

2020 Annual Results

Remarkable performance: Recurring operating profit up 91.5% on 2019

Following its record 2020 results, the Group targets €150m in recurring operating profit by 2025

- **An effective, strengthened and diversified business portfolio**
 - Overall good performance in the traditional businesses
 - Strengthening of Chargeurs Museum Solutions, which has become the world leader in museum construction
 - Diversification of business with the emergence and resounding success of Chargeurs Healthcare Solutions (CHS), the champion in premium healthcare products
- **Record 2020 results**
 - Full-year revenue of €822m, reflecting like-for-like growth of 27.5%
 - Recurring operating profit at a historical high of €79.3m, with an operating profit margin of 9.6%
 - Attributable net profit of €41m, up 171.5%
- **An ambitious and realistic Leap Forward plan, with the following targets by 2025:**
 - Recurring operating profit of €150m, of which €100m linked to completing the “embedded performance” potential of business lines and €50m linked to the continued acquisitions strategy
 - Maintaining low debt leverage

Michaël Fribourg, Chairman and Chief Executive Officer, commented: *“Chargeurs is one of the select few global companies to have significantly boosted its performance in 2020 while also enhancing its potential for value creation, with two new immediately profitable business lines. Thanks to the strengths of its assets and talents, the Group successfully turned an unprecedented crisis into an exceptional opportunity, marking a turning point in its future expansion. First, the Group illustrated the quality of its portfolio of historic activities, which have remained profitable overall and have even enhanced their strategic potential. In addition, the Group has successfully extended its business portfolio with the profitable constitution, in the same year, of both Chargeurs Museum Solutions and Chargeurs Healthcare Solutions, the latter with a premium, sustainable strategy in healthcare and wellness products.*

Generating record results while the world is experiencing the deepest recession since World War II clearly illustrates the exceptional strength of our business model and the solidity of our values, which reconcile solidarity with excellence. This performance enables Chargeurs and its stakeholders to benefit from greater visibility, despite persistent uncertainties related to the pandemic throughout the world.

Much stronger than just one year ago, Chargeurs has the means to be even more ambitious. Going forward, all of our business lines have significant embedded performance potential, which will be completed and enhanced by a persistently active, preemptive and controlled approach to high-value acquisitions, mainly family-to-family. The Leap Forward 2025 program launched by Chargeurs in early 2021 forges a credible

and methodological path to enable Chargeurs, on a full-year basis, to generate revenue in excess of €1.5 billion, and more than €150 million in recurring operating profit by end-2025. The goal of the plan, which will be self-funded, is to benefit from the embedded performance potential of our businesses, and, apart from their ongoing operating performance and the impact of recovery plans throughout the world, enable them to optimize the value of all of our Group's assets. Backed by the long-term vision of the Fribourg family shareholders and its partners, Chargeurs is now more than ever leveraging its global champion positions in high value-added niche technologies, products and services."

AN EFFECTIVE, STRENGTHENED AND DIVERSIFIED PORTFOLIO IN 2020

2020 marks a turning point in the development of Chargeurs' business portfolio, for three main reasons.

First, its historic business lines—Chargeurs Protective Films (CPF), Chargeurs*PCC Fashion Technologies (CFT-PCC) and Chargeurs Luxury Materials (CLM)—driven by investment made as part of the Game Changer program, have demonstrated their performance in an extreme crisis scenario. Innovation and capital expenditure efforts, as well as acquisitions in recent years, have broadened our sectoral and geographical reach. This has enabled us to build positions in more essential, premium products, with positive impacts in terms of pricing power and reduced exposure to economic cycles. These investments, together with efficiency plans, enabled a lowering of the breakeven point of the business lines, which have successfully maintained their overall profitability despite the unprecedented health crisis. In addition, they have maintained all of their assets and their sustainable growth potential, with only very occasional use of partial unemployment measures.

Moreover, Chargeurs Museum Solutions (CMS), the new world champion of museum construction and visitor experience, created in early 2020 after a series of successful acquisitions—Leach, MET Studio, Design PM, Hypsos and D&P—has enjoyed its first successes. Supported by solid structural trends, the business line has won many tenders and continued to serve its customers. Its unique *one-stop-shop* offer combines fully technical and creative skill sets and will enable us to push the boundaries of tomorrow's industry. CMS' expertise perfectly meets the needs of key accounts in providing effective turnkey solutions and bodes well for strong and profitable long-term growth prospects for the Group.

Lastly, by identifying the immense needs linked to the health crisis and matching existing Group assets to address these needs, Chargeurs diversified into the healthcare market, with the creation of Chargeurs Healthcare Solutions. Having turned in a remarkable full-year performance, this new business has genuine differentiating assets to develop its activity looking beyond the current health crisis. The business line is supported by recognized innovation and production capabilities, a *premium* customer portfolio and the appeal of its Lainière Santé™ brand to develop a strategy structured around three pillars: moving upscale and international expansion, developing high value-added services and expanding the offering to industries adjacent to wellness and hygiene, targeting an exacting customer base. Indeed, in 2020, Chargeurs formed

a new business that was both immediately profitable and benefits from a buoyant outlook with significant encouraging prospects.

Unlike the majority of French and global players, Chargeurs is starting 2021 on a stronger footing than before. The performance demonstrated by its historic business lines, together with two new promising businesses and significant financial resources, increases its value creation potential to a level significantly higher than in 2019.

HISTORIC RESULTS: 171.2% INCREASE IN EARNINGS PER SHARE

The consolidated financial statements for the year ended December 31, 2020 were approved for issue by Chargeurs' Board of Directors at its meeting held on February 17, 2021. They have been audited and the Statutory Auditors' report is in the process of being prepared.

<i>In €m</i>	2020	2019	2020 vs. 2019
Revenue	822.0	626.2	+31.3%
<i>Like-for-like</i>			+27.5%
Gross profit	219.0	167.0	+31.1%
<i>As a % of revenue</i>	26.6%	26.7%	
EBITDA	102.4	60.0	+70.7%
<i>As a % of revenue</i>	12.5%	9.6%	
Recurring operating profit	79.3	41.4	+91.5%
<i>As a % of revenue</i>	9.6%	6.6%	
Operating profit	55.8	31.9	+74.9%
Net financial expense	-9.5	-11.5	
Tax	-4.3	-4.9	
Net profit	40.3	15.1	+166.9%
Attributable net profit	41.0	15.1	+171.5%
Earnings per share (€)	1.79	0.66	+171.2%

REVENUE

Revenue for 2020 totaled €822.0m, up 27.5% like-for-like versus 2019 against the backdrop of a historic health and economic crisis. This performance is largely owing to the key contribution of CHS and the robust resilience of the Group's traditional businesses. CPF recorded like-for-like growth of 3.0% in the second half and 8.2% in the fourth quarter of 2020 versus 2019.

As well as like-for-like growth, the Group reported a scope effect of 5.1%, stemming from the four acquisitions made in 2019 and 2020—D&P, Hypsos, MET Studio and DPM—to create Chargeurs Museum Solutions, the world leader in museum services. The scope effect largely offset a negative currency effect, mostly linked to the appreciation of the euro against the US dollar.

RECURRING OPERATING PROFIT

The Group ended 2020 with recurring operating profit of €79.3m, representing 9.6% of revenue. This was mainly thanks to the high profitability of Chargeurs Healthcare Solutions—20.9% of revenue—and continued overall positive profitability for all other business lines.

NET PROFIT AND EARNINGS PER SHARE

Net profit stood at €40.3m for the year. In particular, this includes a donation of €3.4m to a community outreach fund. It also includes a good financial result and a tax charge benefitting from the recognition of tax loss carryforwards, particularly related to the acquisition of D&P in the United States.

Attributable net profit totaled €41.0m, increasing EPS (earnings per share) to €1.79 in 2020, up 171.2% on 2019.

ANALYSIS BY BUSINESS LINE

Chargeurs Protective Films: an essential business line, delivering high-end performances

In €m	2020	2019	2020 vs. 2019
Revenue	270,4	278,1	-2,8%
Like-for-like			-1,8%
EBITDA	27,8	33,1	
As a % of revenue	10,3%	11,9%	
Recurring operating profit	17,0	23,6	
As a % of revenue	6,3%	8,5%	

Chargeurs Protective Films (CPF) generated 2020 revenue of €270.4m, reflecting a slight like-for-like decline of -1.8%. Restated for the effect of the Polyethylene (PE) price decline during the year, revenue came out virtually at break-even. At year-end, the business line recorded a marked recovery in revenue, +8.2% on a like-for-like basis in Q4, driven by strong demand from the construction and household appliance sectors.

As such, the business line demonstrated its resilience and its ability to develop regardless of a negative cycle. CPF even proved to be a manufacturing business essential to the economy with its production sites authorized to continue their activity uninterrupted.

CPF ended 2020 with recurring operating profit of €17.0m, representing 6.3% of revenue. It includes depreciation and amortization linked to the new Techno-Smart production line in Italy, a source of significant business agility and a key strength for winning market share in the very high-end protective films segment.

Chargeurs-PCC Fashion Technologies: the strength of a unique global business model

In €m	2020	2019	2020 vs. 2019
Revenue	131,8	210,6	-37,4%
Like-for-like			-35,3%
EBITDA	11,1	24,1	
As a % of revenue	8,4%	11,4%	
Recurring operating profit	5,1	17,5	
As a % of revenue	3,9%	8,3%	

Chargeurs-Precision Custom Coatings Fashion Technologies (CFT-PCC) posted positive recurring operating profit in 2020 despite a decline in revenue to €131.8m, with the fashion and luxury goods sector adversely affected by lockdown measures the world over.

Against this background, the business line enhanced the quality of its service, particularly its ability to support the very rapid surge in e-commerce. CFT-PCC continued to innovate by launching its new *Lainière Performance Silver* interlining range—with its anti-microbial functions—as well as the expansion of its eco-friendly *Sustainable 360* line.

Capitalizing on its agile production facilities linked to the acquisition of PCC in 2018, the business line successfully maintained positive profitability at €5.1m, despite the historic decline in orders owing to the crisis.

In addition, throughout the year, the teams worked hard to develop the business' assets in the supply and production phases of the Chargeurs Healthcare Solutions offer.

Chargeurs Luxury Materials: a difficult year, but a business with high value assets

In €m	2020	2019	2020 vs. 2019
Revenue	64,6	100,2	-35,5%
Like-for-like			-34,6%
EBITDA	-2,2	2,8	
As a % of revenue	-3,4%	2,8%	
Recurring operating profit	-2,3	2,7	
As a % of revenue	-3,6%	2,7%	

CLM reported revenue of €64.6m. The business line suffered from the impact of a widespread slowdown in the fashion and luxury goods sector and a sharp decline in average wool prices in 2020 due to lackluster demand, which was a major contributing factor to the revenue decline.

However, Chargeurs Luxury Materials has successfully enhanced its commercial potential and strengthened its premium customer base image by ramping up its marketing, stepping up its business partnerships with Nativa™ and global-reaching brands such as Stella McCartney and Napapijri as well as through certifying new spinning mills.

Nativa™, which offers full wool traceability using blockchain technology, creates value for brands whose top priority is to meet growing consumer demand across the globe for sustainable products.

Chargeurs Museum Solutions: creation of a new world leader

In €m	2020	2019	2020 vs. 2019
Revenue	51,6	37,3	+38,3%
Like-for-like			-47,5%
EBITDA	4,9	4,5	
As a % of revenue	9,5%	12,1%	
Recurring operating profit	1,9	2,8	
As a % of revenue	3,7%	7,5%	

Chargeurs Museum Solutions reported revenue of €51.6m in 2020. Supported by the consolidation of D&P, Hypsos, DPM and MET Studio, with a resulting scope effect of +85.9% for the year, the business line established itself as the world leader of interior design and exhibition design for new and redeveloped museums, a market delivering structural growth above 10% per year.

The museum business continued to enjoy very favorable trends due to the growing number of cultural spaces that are being opened, specifically in the Middle East, the United States and Asia. As such, the good profitability of the museum business offset the temporary difficulties faced by the historic businesses.

In 2020, Chargeurs Museum Solutions won many museum construction tenders around the world. The latter included some large multiannual contracts which enabled the business line to increase its orderbook and ensure unclouded visibility in the medium term.

Moreover, CMS industrial assets contributed to the success of Chargeurs Healthcare Solutions

Chargeurs Healthcare Solutions: spectacular growth and brilliant prospects

<i>In €m</i>	2020	2019	2020 vs. 2019
Revenue <i>Like-for-like</i>	303,6	-	
EBITDA <i>As a % of revenue</i>	65,4 21,5%	-	
Recurring operating profit <i>As a % of revenue</i>	63,5 20,9%	-	

The Chargeurs Healthcare Solutions business line, which was created to meet high demand for healthcare products at the start of the pandemic, achieved revenue of €303.6m in 2020. Revenue was driven in the main by substantial second-quarter volumes in France, at the peak of the health crisis. Thanks to the rollout of a comprehensive, high-performance personal protective equipment (PPE) offer, CHS is now positioned in four market industries: local, regional and central government, key corporate accounts and medium-sized businesses, the healthcare industry and private individuals via the lainiere-sante.com website.

Supported by significant volumes, Chargeurs Healthcare Solutions posted high profitability, with an operating margin of 20.9%.

In line with the Group's strategy focused on premiumization, diversification and international expansion, a capex plan amounting to nearly €10m was started to create a sustainable healthcare business offering high value-added products and services. In particular, the plan will ensure the autonomous and domestic production of surgical and FFP2/N-95 masks in France, Europe and the United States. A dedicated entity is now structuring the product offering, expanding it and moving it upscale.

Following a spectacular 2020 performance, CHS continues to benefit from strong sales trends with existing and new customers. For this reason, CHS is now targeting revenue between the €50m and €100m mark in 2021.

The business line's entry into the personal safety segment in 2020 has also enabled diversification into the complementary industries of hygiene and beauty, which benefit from strong growth prospects. On January 27, CHS announced the proposed acquisition of Fournival Altesse, the specialist in high-end Made in France hairbrushes.

AN EVEN STRONGER BALANCE SHEET

The strong cash flow from operations and the improvement in working capital requirement (WCR) enabled the Group to keep its net debt in 2020 at a similar level to that of 2019, and while financing the acquisitions of D&P and Hypsos, Chargeurs continued its capex efforts and maintained an active dividend policy.

Chargeurs' net debt thus stood at €126.7m at December 31, 2020 versus €122.4m a year earlier. This performance reflects the strong growth in EBITDA, up 70.7% to €102.4m. Cash generated by operations came out at a record level of €70.4m, driven by the excellent performance of CHS coupled with the ability of traditional businesses and CMS' acquisitions to generate positive cash from operations.

The improvement in WCR, down by €20.7m compared with end-2019, at €53.0m, also contributed to the strong cash flow generation. This improvement reflects the positive impact of the consolidation of D&P and currency fluctuations as well as an overall improvement in WCR.

All told, the combination of strong EBITDA growth and the improvement in WCR was reflected in net cash from operating activities of €73.0m, versus €25.5m in 2019.

This enabled the financing of acquisitions amounting to €53.2m—mostly the acquisitions of D&P and Hypsos by CMS—thereby significantly contributing to the creation of a world leader in the interior design of museums. This cash flow also led to capex, notably the rollout of PPE production lines at CHS in France and the United States.

In light of the above factors, Chargeurs significantly reduced its leverage ratio (net debt/EBITDA) from 2.0x at December 31, 2019 to 1.2x at December 31, 2020. In parallel, the strengthening of the Group's equity, which came out at €236.6m, meant that the Group's gearing ratio (net debt/equity) remained stable at 0.5x at end-2020.

Lastly, at year-end, the Group pursued the active management of its liquidity position by issuing a €100m sustainability-linked Euro PP loan over eight years, redeemable at maturity.

As such, Chargeurs strengthened its financial structure at the peak of the crisis. The average maturity of its gross debt, which is more than four years, ensures the necessary visibility to fund its development.

SIGNIFICANT INCREASE IN DIVIDEND TO €1.32

In view of the excellent performance achieved by the Group in 2020 and the confidence of top management in its outlook, the Board of Directors has decided to propose the payment of a dividend amounting to €1.32 per share at the Annual General Meeting, an increase on 2019.

In October 2020, the Group already paid an interim dividend of €0.28. It will now pay the balance of €1.04, with the option to reinvest in Chargeurs' shares based on the following timeline:

Ex-dividend date	April 13, 2021
Start of reinvestment option period	April 15, 2021
End of reinvestment option period	April 26, 2021
Announcement of no. of options exercised	April 28, 2021
Delivery date of shares and payment of final dividend in cash	April 30, 2021

EXECUTIVE COMMITTEE FURTHER STRENGTHENED

Étienne Petit joins Chargeurs to take up the position of Executive Vice-President, Transformation, Acquisitions and Innovation. As a graduate of Paris Dauphine University, Mr. Petit developed extensive international experience at Veolia group. In particular, he spearheaded the Group's activities in Germany following his contribution to the robust growth of the Group in Central Europe. More recently, he held the position of Group Purchasing Director and was a member of the Executive Committee. He provides globally-oriented expertise, specifically as regards the circular economy and international development. Mr. Petit joins the Executive Committee and also becomes a Special Advisor to the Chairman and Chief Executive Officer.

He will support the business lines, helping them to operationalize the transformations that will lend themselves to future growth, particularly in their green scope, by strengthening their assets through new acquisitions and an active innovation approach. Mr. Petit will contribute to the implementation of the new Leap Forward 2025 development program and to achieving its targets.

OUTLOOK: ROLLOUT OF LEAP FORWARD 2025 PROGRAM

Despite the many uncertainties that still currently weigh on its activity, Chargeurs is looking to the future with confidence and determination. Looking beyond the expected economic recovery and the positive effects of government stimulus plans on a number of industries served by Chargeurs' business lines, the Group benefits from the fundamental performance drivers to be able to bolster its development in the short-, medium- and long-term.

The many structural investments that have already been made as part of the Game Changer program indeed represent significant "embedded performance" potential and completing this potential is at the core to the Leap Forward 2025 program. The Group also plans to capitalize on its operational and financial strength to participate in the consolidation of its existing business lines and seize other potential opportunities in the preferred context of accretive family-to-family transactions.

Consequently, in a normalized economic environment, the combination of Chargeurs' two key strategic pillars—embedded performance, on the one hand, and acquisitions on the other—enables the Group to focus on the following targets:

- recurring operating profit of €100m by 2025 linked to the contribution of embedded performance in each of the business lines (like-for-like growth);
- the acquisition, through external growth, of €50m in recurring operating profit by 2025;
- representing total recurring operating profit of €150m by 2025, linked to the contribution of embedded performance and acquisitions;
- thanks to cash generated both from like-for-like growth and acquisitions, debt leverage was maintained at a low level.

All the drivers of the Leap Forward plan are outlined in a dedicated presentation accessible via the Group's website the morning of the results presentation.

Glossary of financial terms

Like-for-like 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.**

EBITDA corresponds to recurring operating profit (as defined below) restated for the depreciation of property, plant and equipment and the amortization of 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 linked to acquisitions;** and
- before **other operating income and expense, which correspond to material non-recurring items that are unusual in nature and occur infrequently, and therefore distort assessments of the Group's underlying performance.**

The recurring operating margin is recurring operating profit as a % of revenues.

Cash flow corresponds to the flow of net cash from operating activities net of any change in working capital requirement (WCR).

2021 Financial Calendar

Thursday, April 8, 2021

General Shareholders' Meeting

Tuesday, May 4, 2021 (before market)

First-quarter 2021 financial information

ABOUT CHARGEURS

CHARGEURS is a world leader of niche technologies and services offering integrated, high value-added solutions to its B2B and B2C customers. Active in 90 countries with over 2,500 employees, the Group, whose global signature is High Emotion Technology®, develops its manufacturing and technological expertise across a range of sectors including premium materials protection, fashion and luxury goods, museum services and healthcare.

As the Group begins a new chapter in its history of nearly 150 years, the Leap Forward 2025 strategic plan is aimed at seizing market opportunities linked to developments in production, distribution and consumption methods and widespread demand for sustainable manufacturing solutions. Recognized for its highly responsive, agile manufacturing and global footprint, Chargeurs' presence in many areas of expertise supports its profitable and sustainable growth. In 2020, the Group generated revenue of €822m.