we intend to pursue our strategy of acquiring high-potential companies, particularly in the next few months, are standing by our revenue target of between €750 million and €800 million for 2020, and are well positioned to meet our strategic objectives of achieving €1 billion in revenue by 2021 for a recurring operating margin of over 10%" said **Michaël Fribourg, Chargeurs' Chairman and Chief Executive Officer**.

STRONG 12.2% GROWTH FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

Revenue for the nine months ended September 30, 2019 rose by a sharp 12.2% to €472.5 million, fueled by the Group's strategy of acquiring high-potential niche leaders. Like-for-like growth for the nine-month period was a negative 0.8%, representing a significant improvement. The like-for-like growth in the second and third quarters almost entirely offset the 4.6% decline seen in the first quarter, which was exacerbated by a difficult basis of comparison after an extremely robust economic environment led to record-high revenues in first-quarter 2018.

Third-quarter 2019 revenue advanced 9.1%, with 1.7% like-for-like growth, against a backdrop of lower revenue posted by Chargeurs Luxury Materials due to a steep fall in wool prices in recent months, which has led to a slowdown in business for wool spinners and producers.

ACCELERATION OF GROWTH IN ALL GEOGRAPHIC REGIONS IN THIRD-QUARTER 2019

	Nine months		Change		Third quarter		Change	
In euro millions	2019	2018	Reported	Like-for-like*	2019	2018	Reported	Like-for-like*
Europe	**214.3**	210.0	+2.1%	+0.3%	**63.0**	62.6	+0.6%	+0.8%
Americas	**113.5**	105.1	+8.0%	+1.4%	**36.3**	33.7	+7.7%	+2.7%
Asia	**144.7**	106.2	+36.3%	-5.1%	**47.1**	37.9	+24.3%	+2.4%
Chargeurs	**472.5**	**421.3**	**+12.2%**	**-0.8%**	**146.4**	**134.2**	**+9.1%**	**+1.7%**

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

The reported 12.2% growth figure for the first nine months of 2019 breaks down as follows by geographic region:

- **In Europe**, consolidated revenue was up 2.1% year on year for the nine months ended September 30, 2019. The Group's successful growth strategy, focused on internal drivers such as the new strategic partnerships signed at Chargeurs Luxury Materials and on acquisitions such as Leach by Chargeurs Technical Substrates in May 2018, helped offset the significant revenue slowdown for Chargeurs Protective Films.

- **In the Americas**, revenue grew by a solid 8.0% for the nine-month period, underpinned by the integration of PCC into Chargeurs PCC Fashion Technologies in August 2018.
- **In Asia,** consolidated revenue continued to rise sharply, surging 36.3%, and now represents almost a third of the Group's global revenue. This performance was mainly led by the strategic integration of PCC into Chargeurs PCC Fashion Technologies.

SOLID 1.7% LIKE-FOR-LIKE REVENUE GROWTH IN THIRD-QUARTER 2019 IN AN INCREASINGLY VOLATILE MARKET CONTEXT

	Nine months		Change		Third quarter		Change	
In euro millions	**2019**	**2018**	**Reported**	**Like-for-like***	**2019**	**2018**	**Reported**	**Like-for-like***
Protective Films	**211.9**	217.7	-2.7%	-4.4%	**69.8**	67.7	+3.1%	+1.9%
PCC Fashion Technologies	**156.2**	107.8	+44.9%	+1.9%	**48.4**	39.0	+24.1%	+1.5%
Technical Substrates	**24.7**	20.4	+21.1%	+3.9%	**6.7**	5.6	+19.6%	+19.6%
Luxury Materials	**79.7**	75.4	+5.7%	+4.4%	**21.5**	21.9	-1.8%	-3.2%
Chargeurs	**472.5**	**421.3**	**+12.2%**	**-0.8%**	**146.4**	**134.2**	**+9.1%**	**+1.7%**

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

The reported 12.2% growth figure for the first nine months of 2019 breaks down as follows by operating segment:

- **Chargeurs Protective Films** enjoyed a new increase in sales (3.1%) in the third quarter of 2019, allowing it to reduce its negative growth to 2.7% for the nine-month period. Although the segment's revenue is recovering, it is remaining prudent with respect to the German and Chinese markets, which both generate high margins and are currently being impacted by trade talks.

  Chargeurs Protective Films has made a choice to intensify its premiumization strategy and in recent months has stepped up the pace of its opex and capacity investments with a view to making its sites more specialized and achieving a higher, more sustainable performance in the medium term.
  The gradual ramp-up of the techno smart production line in Italy – which was launched in third-quarter 2019 – has freed up new manufacturing capacity for the segment. This new production line, dedicated to premiumization, is being ramped up as scheduled and will boost Chargeurs Protective Films' like-for-like growth in the medium term. The additional capacity will act as a major growth driver for the segment, helping it to reach its annual revenue target of €35 million in 2021, with a significant positive impact on operating margin.

- **Chargeurs PCC Fashion Technologies** revenue jumped 44.9% on a reported basis for the nine months ended September 30, 2019, propelled by the successful acquisition of PCC, which took place just over a year ago. Despite a competitive market, the segment continued its excellent sales momentum thanks to an upscaled product and services offering, which saw the launch of "Sustainable Fifty" – the world's largest range of eco-responsible interlinings – in early September. PCC is continuing to deliver high-level performances.

- **Chargeurs Technical Substrates** delivered very strong reported growth of 21.1% for the first nine months of 2019, boosted by the acquisition of Leach and renewed sales momentum following the appointment of Sampiero Lanfranchi and the mobilization of the segment's teams. In third-quarter 2019, the segment returned to impressive like-for-like growth, which came in at 19.6%.
  In early July 2019, Chargeurs Technical Substrates announced the creation of its Chargeurs Creative Collection network made up of four international specialists, which together form a new global standard-setter in the museum sector. Through this network, the segment will launch a new and complete offer of solutions in museum heritage and the visitor experience. Chargeurs Technical Substrates is actively pursuing its consolidation strategy and is firmly on track to achieving its target of topping the €100 million revenue mark by end-2021.

- **Chargeurs Luxury Materials** – whose business involves trades of premium fibers that are systematically hedged by forward sale contracts – reported revenue growth of 5.7% for the first nine months of 2019, despite a market downturn in the third quarter which led to a sudden fall in wool prices. This segment is pursuing its premiumization strategy, focused on premium, traceable, durable wool fibers, whose monetizable features appeal to the world's leading luxury and sportswear brands.

OUTLOOK

The Group’s robust revenue performance in third-quarter 2019 reflects a strong sales momentum achieved thanks to its premiumization and diversification strategy. Taking into account the timeframe required for this commercial success to feed through to operating performance (about one quarter), Chargeurs is fully confident in its potential to accelerate its overall performance in 2020. For 2019, barring any changes in the geopolitical and macro-economic climate and despite a still volatile market context, Chargeurs is targeting revenue growth, one of its best-ever recurring operating profit figures, and solid cash generation.

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 normative operating margin of over 10% as from 2022.

Appendices – Definitions

Like-for-like change (lfl) – Organic change:
Like-for-like or organic change from one year to the next is 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.

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.

2020 Financial Calendar

Thursday, January 30, 2020 (after the close of trading)	2019 annual revenue release

ABOUT CHARGEURS

Chargeurs is a global manufacturing and services group with world-leading positions in four segments operating in various major niche markets.
The Group 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.

Listing: Euronext, compartment B ● ISIN FR0000130692 – CRI
Indices: MSCI EMU SMALL CAP ● Enternext PEA-PME ● CAC PME

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