



# Group presentation

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September 29th, 2015

# Agenda

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1. **Group profile**
2. **Businesses**
3. **2015 First-Half Financial Review**
4. **Outlook**

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## Appendices



# 1. Group profile

# Chargeurs today

- ▶ **A global manufacturing and services group**
  - ▶ More than **90 %** of sales outside France
  - ▶ **1,600** people in **32** countries on **5** continents
  - ▶ **11** industrial sites in **6** countries on **4** continents

## ▶ 4 operating segments with leading positions



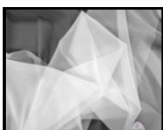
### Protective Films

Temporary protection of surfaces



### Technical Substrates

Functionalization of technical substrates



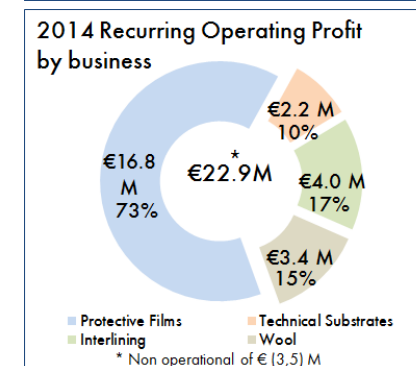
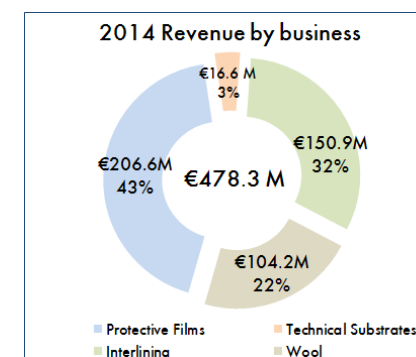
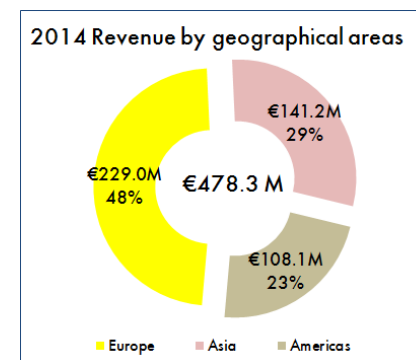
### Interlining

Interlining for clothing



### Wool

Top making and combed wool sales



# Key dates in Chargeurs history

- ▶ **1925** Creation of textile group **Pricel**
- ▶ **1976** Acquisition by **Jérôme Seydoux**
  - Dying
  - Interlining for clothing (Interlining, Fashion)
  - Cleaning products (Spontex)
  - Adhesive films (Novacel)
- ▶ **1872** Creation of **Compagnie des Chargeurs Réunis** (navigation)
- ▶ **1980** Acquisition by **Jérôme Seydoux**
  - cruises (Paquet)
  - airline business (UTA)
  - overland transportation (Causse-Walon)
- ▶ **1981** Merger of **Pricel** with **Chargeurs Réunis**  
46% air transportation, 30% sea and overland transportation, 24% other industrial operations
- ▶ **1981** Transformation of **Chargeurs Réunis** in **Chargeurs** with two businesses  
to  
**1995**
  - Media: Television (BSkyB, CanalSatellite), movie (Pathé), print media operations (Libération) ;
  - Textiles / Manufacturing: wool, fashion, interlining, protective films, transport (Walon).
- ▶ **1996** Demerger into two companies : « Pathé » and « Chargeurs »
- ▶ **1996** Refocus of **Chargeurs** business base and globalization  
to  
**2007**
  - In 2001, acting in concert with **Jérôme Seydoux**, **Eduardo Malone** increase its equity stake in Chargeurs.  
(**Eduardo Malone** joined **Pricel** in 1973 and is appointed CEO of **Chargeurs Réunis** in 1985.)
- ▶ **2008** Global Financial and Economic crisis  
to  
**2010** Refinancing protocol (€ 80 M), issue of bonds convertible into shares (€ 23 M)

# A successful transformation between 2010 and 2014

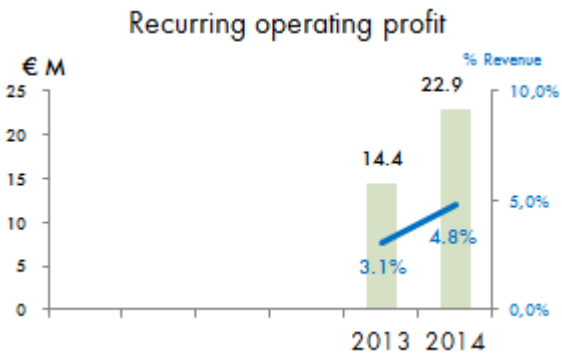
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- ▶ Strategic priorities of the transformation
  - ▶ Group strong deleveraging
  - ▶ Improvement of the profitability on capital employed
  - ▶ Return to profitable growth
  
- ▶ Implementation
  - ▶ Funding and cash management
    - ▶ Extension of ST facility of banking protocol & diversification of international financing sources
    - ▶ Decrease of the WCR
    - ⇒ Protocol exit by anticipation : Protective Films in December 2013, Interlining in June 2014
  - ▶ Profitability of the capital employed
    - ▶ Interlining : Disposal of non strategic assets and withdraw from a non-profitable business
    - ▶ Wool : transformation of the business model with assets owned in partnership in 2012 and 2013
  - ▶ Profitable growth
    - ▶ Protective Films : innovation (fiber laser) & focus on value-added products and services
    - ▶ Technical Substrates : € 8M investment for digital printing
  
- ▶ 2015 : Dividend payment for 2014 (last dividend payment was in 2008)

# A successful transformation between 2010 and 2014 : figures



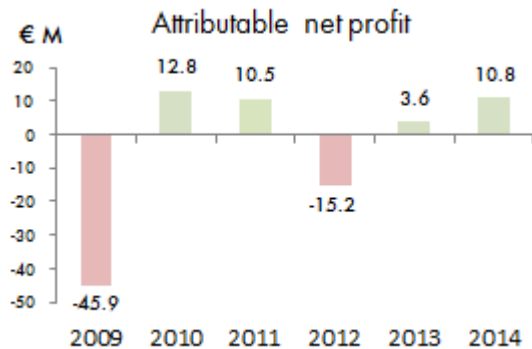
- ▶ 2012 and 2013, decrease of the revenue: new equity method for wool partnerships



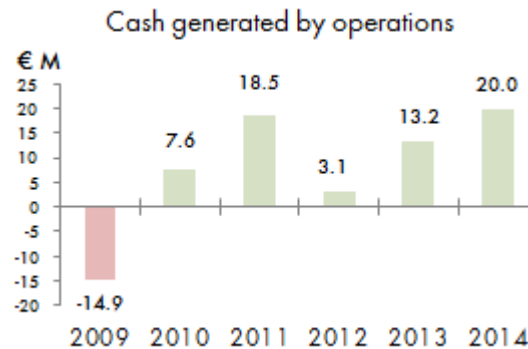
- ▶ H1 2014, introduction of a « recurring operating profit » in the consolidated income statement to provide a better view of the recurring performance



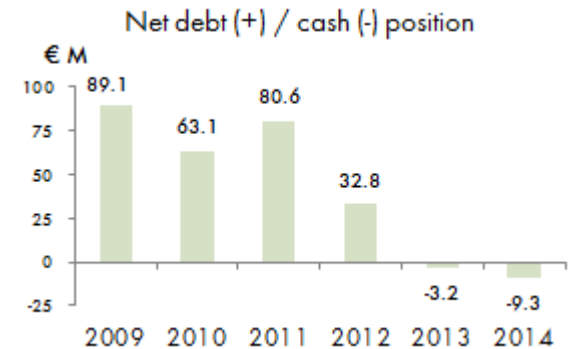
- ▶ 2012, restructuring in wool and interlining businesses



- ▶ 2012, depreciation of differed tax assets



- ▶ Improvement of cash flow generation



- ▶ Protocol repaid in June 2014
- ▶ Deleveraging targets achieved



## 2. Businesses



# A leader with an innovative positioning

- ▶ Expert in manufacturing self-adhesive films for temporary protection of fragile surfaces during all the industrial process
- ▶ A global leadership
  - ▶ 93 % of sales outside France
  - ▶ 520 people in 16 countries
  - ▶ 3 production units: France, Italy and the United States
  - ▶ Sales representatives in more than 60 countries

## Serving 4 markets:

Building



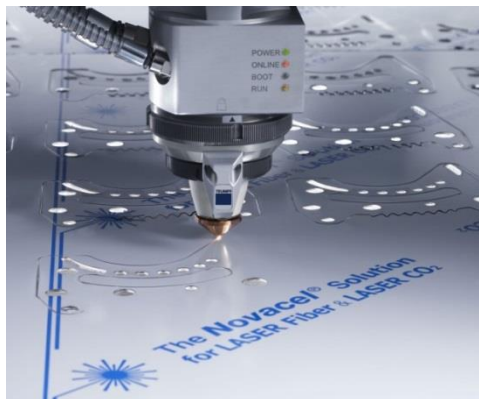
Industrial Prod.



Automobile



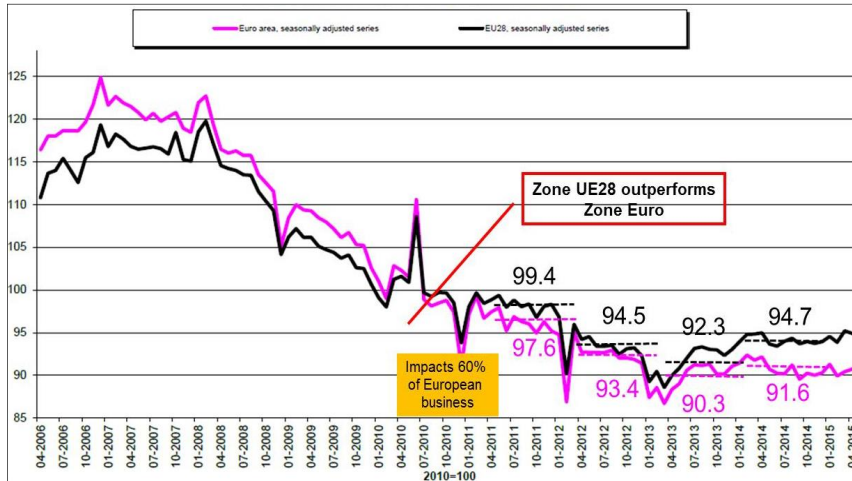
Electronic



- ▶ In 2014, innovation strategy permitted revenue growth to outperform the market:
  - ▶ Products less than 5 years old account for nearly a third of the revenue stream
  - ▶ Half of these new products concern innovative flagship products
  - ▶ The rest ongoing enhancements and improvements in performance and processes
  - ▶ Around twenty new articles were brought to market

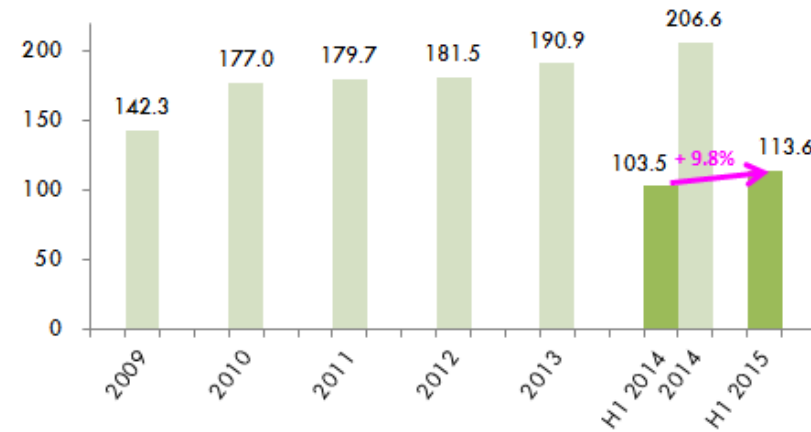
# A dynamic to improve financial results

Production in the building sector

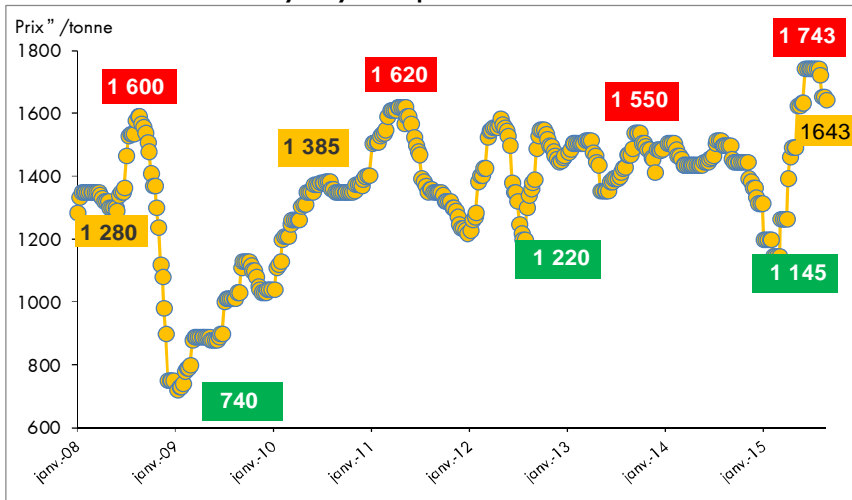


Source Eurostat - June 2015

€ M Films de Protection : revenue

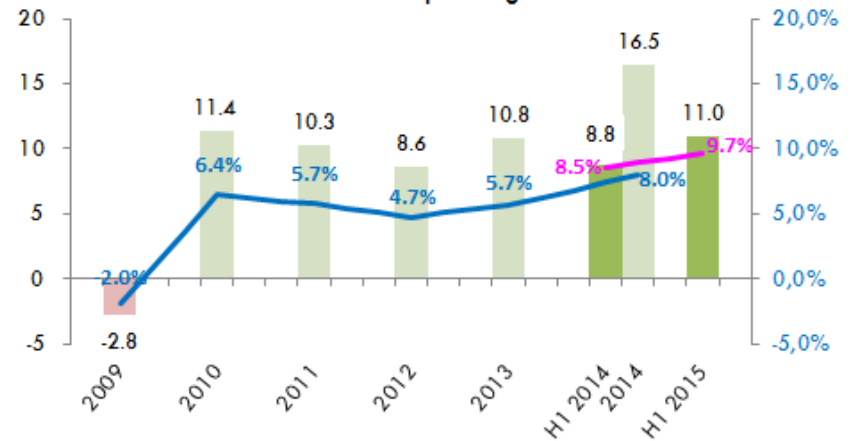


Polyethylene prices evolution



Source: Platts - August 21, 2015

€ M Films de Protection : Operating Result



# A very promising new segment

- ▶ 4 businesses in functionalization of technical substrates:



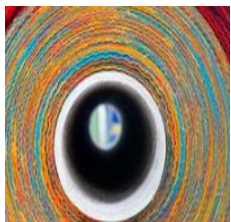
## Decoprint

- ▶ Digital printing substrates destined to advertising promising market
- ▶ Perfect technological competence and significant global growth potential



## Scenevent

- ▶ Coated textiles with technical applications for creative spaces
- ▶ New business



## Senfa

- ▶ Substrates for home furnishings
- ▶ Integrating various simultaneous or independent functions  
(ex: Thermal, Acoustic, blackout substrates)



## Saflex

- ▶ Protection clothing sold on French market
- ▶ High reputation for almost 10 years

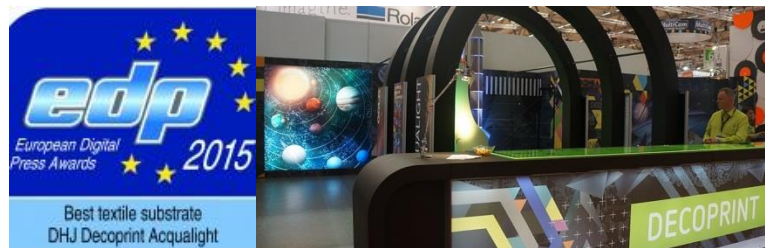
- ▶ Chargeurs Technical Substrates leverages the ability of coatings to develop innovations that open new fields of application. It helped to generate **new growth in sales and profitability in 2014**.
- ▶ In 2016, this strategic pathway will be supported by the starting up of a **new 5 meters width production line**, coming on stream at the end of 2015.

# Strong growth expected in 2015 and 2016

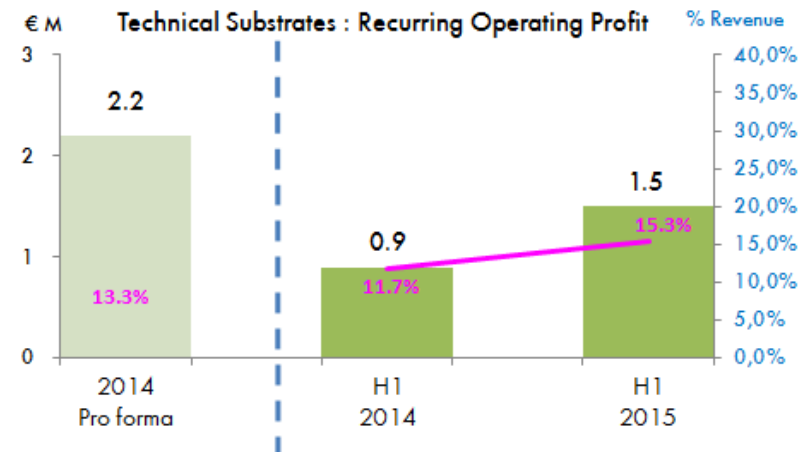
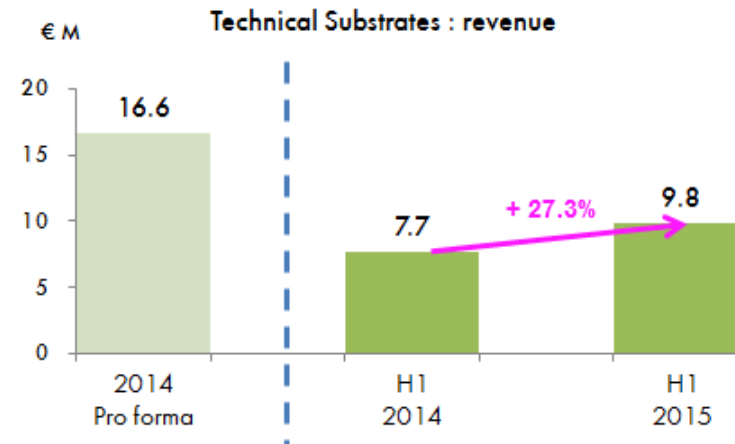
According to the **World Textile Information Network (Wint)**, global production expansion of digital printed textile substrates reached 24% in 2014. In 2015, it should remain a double-digit growth.

Source:

<http://www.lemoci.com/textilemarche-mondial-limpression-numerique-file-a-toute-allure/>



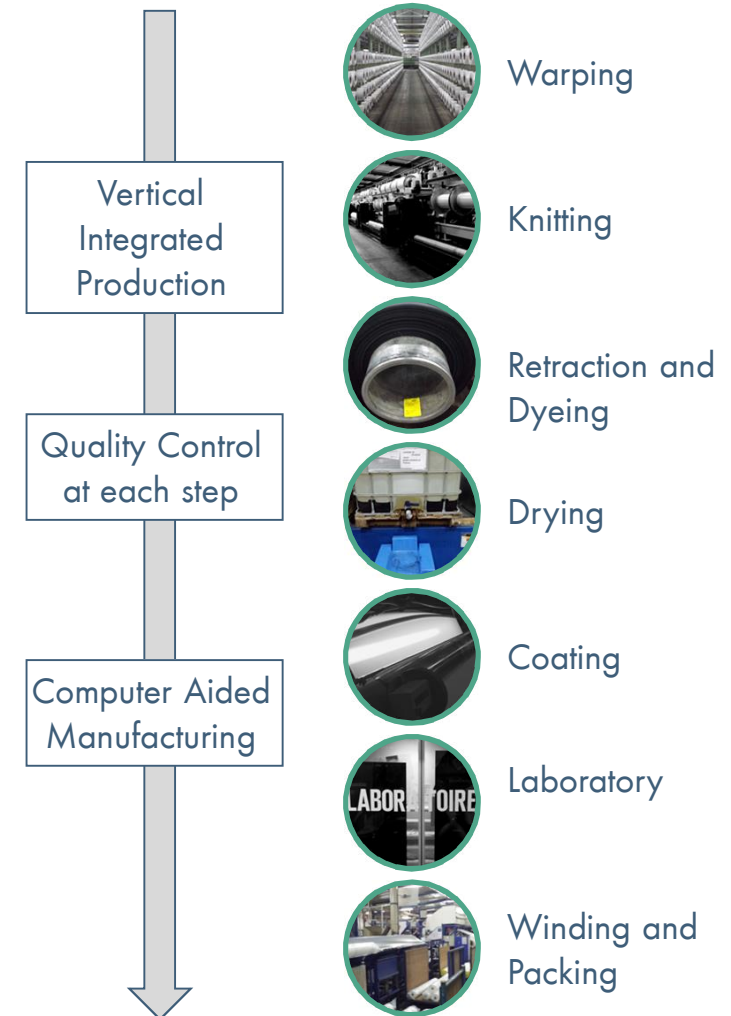
DECOPRINT won the prestigious EDP AWARD (European Digital Press Association) in the « Best textile substrate » category with its new product AQUALIGHT, at the 2015 FESPA show in Cologne.



# A major player

- ▶ Interlining expert: technical product, inserted between the fabric and the lining to keep garments flexible and help them to retain their shape
- ▶ A major player in the clothing market with a highly globalized organization having a commercial and industrial network for local customers:
  - ▶ 89 % of sales outside France
  - ▶ 900 people in 24 countries
  - ▶ 8 production units on 3 continents
- ▶ In 2014, backed by a high-end market serving prestigious customers, Chargeurs Interlining consolidated its profitability
- ▶ In 2015, drawing on its recognized know-how, the business pursue the improvement of its profitability

*"We manage the full production process"*

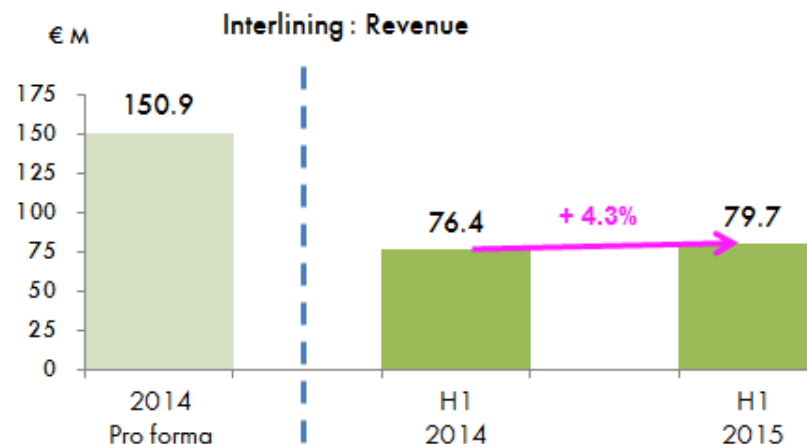


# Resilience in a mature market

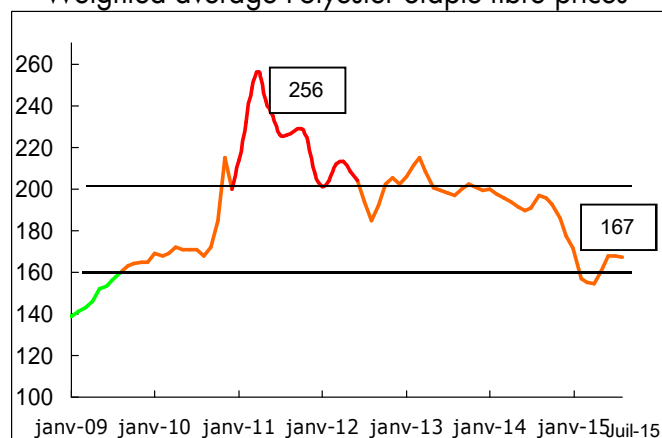
**Clothing consumption evolution**  
(in % per year)

	2009/ 2008	2010/ 2009	2011/ 2010	2012/ 2011	2013/ 2012	2014/ 2013
France	-3,1%	-0,3%	-2,5%	-2,1%	-0,7%	-0,9%
Allemagne	-1,0%	3,0%	0,0%	-2,0%	-2,0%	-1,0%
G.B.	0,8%	4,5%	2,0%	1,5%	1,5%	3,8%
Italie	-1,8%	-1,6%	-3,4%	-5,0%	-7,0%	-3,5%
Espagne	-5,6%	-2,3%	-1,4%	-5,8%	-3,8%	-2,5%
Etats-Unis	-4,2%	4,9%	5,7%	6,4%	3,8%	2,2%
Chine	21,0%	24,8%	24,2%	17,8%	15,0%	n/a

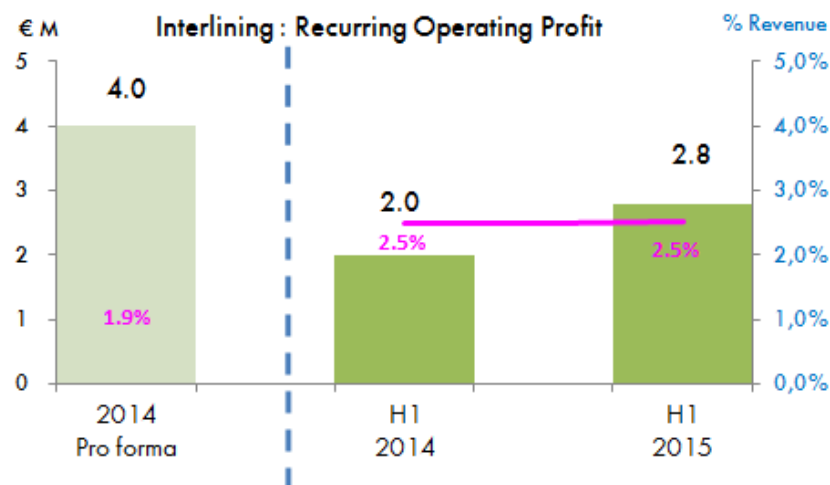
Source : IFM - march 2015



**Polyester prices**  
Weighted average Polyester Staple fibre prices



Source: PCI Fibres, Fibre Organon, Woolmark Market Intelligence, Poimena Analysis, CIRFS. - Mise à jour: 31 juillet 2015



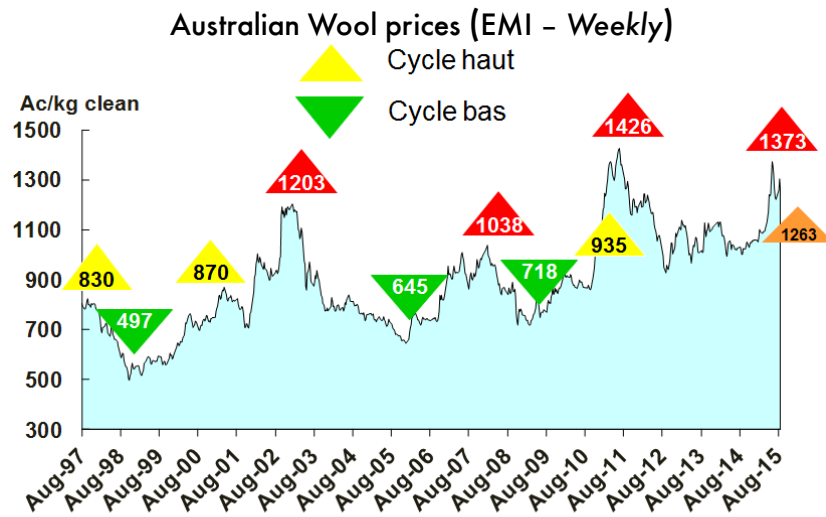
# A transformed business model

- ▶ Expert of a key step in wool manufacturing chain

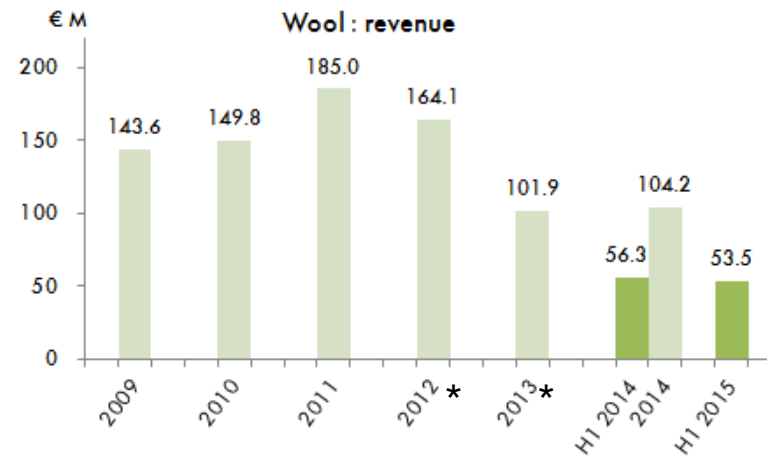


- ▶ « top maker » : creation of long, fine blended-wool fibers that successfully meet the needs of spinning mills
- ▶ A global presence :
  - ▶ 100 % of sales outside France
  - ▶ With a light and worldwide structure
  - ▶ 4 industrial partnerships (United States, Argentina, Uruguay, China)
- ▶ Thanks to the deep transformation of the historical business model, Chargeurs Wool significantly reduced the risks related to the price volatility of its raw material

# « Wool risk » managed



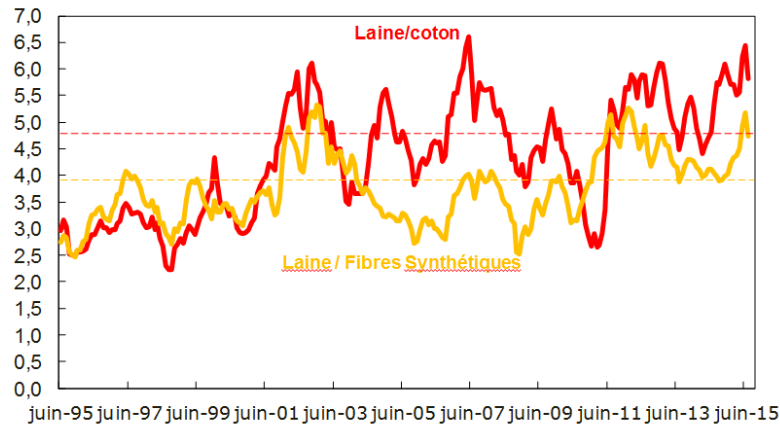
Source: AWEX. 2011/12 basis for EMI  
Weekly data ending August 21, 2015



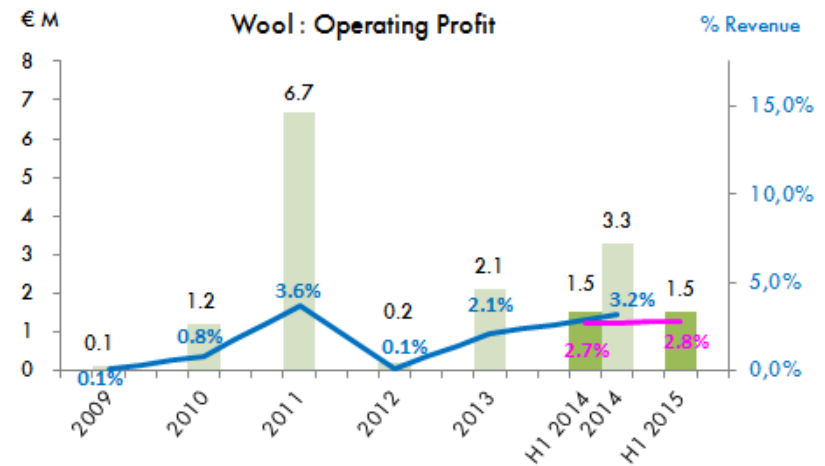
(\* ) 2012 and 2013, decrease of revenue : new equity method for wool partnerships

## Ratio Wool / Other textiles fibers

EMI vs other fibres



Source: AWEX, Cotton Outlook, PCI Fibres, CIRFS, Poimena Analysis  
Data to end July 2015  
NOTE: The historical data in this chart has been adjusted to the 2014/15 EMI basis







### 3. 2015 First-Half Financial Review

# Key figures

In € million	H1 2015	H1 2014	Change
Revenue	256.6	243.9	5.2%
Recurring operating profit	15.6	12.0	30.0%
Operating profit	14.4	11.8	22.0%
Attributable net profit	8.0	6.4	25.0%

In € million	June 30, 2015	Dec 31, 2014
Attributable equity	205.6	182.6
Cash position	9.8	9.3

- ▶ Significant growth of the recurring operating profit
- ▶ Sharp rise of the attributable net profit
- ▶ A strong financial position

## Change in Consolidated Revenue

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<b>Revenue (in €m) - H1 2014</b>	<b>243.9</b>
Volume impact	(8.1)
Price & mix impact	2.8
Currency impact	18.0
<b>Change</b>	<b>12.7</b>
<b>Revenue (in €m) - H1 2015</b>	<b>256.6</b>

# Change in Operating Profit

In € million	Recurring operating profit	Non recurring items	Operating profit
<b>H1 2014</b>	<b>12.0</b>	<b>(0.2)</b>	<b>11.8</b>
Volume impact	(3.0)	-	(3.0)
Price & mix impact	4.3	-	4.3
Currency impact	3.2	-	3.2
Fixed costs	(0.9)	-	(0.9)
Non recurring items	-	(1.0)	(1.0)
Change	3.6	(1.0)	2.6
<b>H1 2015</b>	<b>15.6</b>	<b>(1.2)</b>	<b>14.4</b>

# Consolidated Income Statement

In € million	H1 2015	H1 2014
Revenue	256.6	243.9
Recurring operating profit	15.6	12.0
<i>% revenue</i>	6.1%	4.9%
Non recurring items	(1.2)	(0.2)
Operating profit	14.4	11.8
<i>% revenue</i>	5.6%	4.8%
Finance costs & other financial income and expense, net	(2.4)	(2.9)
Income tax expense	6.8	(2.3)
Profit/(loss) of associates & non-consolidated interests	(10.8)	(0.2)
<b>Attributable net profit</b>	<b>8.0</b>	<b>6.4</b>

# Analytical Consolidated Balance Sheet

In € million	June 30th, 2015	Dec 31st, 2014
Intangible assets	77.6	72.6
Property, plant and equipment	52.8	50.3
Inv. in associates and joint ventures	18.6	27.1
Non current assets and liabilities, net	(0.2)	(12.7)
Working capital	54.6	47.2
<b>Total capital employed</b>	<b>203.4</b>	<b>184.5</b>
Attributable equity (excluding non-controlling interests)	205.6	182.6
Convertible bonds	7.6	11.2
Cash position	(9.8)	(9.3)
<b>Total financing</b>	<b>203.4</b>	<b>184.5</b>

# Statement of Changes in Equity

In € million	H1 2015	H1 2014
Equity at beginning of period	182.6	157.9
Attributable net profit	8.0	6.4
Translation reserve	10.7	0.2
Shares issued on bond conversions	4.0	2.5
Paid dividends	(3.2)	-
Actuarial gain and losses on post-employment benefit obligations	1.0	(1.3)
Other	2.5	(0.2)
Change for the period	23.0	7.6
Equity at end of period	205.6	165.5

# Cash Flow Statement

In € million	H1 2015	H1 2014
Debt/(cash) at beginning of period	(9.3)	(3.2)
Debt/(cash) at end of period	(9.8)	(0.2)
<b>Change in debt</b>	<b>(0.5)</b>	<b>(3.0)</b>
<i>Cash flow from consolidated companies</i>	15.5	12.2
<i>Change in working capital</i>	(3.9)	0.5
Net cash from operating activities	11.6	12.7
Net cash related to investment activities	(6.8)	(15.4)
Net cash related to financing activities	(1.0)	-
Net cash from capital transactions	(3.2)	-
Currency impact	(0.1)	(0.3)
<b>Cash flow</b>	<b>0.5</b>	<b>(3.0)</b>





## 4. Outlook

# Profitable growth acceleration

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1. Very good 2015 first-half semester
2. Pursuit of a profitable growth strategy based on a policy of innovation and the development of high value-added products
3. Start of a new production line (Chargeurs Technical Substrates), the full effect of which will be felt on 2016 results

**→ Renewed trust in achieving the target at the end of 2015 :  
current operating income of at least €26 million**

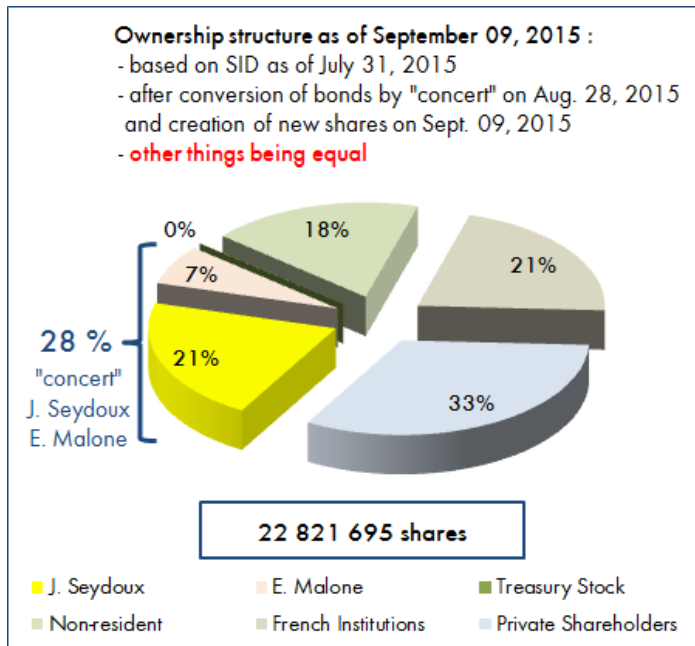


# Appendices

# Market capitalization as of 2015/09/25: € 179 M



Share FR0000130692 (CRI)



## Convertible Bond FR0010870931 (YCRI)

- ▶ 415 083 convertible bonds were issued in March 2010 for € 22,8 M
- ▶ 5 557 convertible bonds were outstanding at August 31, 2015 representing, if converted, 177 824 shares  
 ⇒ maximum number of shares that may be potentially issuable at January 01, 2016 = 22 999 519
- ▶ Bonds that are not converted in 2015 will be redeemed at face value = 55€ plus a stock-based remuneration equal to 6.06 shares per bond



# 2015 Financial Agenda

Financial Information Third Quarter

November 10

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