

Third-quarter 2020 Chargeurs raises its annual targets

- 2020 targets raised: revenue above €800m with recurring operating profit above €70m
- Ongoing support for all of the Group's stakeholders
 - Protection of employees, jobs safeguarded, and employee engagement bonuses
 - Exceptional mobilization of talent to meet our customers' operational needs during successive lockdown periods
 - Continuing active support in efforts to combat the health crisis
- Group operational solidity confirmed
 - 9-month revenue at €688.2m, up 45.7%
 - Quarterly revenue of €169.7m, up 12.3% like-for-like
 - Positive momentum in Chargeurs Protective Films
 - Strategic long-term investment for Chargeurs Healthcare Solutions in several key countries

Michaël Fribourg, Chairman and Chief Executive Officer, commented: *"Third-quarter 2020 confirmed overall solid profitability in the Group's long-standing businesses and sales momentum in health activities. Chargeurs continues to demonstrate **solidarity** and **operating excellence**, benefitting from a well-balanced business portfolio and the buoyant recovery of Chargeurs Protective Films as things stand. Our Chargeurs Museum Solutions business also continued to achieve a number of key milestones for 2021, confirming its role as a medium- and long-term growth driver.*

Our diversified industry and geography model combined with our low debt means we are strongly positioned to seize opportunities against the backdrop of the health and economic crisis. This ambition is supported by our new strategic program – Leap Forward 2025 – , which the Group will present in first-quarter 2021."

ROBUST LIKE-FOR-LIKE REVENUE GROWTH IN Q3 2020: +12.3%

Third-quarter revenue totaled €169.7m, a change of 15.9% on a reported basis. The 12.3% like-for-like growth was driven by the strong contribution of Chargeurs Healthcare Solutions (CHS) and upward trends recorded across the Group's core businesses versus H1 20. Moreover, the scope effect observed in Chargeurs Museum Solutions (CMS) largely offset the negative impact of change in currency.

Excluding CHS, total like-for-like growth for Chargeurs Protective Films (CPF), PCC Fashion Technologies, Luxury Materials and the Museum Solutions legacy business stood at -19.6% in Q3 20, up on H1 2020 business, which had declined by 23.4% and considerably up on Q2 20 (-41.8%).

9-month revenue came to €688.2m, up 45.7%. The ramp up is owing to brisk like-for-like growth of 41.4%, led by the robust contribution of CHS and the scope effect observed in the CMS business. The impact was slightly negative from early 2020.

BREAKDOWN BY GEOGRAPHY

<i>in millions of euros</i>	Nine months		Change		Q3 20		Change	
	2020	2019	reported	like-for-like	2020	2019	reported	like-for-like
Europe	458.7	214.3	+114.0%	+112.9%	96.3	63.0	+52.9%	+50.6%
Americas	116.8	113.5	+2.9%	-11.7%	38.1	36.3	+5.0%	-7.7%
Asia	112.7	144.7	-22.1%	-22.9%	35.3	47.1	-25.1%	-23.5%
Chargeurs	688.2	472.5	+45.7%	+41.4%	169.7	146.4	+15.9%	+12.3%

- In **Europe**, Q3 20 revenue came out at €96.3m, up significantly by 52.9% of which 50.6% like-for-like growth stemming from the performance of the CHS business mainly reported in Europe. Excluding wool trading activities, the Group's core businesses saw a quarter-on-quarter improvement versus Q2²⁰.
- **Revenue** in the **Americas** grew 5.0% to €38.1m, boosted by a strong scope effect following CMS' consolidation of D&P. Like-for-like growth came to -7.7%, reflecting the sharp rebound in business observed for CPF compared with H1 2020.
- **Asia** generated revenue of €35.3m, down 25.1%. Like-for-like growth for the period came out in line with first-half 2020 showing, still suffering from the slowdown in PCC interlining activities.

RECOVERY IN CORE BUSINESSES AND OUTSTANDING CHS PERFORMANCE

in millions of euros	Nine months		Change		Q3 20		Change	
	2020	2019	reported	like-for-like	2020	2019	reported	like-for-like
Protective Films	200.8	211.9	-5.2%	-4.9%	67.1	69.8	-3.9%	-1.9%
PCC Fashion Technologies	98.4	156.2	-37.0%	-35.7%	32.9	48.4	-32.0%	-29.5%
Museum Solutions	38.2	24.7	+54.7%	-40.8%	13.2	6.7	+97.0%	-24.2%
Luxury Materials	50.2	79.7	-37.0%	-36.3%	9.8	21.5	-54.4%	-53.6%
Chargeurs excl. Healthcare Solutions	387.6	472.5	-18.0%	-22.3%	123.0	146.4	-16.0%	-19.6%
Healthcare Solutions	300.6	-	-	-	46.7	-	-	-
Chargeurs	688.2	472.5	+45.7%	+41.4%	169.7	146.4	+15.9%	+12.3%

Chargeurs' Q3 20 revenue performance breaks down as follows:

- **Chargeurs Protective Films** achieved revenue of €67.1m, slightly down by 1.9% like-for-like versus the year-earlier period. Performance was boosted by vigorous protective film demand in healthcare and solid momentum in other industries, and, in particular, linked to the construction business. Q3 20 volumes increased in the United States, with growth reported in all geographies for September. All told, year-to-date order intake volumes increased slightly compared with the first nine months of 2019, driven by steady growth as of June, underscoring the extent of the growth potential of the business.
- **Chargeurs PCC Fashion Technologies'** (CFT-PCC) third-quarter revenue at €32.9m, was down 29.5% versus Q3 2019. Business gradually recovered versus the second quarter, particularly in mainland China and Hong Kong. The division's high-tech interlining activities continued their growth. This traction was attributable on the one hand to solid results from the *Sustainable Fifty* eco-responsible range and on the other to the rollout of its latest innovative interlining range, *Lainière Performance Silver*. The solution leverages silver-yarn technology to ensure products are anti-microbial and anti-odor. CFT-PCC signed an exclusive and groundbreaking global partnership with CLO Virtual Fashion, the world leader in 3D garment prototype simulation technology. As such, fashion designers can now directly use CFT-PCC's interlinings in their virtual prototypes. Hence, the partnership signals faster creativity and commercialization for new models with positive environmental benefits through reduced use of physical prototypes.
- Revenue for the **Chargeurs Luxury Materials** division contracted by 53.6% versus Q3 2019. The wool market remains sluggish across all geographies and is suffering from a negative price effect. On average, wool prices fell by more than 36% in Q3 2020 compared with the same period in 2019. Against the backdrop of disrupted markets, the business line ramped up its marketing while the Group's label, Nativa, stepped up its partnerships with global reaching brands such as Stella McCartney and Decathlon. The premium label also certified new spinning mills to extend its commercial footprint.

- **Chargeurs Museum Solutions' (CMS)** revenue surged to €13.2m, up 97%. The division recorded a considerable scope effect following the consolidation of D&P, Hypsos and MET, significantly offsetting the like-for-like revenue decline at Senfa and Leach. Demand for technical textiles was still hard hit by the sharp slowdown in the retail industry coupled with the decline in activity for conferences and professional tradeshow. Conversely, museum markets which represent CMS' core business, maintained sound momentum. Chargeurs Creative Collection continued its successful bidding for new tenders and order book levels provide sound visibility on business.
- **Chargeurs Healthcare Solutions (CHS)** reported €46.7m revenues in Q3 2020. In its first six months of activity, CHS' revenues to end-September totaled €300.6m, at the upper end of the full-year revenue guidance range.

The division has bolstered its sales strike-force, producing more impactful marketing campaigns for health products, both on the ground and via its e-commerce site www.lainiere-sante.com. The team's efforts have met with success thanks to the launch of innovative and expanded personal protective equipment (PPE) ranges and disinfection solutions. Both releases have capitalized on the synergies of Chargeurs' CFT-PCC, CPF and CMS (Senfa) divisions.

STRUCTURING CHARGEURS HEALTHCARE SOLUTIONS

Chargeurs has prioritized the sustainable development of its Chargeurs Healthcare Solutions (CHS) division, which was set up in record time over Spring 2020. To this end, the Group has laid out an ongoing capex plan aimed at delivering domestic production capacity of surgical masks and FFP2/N-95 in three European countries and the United States.

This investment comes in at a total of nearly €8m excluding public funding and breaks down as follows:

- The now active commissioning of eight production lines at our Lainière de Picardie and Senfa plants in northern and eastern France, with production capacity in excess of 11 million masks per month.
- The installation of a meltblown filter materials manufacturing facility at our Lainière de Picardie plant. This will guarantee full autonomy for CHS in the production of FFP2 and surgical masks and will be fully operational during the first quarter of 2021.
- The phased start-up of four production lines at our Novacel Inc. plant located in Troy (Ohio) in the United States, with the target of reaching monthly production capacity of 2.5 million masks by end-2020, in line with the US' Berry standard, which is required as part of contracts drawn up with the American government and its Department of Defense (DOD).
- Additional investment is earmarked for Chargeurs' Leach plant located in Leeds (United Kingdom) and its Swiss facility. This will expand production by early 2021.

All told, CHS will benefit from its 16 new production lines, boosting its overall monthly production capacity to more than 20 million surgical and FFP2/N-95 masks.

Looking forward to a post-Covid world, CHS' strategy is founded on moving upscale with its premium offer and expanding its services offering for key customers, in particular, offering them active equipment inventory management in an effort to ensure business continuity under all circumstances in addition to the collection and recycling of consumed and expired products. As well as boosting local employment prospects, CHS' local production capacities will be a key strength in generating long-term business.

OUTLOOK

In view of the volatility of the health crisis and current economic context, Chargeurs is capitalizing on the quality of its 9-month results and the diversity of its business portfolio to confirm its annual targets. The Group continues to target over €800m in revenue for full-year 2020 and over €70m in recurring operating profit, a sharp increase on 2019.

Going forward, in 2021, we will face a year impacted by lingering uncertainties regarding a return to a normal business climate. Assuming a strong economic recovery does not fully materialize before end-2021 or even early 2022, Chargeurs will continue to prioritize like-for-like growth in its activities and profit quality. In parallel, the Group and its strengthened executive team are defining the key focuses of the "Leap Forward 2025" strategic plan. The plan will be presented when Chargeurs publishes its 2020 annual results in February 2021. The plan will target between €1bn and €1.5bn in revenue by 2025 with a high return on capital employed.

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, February 18, 2021 (before market) 2020 Annual Results

ABOUT CHARGEURS

Chargeurs offers its customers integrated differentiation solutions to meet the new aspirations of consumers in terms of quality, innovation, environmental sustainability and experience. World leader in all of its businesses, the Group, whose marketing signature is High Emotion Technology®, delivers its expertise in four key sectors with very high potential for value creation: protection for premium materials, fashion and luxury goods, museum services and healthcare.

The Group has over 2,400 employees on five continents, who serve a diversified customer base spanning more than 90 countries. Revenue for first-half 2020 amounted to €518.5 million.