



# *Interim Financial Report* *2018*

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The Interim Financial Report 2018 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.

Paris - September 6, 2018

#### Successful deployment of the Game Changer performance acceleration plan

- Two acquisitions adding €75m to revenue on a full year basis
- Better growth and profitability profile in a volatile environment, with recurring operating profit of €24.5m up 5.5% as reported and 12.3% like for like
- Acceleration in growth opex and capex, which are long-term value creators
- Interim dividend for 2018 of €0.30 per share – up 20% on the interim dividend paid 2017 – with a reinvestment option

*"We are continuing to successfully transform our Group into a global champion in high value-added niche markets. Our upscaling is illustrated by our excellent operating performance in first-half 2018 – achieved despite an unsettled geopolitical environment, an adverse currency effect and an unfavorable basis of comparison – and at the same time we have moved up a gear with our acquisition strategy. In today's increasingly volatile economic climate, Chargeurs has taken the steps needed to meet its strategic objective of long-term structural growth and more than €1 billion in revenue by 2022"* said **Michaël Fribourg, Chairman and Chief Executive Officer**.

The consolidated financial statements for the six months ended June 30, 2018 were approved by Chargeurs' Board of Directors at its meeting held on September 5, 2018 chaired by Michaël Fribourg.

#### SHARP INCREASE IN CONSOLIDATED RESULTS

| €m                         | H1 2018 | H1 2017 | Change |        |
|----------------------------|---------|---------|--------|--------|
| Revenue                    | 287.1   | 281.8   | +5.3   | +1.9%  |
| Like-for-like change (%)   |         |         |        | +3.1%  |
| EBITDA                     | 30.6    | 29.1    | +1.5   | +5.2%  |
| as a % of revenue          | 10.7%   | 10.3%   |        |        |
| Recurring operating profit | 24.8    | 23.5    | +1.3   | +5.5%  |
| as a % of revenue          | 8.6%    | 8.3%    |        |        |
| Attributable net profit    | 15.3    | 13.9    | +1.4   | +10.1% |

#### A better growth and profitability profile

Revenue for the six months ended June 30, 2018 was up 3.1% like for like on first-half 2017. This performance was driven by a further improvement in the Group's product mix as well as the positive effect of the acquisitions carried out by Chargeurs Protective Films in 2017 (Chargeurs Protective Specialty Machines) and Chargeurs Technical Substrates' acquisition of Leach in May 2018. The currency effect was a negative 4.7% and mainly related to the US dollar, the Argentine peso and the New Zealand dollar.

Recurring operating profit rose 5.5%, almost twice as rapidly as sales, once again illustrating the continuous improvement in the Group's profitable growth profile, led by higher volumes and price/mix improvements.

#### Acceleration and success of the Group's acquisition strategy

The Group announced two strategic acquisitions in the first half of 2018: (i) Leach, a UK-based leader in graphic display solutions (acquired by Chargeurs Technical Substrates), and (ii) PCC Interlining, an innovation leader in the United States and Asia in performance materials and engineered interlinings for fashion brands and emerging fast-fashion retailers (acquired by Chargeurs Fashion Technologies). Based on 2017 figures, these two acquired companies represent over €75 million in additional revenue for the Group on a full-year basis.

## ANALYSIS BY BUSINESS SEGMENT

**Chargeurs Protective Films (CPF): a very solid performance despite a highly unfavorable basis of comparison and an adverse US dollar currency effect**

| €m                              | H1 2018 | H1 2017 | Change |       |
|---------------------------------|---------|---------|--------|-------|
| Revenue                         | 150.0   | 143.3   | +6.7   | +4.7% |
| <i>Like-for-like change (%)</i> |         |         |        | +3.6% |
| EBITDA                          | 21.6    | 21.4    | +0.2   | +0.9% |
| <i>as a % of revenue</i>        | 14.4%   | 14.9%   |        |       |
| Recurring operating profit      | 18.2    | 18.2    | -      | -     |
| <i>as a % of revenue</i>        | 12.1%   | 12.7%   |        |       |

First-half 2018 revenue generated by Chargeurs Protective Films totaled €150.0 million, representing a year-on-year increase of 4.7%. Like-for-like growth continued at a steady pace, coming in at 3.6%, fueled by price/mix improvements, higher volumes thanks to the steady launch of game-changing innovations (such as the successful Low Noise products) and best-in-class customer relations.

CPF delivered a solid operating performance, which enabled it to keep its recurring operating margin above 12% despite an unfavorable US dollar currency effect in a volatile geopolitical and currency context, as well as a very unfavorable basis of comparison with first-half 2017 when recurring operating margin widened by 110 basis points versus the same period of 2016.

The integration of the three companies acquired in 2017 – Walco, Somerra and Omma, which constitute the new Chargeurs Protective Specialty Machines offering – is progressing as scheduled and these acquisitions made a positive contribution to CPF's overall performance in the six months ended June 30, 2018.

Chargeurs Protective Films is effectively mobilizing its medium-term conquest strategy by deploying its world-leading know-how in a structurally growing market and maintaining, as its clients, its short-term prudence in a more volatile macroeconomic and geopolitical environment than in 2017.

**Chargeurs Fashion Technologies (CFT): an excellent operating performance**

| €m                              | H1 2018 | H1 2017 | Change |        |
|---------------------------------|---------|---------|--------|--------|
| Revenue                         | 68.8    | 67.8    | +1.0   | +1.5%  |
| <i>Like-for-like change (%)</i> |         |         |        | +7.2%  |
| EBITDA                          | 7.7     | 5.8     | +1.9   | +32.8% |
| <i>as a % of revenue</i>        | 11.2%   | 8.6%    |        |        |
| Recurring operating profit      | 6.0     | 4.0     | +2.0   | +50.0% |
| <i>as a % of revenue</i>        | 8.7%    | 5.9%    |        |        |

At €68.8 million, Chargeurs Fashion Technologies' revenue for first-half 2018 was up 1.5% as reported or 7.2% like for like compared with the same period of 2017. These robust figures were achieved thanks to very strong sales momentum in a highly competitive market, with the start-up of 40-gauge production and the opening of new showrooms and sales offices with a view to continuing to upscale the business.

CPF's operating performance was outstanding during the period, with recurring operating profit surging 50% to €6 million and recurring operating margin topping the 8.0% mark at 8.7%. This excellent showing illustrates how the business's upscaling is already paying off.

The game-changing acquisition of PCC Interlining – which operates in the United States and Asia – is a growth driver for CPF, enabling it to strengthen its customer service capacity and create an innovative global champion. Based on 2017 figures, as a result of this acquisition CFT will generate more than €200 million in revenue, €20 million in EBITDA and €15 million in ROP on a full-year basis.

### Chargeurs Technical Substrates (CTS): a further acceleration in like-for-like growth and successful integration of Leach

| €m                              | H1 2018 | H1 2017 | Change |        |
|---------------------------------|---------|---------|--------|--------|
| Revenue                         | 14.8    | 12.5    | +2.3   | +18.4% |
| <i>Like-for-like change (%)</i> |         |         |        | +6.4%  |
| EBITDA                          | 2.6     | 2.3     | +0.3   | +13.0% |
| <i>as a % of revenue</i>        | 17.6%   | 18.4%   |        |        |
| Recurring operating profit      | 1.9     | 1.8     | +0.1   | +5.6%  |
| <i>as a % of revenue</i>        | 12.8%   | 14.4%   |        |        |

Chargeurs Technical Substrates carried out its first vertical integration in the first half of 2018 by acquiring Leach, the UK leader in graphic display solutions for retailers, museums and institutions. Leach generated approximately €11 million in revenue in 2017. Thanks to this acquisition, CTS can now propose a new offering of high-potential end-to-end visual communication solutions.

CTS once again posted a sharp revenue increase in first-half 2018, with growth reaching 18.4%. This was achieved on the back of (i) strong sales momentum led by the successful launch of the Sublimis solution, which was voted product of the year at the SGIA trade fair in the Media Textile Framing System category, (ii) the capture of new geographic markets, such as Japan, and (iii) new commercial partnerships entered into with key accounts.

Operating performance was driven by like-for-like growth and despite continuing to incur opex in order to pave the way for the future, CTS's recurring operating profit climbed 5.6% to €1.9 million.

### Chargeurs Luxury Materials (CLM): new strategic partnerships to pave the way for the future

| €m                              | H1 2018 | H1 2017 | Change |        |
|---------------------------------|---------|---------|--------|--------|
| Revenue                         | 53.5    | 58.2    | -4.7   | -8.1%  |
| <i>Like-for-like change (%)</i> |         |         |        | -      |
| EBITDA                          | 1.0     | 1.7     | -0.7   | -41.2% |
| <i>as a % of revenue</i>        | 1.9%    | 2.9%    |        |        |
| Recurring operating profit      | 1.0     | 1.7     | -0.7   | -41.2% |
| <i>as a % of revenue</i>        | 1.9%    | 2.9%    |        |        |

Chargeurs Luxury Materials generated revenue of €53.5 million in the first six months of 2018 compared with €58.2 million in the same period of 2017. The first-half 2018 figure reflects the following two main factors: (i) the increasingly selective sales strategy that CLM is currently implementing in order to gear the business towards more profitable volumes and therefore improve return on capital employed, and (ii) constantly rising wool prices, which have reduced customer demand.

Recurring operating profit amounted to €1.0 million in the first six months of 2018. The recurring operating margin for first-half 2018 must be read in parallel with the opex that is currently being incurred in order to meet increasingly sophisticated supply-chain requirements, move up market and launch new capsule collections for the Organica label.

CLM is continuing to focus on premium, traceable, durable wool fibers, whose monetizable features appeal to the world's leading luxury and sportswear brands. A prime example is the Organica Precious Fiber label, which was launched in the fourth quarter of 2017 and whose initial benefits should be felt in 2019.

## FINANCIAL POSITION AT JUNE 30, 2018

Chargeurs has a robust financial position with equity attributable to owners of the parent rising to €240.6 million at June 30, 2018 from €229.9 million at December 31, 2017.

At June 30, 2018 the Group was in a net debt position of €13.7 million compared with an €8.9 million net cash position at December 31, 2017. It is implementing an ongoing investment policy to support its expansion (capex, innovation, acquisitions), while paying its shareholders dividends in order to reward their commitment.

## INTERIM DIVIDEND

Due to the Group's faster pace of growth in the first half of 2018, the Board of Directors has decided to pay an interim dividend of €0.30 per share – up 20% on the interim dividend paid in September 2017 – 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 12, 2018 |
| • End of reinvestment option period:                                 | September 20, 2018 |
| • Announcement of the take-up rate for the reinvestment option:      | September 26, 2018 |
| • Delivery date of shares and payment of cash interim dividend:      | September 28, 2018 |

## OUTLOOK

Chargeurs' performance for first-half 2018 proves the success of the Group's operational excellence strategy, embodied in the Game Changer strategic plan launched in 2017.

Fueled by this solid performance, Chargeurs confirms aim for profitable growth and robust cash generation in 2018, on a like-for-like basis and barring any changes in the geopolitical and macro-economic environment.

Lastly, the Group is also standing by its target of achieving €1 billion in revenue by 2022 (subject to general economic conditions remaining unchanged).

## SHARE BUYBACK PROGRAM

In view of its excellent showing in first-half 2018 and the confidence it has in its performance for full-year 2018, Chargeurs has decided to launch a one-year share buyback program, which will be carried out via its investment services provider. This provider will be authorized to purchase Chargeurs shares (depending on market conditions) for up to €12 million, at a maximum price of €32 per share.

The program, which will run until September 6, 2019, falls within the scope of the 24-month shareholder authorization granted at the AGM of April 16, 2018 to buy back Chargeurs shares representing up to 10% of the Company's capital.

### Appendices – Definitions

#### Like-for-like change (lfl) – Organic change:

The like-for-like or organic change from one year to the next is calculated:

- applying the average exchange rates for year Y-1 to the period concerned (year, half-year, quarter); and
- based on the prior-year scope of consolidation.

**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).

## 2018 Financial Calendar

Wednesday, November 14, 2018 (after trading)      Third-quarter 2018 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 some 2,000 employees based in 45 countries on five continents, who serve a diversified customer base spanning more than 90 countries.

In 2017, revenue totaled €533 million, of which more than 90% was generated outside France.

## CONTACT

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**CHARGEURS**

**CONSOLIDATED FINANCIAL STATEMENTS**

*Six months ended June 30, 2018*

## First-Half 2018 Consolidated Financial Statements

## Consolidated Income Statement (in euro millions)

|                                                      | Note | Six months ended June 30 |              |
|------------------------------------------------------|------|--------------------------|--------------|
|                                                      |      | 2018                     | 2017         |
| <b>Revenue</b>                                       | 4    | <b>287.1</b>             | <b>281.8</b> |
| Cost of sales                                        |      | (211.3)                  | (210.0)      |
| <b>Gross profit</b>                                  |      | <b>75.8</b>              | <b>71.8</b>  |
| Distribution costs                                   |      | (28.9)                   | (28.7)       |
| Administrative expenses                              |      | (20.2)                   | (17.7)       |
| Research and development costs                       |      | (1.9)                    | (1.9)        |
| <b>Recurring operating profit</b>                    |      | <b>24.8</b>              | <b>23.5</b>  |
| Other operating income                               | 5    | 0.2                      | 0.1          |
| Other operating expense                              | 5    | (0.3)                    | (3.1)        |
| <b>Operating profit</b>                              |      | <b>24.7</b>              | <b>20.5</b>  |
| Finance costs, net                                   |      | (4.5)                    | (3.2)        |
| Other financial expense                              |      | (1.0)                    | (0.6)        |
| Other financial income                               |      | 0.1                      | -            |
| <b>Net financial expense</b>                         | 7    | <b>(5.4)</b>             | <b>(3.8)</b> |
| Share of profit/(loss) of equity-accounted investees | 13   | 0.1                      | (0.5)        |
| <b>Pre-tax profit for the period</b>                 |      | <b>19.4</b>              | <b>16.2</b>  |
| Income tax expense                                   | 8    | (4.1)                    | (2.3)        |
| <b>Profit from continuing operations</b>             |      | <b>15.3</b>              | <b>13.9</b>  |
| <b>Profit for the period</b>                         |      | <b>15.3</b>              | <b>13.9</b>  |
| <b>Attributable to owners of the parent</b>          |      | <b>15.3</b>              | <b>13.9</b>  |
| Attributable to non-controlling interests            |      | -                        | -            |
| Earnings per share (in euros)                        | 9    | 0.65                     | 0.60         |
| Diluted earnings per share (in euros)                | 9    | 0.65                     | 0.60         |

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

|                                                                             | Note | Six months ended June 30 |              |
|-----------------------------------------------------------------------------|------|--------------------------|--------------|
|                                                                             |      | 2018                     | 2017         |
| <b>Profit for the period</b>                                                |      | <b>15.3</b>              | <b>13.9</b>  |
| Exchange differences on translating foreign operations                      |      | (0.8)                    | (10.0)       |
| Cash flow hedges                                                            |      | (0.5)                    | 0.6          |
| Income tax on items that may be reclassified subsequently to profit or loss |      | 0.5                      | -            |
| <b>Total items that may be reclassified subsequently to profit or loss</b>  |      | <b>(0.8)</b>             | <b>(9.4)</b> |
| Other components of other comprehensive income                              |      | (0.1)                    | (0.1)        |
| Actuarial gains and losses on post-employment benefit obligations           | 17   | 0.8                      | 0.1          |
| <b>Total items that will not be reclassified to profit or loss</b>          |      | <b>0.7</b>               | <b>-</b>     |
| <b>Other comprehensive income for the period, net of tax</b>                |      | <b>0.1</b>               | <b>(9.4)</b> |
| <b>Total comprehensive income for the period</b>                            |      | <b>15.2</b>              | <b>4.5</b>   |
| <b>Attributable to:</b>                                                     |      |                          |              |
| Owners of the parent                                                        |      | 15.2                     | 4.5          |
| Non-controlling interests                                                   |      | -                        | -            |

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

## First-Half 2018 Consolidated Financial Statements

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

| Assets                                                | Note | June 30, 2018        | Dec. 31, 2017        |
|-------------------------------------------------------|------|----------------------|----------------------|
| <b>Non-current assets</b>                             |      |                      |                      |
| Intangible assets                                     | 10   | 102.6                | 88.3                 |
| Property, plant and equipment                         | 11   | 69.5                 | 63.2                 |
| Investments in associates and joint ventures          | 13   | 11.8                 | 11.7                 |
| Deferred tax assets                                   | 8    | 30.6                 | 30.3                 |
| Non-current financial assets                          |      | 4.7                  | 2.6                  |
| Other non-current assets                              |      | 0.5                  | 0.5                  |
|                                                       |      | <b>219.7</b>         | <b>196.6</b>         |
| <b>Current assets</b>                                 |      |                      |                      |
| Inventories and work-in-progress                      | 14   | 111.7                | 107.3                |
| Trade receivables                                     | 14   | 69.8                 | 53.0                 |
| Factored receivables <sup>(1)</sup>                   | 15   | -                    | 47.8                 |
| Derivative financial instruments                      | 14   | 0.4                  | 0.4                  |
| Other receivables                                     | 14   | 18.5                 | 23.5                 |
| Current income tax receivables                        | 14   | 2.0                  | 3.7                  |
| Cash and cash equivalents                             | 16   | 195.9                | 214.8                |
|                                                       |      | <b>398.3</b>         | <b>450.5</b>         |
| <b>Total assets</b>                                   |      | <b>618.0</b>         | <b>647.1</b>         |
| <b>Equity and liabilities</b>                         |      |                      |                      |
|                                                       |      | <b>June 30, 2018</b> | <b>Dec. 31, 2017</b> |
| Attributable to owners of the parent                  | 9    | 240.7                | 229.9                |
| Non-controlling interests                             |      | -                    | -                    |
| <b>Total equity</b>                                   |      | <b>240.7</b>         | <b>229.9</b>         |
| <b>Non-current liabilities</b>                        |      |                      |                      |
| Long-term borrowings                                  | 16   | 175.7                | 179.3                |
| Deferred taxes                                        |      | 0.9                  | -                    |
| Pension and other post-employment benefit obligations | 17   | 16.1                 | 16.4                 |
| Provisions                                            | 18   | 0.6                  | 0.7                  |
| Other non-current liabilities                         | 19   | 3.2                  | 3.1                  |
|                                                       |      | <b>196.5</b>         | <b>199.5</b>         |
| <b>Current liabilities</b>                            |      |                      |                      |
| Trade payables                                        | 14   | 102.9                | 96.7                 |
| Other payables                                        | 14   | 39.4                 | 42.5                 |
| Factoring liabilities <sup>(1)</sup>                  | 15   | -                    | 47.8                 |
| Current income tax liability                          | 14   | 3.0                  | 2.8                  |
| Derivative financial instruments                      |      | 1.6                  | 1.3                  |
| Short-term portion of long-term borrowings            | 16   | 10.5                 | 10.1                 |
| Short-term bank loans and overdrafts                  | 16   | 23.4                 | 16.5                 |
|                                                       |      | <b>180.8</b>         | <b>217.7</b>         |
| <b>Total equity and liabilities</b>                   |      | <b>618.0</b>         | <b>647.1</b>         |

(1) See note 1.2.

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

## First-Half 2018 Consolidated Financial Statements

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

|                                                                                                      |           | Six months ended June 30 |              |
|------------------------------------------------------------------------------------------------------|-----------|--------------------------|--------------|
|                                                                                                      | Note      | 2018                     | 2017         |
| <b>Cash flows from operating activities</b>                                                          |           |                          |              |
| Pre-tax profit of consolidated companies                                                             |           | 19.3                     | 16.7         |
| Adjustments to reconcile pre-tax profit to cash generated from operations                            |           | 4.8                      | 7.2          |
| - Depreciation and amortization expense                                                              | 10 & 11   | 5.8                      | 5.6          |
| - Provisions and pension and other post-employment benefit obligations                               |           | 0.2                      | (0.1)        |
| - Impairment of non-current assets                                                                   |           | 0.4                      | (0.1)        |
| - Fair value adjustments                                                                             |           | -                        | 0.6          |
| - Impact of discounting                                                                              |           | -                        | 0.1          |
| - (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                              |           | -                        | 1.1          |
| - Other non-cash adjustments                                                                         | 5         | (1.5)                    | -            |
| Income tax paid                                                                                      |           | (2.4)                    | (2.4)        |
| <b>Cash generated by operations</b>                                                                  |           | <b>21.7</b>              | <b>21.5</b>  |
| Dividends from equity-accounted investees                                                            | 13        | -                        | 0.8          |
| Change in operating working capital                                                                  | 14        | (16.4)                   | (4.9)        |
| <b>Net cash from operating activities</b>                                                            |           | <b>5.3</b>               | <b>17.4</b>  |
| <b>Cash flows from investing activities</b>                                                          |           |                          |              |
| Acquisitions of subsidiaries, net of the cash acquired <sup>(1)</sup>                                |           | (13.9)                   | (3.0)        |
| Purchases of intangible assets                                                                       | 10        | (0.3)                    | (0.2)        |
| Purchases of property, plant and equipment                                                           | 11        | (8.4)                    | (4.8)        |
| Proceeds from sales of intangible assets and property, plant and equipment                           |           | 0.3                      | 0.6          |
| Other movements                                                                                      |           | (0.4)                    | (0.2)        |
| <b>Net cash used in investing activities</b>                                                         |           | <b>(22.7)</b>            | <b>(7.6)</b> |
| <b>Cash flows from financing activities</b>                                                          |           |                          |              |
| Cash dividends paid to owners of the parent                                                          |           | (4.4)                    | (3.6)        |
| (Purchases)/ sales of treasury stock                                                                 |           | -                        | (0.3)        |
| Proceeds from new borrowings                                                                         | 16        | 2.1                      | 40.0         |
| Repayments of borrowings                                                                             | 16        | (6.0)                    | (4.1)        |
| Change in bank overdrafts                                                                            | 16        | 6.8                      | (0.9)        |
| <b>Net cash from/(used in) financing activities</b>                                                  |           | <b>(1.5)</b>             | <b>31.1</b>  |
| <b>Increase/(decrease) in cash and cash equivalents</b>                                              |           | <b>(18.9)</b>            | <b>40.9</b>  |
| Cash and cash equivalents at beginning of period                                                     | 16        | 214.8                    | 161.5        |
| Effect of changes in foreign exchange rates on cash and cash equivalents                             |           | -                        | (0.9)        |
| <b>Cash and cash equivalents at end of period</b>                                                    | <b>16</b> | <b>195.9</b>             | <b>201.5</b> |

(1) The €13.9 million (net of cash acquired) recorded under this item for first-half 2018 primarily relates to the Group's acquisition of Leach in the United Kingdom (see note 1.1).

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

First-Half 2018 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 |
|-------------------------------------------|---------------|-----------------------|--------------------------------------|---------------------|------------------|-------------------------------------------------------------------|----------------|---------------------------------------------|---------------------------|--------------|
| <b>At December 31, 2016</b>               | <b>3.7</b>    | <b>53.0</b>           | <b>159.9</b>                         | <b>18.1</b>         | <b>(0.4)</b>     | <b>(6.8)</b>                                                      | <b>(0.2)</b>   | <b>227.3</b>                                | <b>-</b>                  | <b>227.3</b> |
| Changes in treasury stock                 | -             | -                     | -                                    | -                   | -                | -                                                                 | (0.3)          | (0.3)                                       | -                         | (0.3)        |
| Issue of share capital                    | -             | 4.4                   | -                                    | -                   | -                | -                                                                 | -              | 4.4                                         | -                         | 4.4          |
| Payment of dividends                      | -             | -                     | (8.0)                                | -                   | -                | -                                                                 | -              | (8.0)                                       | -                         | (8.0)        |
| Profit for the period                     | -             | -                     | 13.9                                 | -                   | -                | -                                                                 | -              | 13.9                                        | -                         | 13.9         |
| Other comprehensive income for the period | -             | -                     | (0.1)                                | (10.0)              | 0.6              | 0.1                                                               | -              | (9.4)                                       | -                         | (9.4)        |
| <b>At June 30, 2017</b>                   | <b>3.7</b>    | <b>57.4</b>           | <b>165.7</b>                         | <b>8.1</b>          | <b>0.2</b>       | <b>(6.7)</b>                                                      | <b>(0.5)</b>   | <b>227.9</b>                                | <b>-</b>                  | <b>227.9</b> |
| <b>At December 31, 2017</b>               | <b>3.7</b>    | <b>60.2</b>           | <b>171.5</b>                         | <b>1.6</b>          | <b>(0.6)</b>     | <b>(6.3)</b>                                                      | <b>(0.2)</b>   | <b>229.9</b>                                | <b>-</b>                  | <b>229.9</b> |
| Issue of share capital <sup>(1)</sup>     | 0.1           | 3.6                   | -                                    | -                   | -                | -                                                                 | -              | 3.7                                         | -                         | 3.7          |
| Payment of dividends <sup>(1)</sup>       | -             | -                     | (8.1)                                | -                   | -                | -                                                                 | -              | (8.1)                                       | -                         | (8.1)        |
| Profit for the period                     | -             | -                     | 15.3                                 | -                   | -                | -                                                                 | -              | 15.3                                        | -                         | 15.3         |
| Other comprehensive income for the period | -             | -                     | (0.1)                                | 0.3                 | (0.5)            | 0.8                                                               | -              | (0.1)                                       | -                         | (0.1)        |
| <b>At June 30, 2018</b>                   | <b>3.8</b>    | <b>63.8</b>           | <b>178.6</b>                         | <b>1.3</b>          | <b>(1.1)</b>     | <b>(5.5)</b>                                                      | <b>(0.2)</b>   | <b>240.7</b>                                | <b>0.0</b>                | <b>240.7</b> |

(1) Of the €8.1 million paid in first-half 2018, €4.4 million was paid in cash and €3.7 million in shares.

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## First-Half 2018 Consolidated Financial Statements

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

- **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 Fashion Technologies** manufactures and markets garment interlinings.
- **Chargeurs Technical Substrates** designs, manufactures and markets technical solutions (notably by functionalizing textiles) for the advertising, communication and decoration markets.
- **Chargeurs Luxury Materials** manufactures and markets premium wool tops.

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, 2018 were approved by the Board of Directors on September 5, 2018.

## 1 Significant events of the period

### 1.1 Major acquisitions

#### Acquisition of Leach in the Chargeurs Technical Substrates segment

On May 4, 2018, Chargeurs acquired the entire capital of the UK-based company, Leach, a leading graphic display specialist serving retail outlets, museums and institutions. Leach's unique expertise extends across a variety of fields, from artistic design to printing and from production to installation. It custom-builds all types of lightboxes, including upright, curved and with motion effects, and it generates annual revenue of over €10 million.

The aggregate amount paid for the acquisition was €17.4 million (with no price adjustment clauses). As the cash acquired in the transaction amounted to €2.6 million, the net impact on the Group's cash and cash equivalents was €14.8 million.

The recognition of the acquired assets and liabilities at their acquisition-date fair values gave rise to provisional goodwill of €8.0 million.

The main fair value adjustments made related to intangible assets, particularly the Leach brand and the customer portfolio.

The purchase price allocation and related goodwill calculation will be finalized within 12 months of the acquisition date.

The table below shows the fair values of the acquired assets and liabilities at the acquisition date (May 4, 2018):

| (in euro millions)                        | Acquisition of<br>Leach |
|-------------------------------------------|-------------------------|
| Total non-current assets                  | 7.1                     |
| Total current assets                      | 5.5                     |
| <b>Total assets</b>                       | <b>12.6</b>             |
| Total non-current liabilities             | 1.1                     |
| Total current liabilities                 | 2.1                     |
| <b>Total liabilities</b>                  | <b>3.2</b>              |
| <b>Fair value at the acquisition date</b> | <b>9.4</b>              |
| Purchase price                            | 17.4                    |
| <b>Provisional goodwill</b>               | <b>8.0</b>              |

## First-Half 2018 Consolidated Financial Statements

### 1.2 Factoring

Chargeurs SA and several of its subsidiaries have renegotiated with French financial institutions the terms and conditions of the Group's factoring programs in Europe. The aims of this renegotiation were to improve the programs' financial terms and conditions and simplify their contractual structure as well as to ensure that the sold receivables meet the derecognition criteria in IFRS 9.

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 (see note 15).

## 2 Summary of significant accounting policies

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### 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](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, 2017.

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, 2018*

Adopted by the European Union:

##### – IFRS 9 – Financial Instruments

IFRS 9, which is applicable for accounting periods beginning on or after January 1, 2018, supersedes IAS 39. It introduces new requirements for the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. The Group's new accounting policies following the first-time application of IFRS 9 on January 1, 2018 are described in note 2.3 below.

The standard's provisions concerning the classification and measurement of financial instruments and the impairment of financial assets have been applied by the Group retrospectively as from January 1, 2018, with no adjustments to prior-period comparative data. Consequently, the prior-period data shown in this report is presented in accordance with the Group's previous accounting policies, as used for the consolidated financial statements for the year ended December 31, 2017.

##### *Classification and measurement of financial assets and liabilities*

Reclassifying the Group's financial instruments in accordance with the categories in IFRS 9 did not have a material impact on their respective measurement bases.

Each category of financial assets has been classified based on the business model used by the Group to manage the assets as well as the characteristics of the assets' contractual cash flows.

## First-Half 2018 Consolidated Financial Statements

The table below shows the Group's financial assets as presented in the consolidated statement of financial position at December 31, 2017 as well as their category and measurement method under IFRS 9 (as compared with IAS 39):

| FINANCIAL ASSETS                                       | BALANCE SHEET ITEM                | VALUE AT DEC. 31, 2017 | CLASSIFICATION                      |                                           | MEASUREMENT    |        |                        |        |                  |        |
|--------------------------------------------------------|-----------------------------------|------------------------|-------------------------------------|-------------------------------------------|----------------|--------|------------------------|--------|------------------|--------|
|                                                        |                                   |                        | IAS 39                              | IFRS 9                                    | Amortized cost |        | Fair value through OCI |        | Hedge accounting |        |
|                                                        |                                   |                        |                                     |                                           | IAS 39         | IFRS 9 | IAS 39                 | IFRS 9 | IAS 39           | IFRS 9 |
| Investments in non-consolidated companies              | Financial assets (non-recurring)  | €1.5m                  | Available-for-sale financial assets | Assets measured at fair value through OCI |                |        | x                      | x      |                  |        |
| Security deposits                                      | Financial assets (non-recurring)  | €1.1m                  | Loans and receivables               | Amortized cost                            | x              | x      |                        |        |                  |        |
| Trade receivables                                      | Trade and other receivables       | €53.0m                 | Loans and receivables               | Amortized cost                            | x              | x      |                        |        |                  |        |
| Derivative financial instruments                       | Derivative financial instruments  | €0.4m                  | Hedge accounting                    | Hedge accounting                          |                |        |                        |        | x                | x      |
| Prepaid expenses, tax credits, supplier advances, etc. | Other receivables and tax credits | €23.5m<br>€3.7m        | Loans and receivables               | Amortized cost                            | x              | x      |                        |        |                  |        |
| Cash and cash equivalents                              | Cash and cash equivalents         | €214.8m                | Loans and receivables               | Amortized cost                            | x              | x      |                        |        |                  |        |

For financial liabilities, the main classification and measurement provisions from IAS 39 have been carried over into IFRS 9. The majority of financial liabilities are therefore measured at amortized cost, except in certain specific cases which are not relevant for the Group.

### *Impairment of financial assets*

At January 1, 2018, Management reviewed and measured the Group's financial assets, taking into account all reasonable and supportable information, including forward-looking information. No material impacts were identified.

### *Hedge accounting*

The Group's transactions that qualified for hedge accounting under IAS 39 also qualify under IFRS 9. Consequently, it did not have to make any adjustments to its hedging relationships at January 1, 2018, as they remained effective in accordance with IFRS 9. No material impacts were identified.

## – IFRS 15 – Revenue from Contracts with Customers

The Group has applied IFRS 15, Revenue from Contracts with Customers, and the related amendments since January 1, 2018.

As the first-time application of this standard did not have a material impact on the consolidated financial statements, the Group elected to use the partial retrospective method. The prior-period data shown in this report are therefore presented in accordance with the Group's previous accounting policies, as used in the consolidated financial statements for the year ended December 31, 2017. The first-time application of IFRS 15 did not have any impact on opening equity at January 1, 2018.

The Group's accounting policies relating to revenue recognition are described in note 2.3 below.

Application of the following new standards, interpretations and amendments to existing standards was also mandatory for the first time in the period ended June 30, 2018:

- IFRIC 22 – Foreign Currency Transactions and Advance Consideration
- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions
- Annual Improvements to IFRSs (2014-2016 Cycle)

The above interpretation and amendments did not have a material impact on Chargeurs' interim consolidated financial statements at June 30, 2018.

**First-Half 2018 Consolidated Financial Statements****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:**

## – IFRS 16 – Leases

IFRS 16 – Leases, which is applicable from January 1, 2019, introduces a single lessee accounting model for all leases (finance and operating) 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.

For its transition method, the Group has elected to apply the cumulative catch-up retrospective approach and several of the practical expedients provided for in the standard, such as the lessee entities' incremental borrowing rate. Prior-period comparative data will therefore not be restated at the transition date (i.e., January 1, 2019) and only opening equity at that date will be affected.

The Group has performed an inventory of its lease agreements, which mainly concern real estate assets (such as industrial buildings, warehouses and offices) but also machinery and equipment.

It is in the process of defining the methods to be used to determine the applicable discount rates, assess the lease terms (specific to each country and each type of underlying asset) and estimate the related impacts.

At the same time, the Group has begun to put in place an IT system to manage the information necessary to account for leases in accordance with IFRS 16.

The Group is currently analyzing the impacts that IFRS 16 may have on its consolidated financial statements. In view of the specific features of certain leases (notably their renewal clauses), the terms of leases brought on balance sheet under IFRS 16 may, in some cases, differ from the terms used when previously measuring those leases as off-balance sheet commitments, as only the duration of the firm commitment was taken into account prior to IFRS 16. Similarly, the rates used to measure the lease liabilities will necessarily have an impact on the amount recognized in financial liabilities. The commitments referred to in note 21 – Operating leases, may not therefore be fully representative of the lease liabilities that will have to be recognized under IFRS 16.

## – Amendments to IFRS 9 – Prepayment Features with Negative Compensation

**Not yet adopted by the European Union:**

## – IFRS 17 – Insurance Contracts

## – IFRIC 23 – Uncertainty over Income Tax Treatments

## – 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)

## – Amendments to References to the Conceptual Framework in IFRS Standards

**2.3 Accounting policies****2.3.1** *Revenue recognition*

Revenue from sales of goods and services is recognized based on the consideration provided for in the contract with the customer and excludes any amounts collected for third parties. The Group recognizes revenue when it transfers control of the good or service to the customer.

**First-Half 2018 Consolidated Financial Statements**

The Group generates revenue from the manufacture and sale of high value-added products, carried out by its various divisions:

- Protective Films, which supplies the construction, manufacturing, automotive and electronics industries with self-adhesive plastic films for the temporary protection of fragile surfaces as well as laminators (machines used for applying surface protection films).
- Fashion Technologies, specialized in the manufacture and sale of interlinings – technical fabrics used in the manufacture of garments.
- Technical Substrates, which produces and sells technical textiles used in the advertising, decoration and interior architecture markets.
- Luxury Materials, which buys premium combed wool and sells it to end customers.

The Group recognizes revenue when it transfers control of the good or service to the customer, which takes place when the good or service is delivered in accordance with the terms and conditions agreed with the customer. For all of the Group's divisions, control is transferred at a point in time.

The amount recognized in revenue is based on the transaction price set in the contract and corresponds to the amount of consideration that the Group expects to receive in line with the related contractual provisions. The transaction prices applied by the Group do not include any variable amounts requiring the use of estimates.

The contracts entered into by the Group do not involve any financing components (either explicitly or otherwise). Consequently, no adjustments are made to the transaction prices to reflect the time value of money.

A receivable is recorded when the Group has performed its obligations, i.e., at the delivery date of the goods, which corresponds to the date on which the Group has an unconditional right to receive the consideration.

As the Group does not have any material contracts with a term of more than one year, it has elected to apply the practical expedient whereby it is not required to disclose the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period.

### *2.3.2 Financial assets and liabilities*

#### *2.3.2.1 Financial assets*

Three categories of financial assets are defined in IFRS 9: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (OCI) and financial assets measured at fair value through profit or loss.

The category of financial asset applied depends on the business model chosen by the Group for managing the asset as well as the asset's contractual cash flow characteristics.

##### *Financial assets measured at amortized cost*

These financial assets are held in order to collect their contractual cash flows (the “hold to collect” business model).

On initial recognition they are measured at their acquisition-date fair value, which generally corresponds to the transaction price. Subsequently, if they are not hedged, these assets are measured at amortized cost using the effective interest method.

Financial assets measured at amortized cost primarily correspond to the following balance sheet items: loans, deposits, other non-current assets and trade and other receivables.

##### *Financial assets measured at fair value through other comprehensive income (FVOCI)*

The objective of the business model for financial assets measured at fair value through other comprehensive income (FVOCI) is achieved both by collecting contractual cash flows and selling the financial assets (the “hold to collect and sell” business model). These assets are initially recognized and subsequently measured at fair value, with changes in fair value recorded in other comprehensive income. Only interest and dividend income and, in accordance with IAS 21, foreign exchange gains and losses on these assets are recognized in profit or loss.

The fair value of investments in non-consolidated companies whose shares are quoted in an active market is determined by reference to the quoted market price at the reporting date. Gains and losses arising on fair value remeasurements of these assets are recognized in other comprehensive income (directly in equity). When the financial

**First-Half 2018 Consolidated Financial Statements**

asset is derecognized any such amounts accumulated in equity are taken to the income statement and included in “Other financial income” or “Other financial expense”.

Investments in non-consolidated companies whose shares are not quoted in an active market are stated at cost, when the Group considers that this amount corresponds to their fair value. An impairment loss is recognized in the event of a prolonged decline in the value in use, determined based on the most appropriate financial criteria, including the Group’s equity in the underlying net assets and the earnings outlook of the company concerned.

**Financial assets at fair value through profit or loss (FVPL)**

This last category represents the “default” or “residual” category if the requirements to be classified as financial assets at amortized cost or FVOCI financial assets are not met. FVPL assets are financial assets that are held for trading or that are designated as at FVPL on initial recognition.

A financial asset is classified in this category if it was acquired primarily with a view to being sold in the short term or if it does not have any pre-determined contractual cash flows. Derivatives are categorized as held for trading unless they are designated as hedging instruments.

For the Group, FVPL financial assets primarily correspond to derivatives.

**Impairment**

The Group recognizes impairment based on expected credit losses for financial assets measured at amortized cost and FVOCI financial assets.

The amount of impairment recognized is remeasured at each reporting date to reflect changes in the credit risk of a financial instrument since its initial recognition date.

For financial instruments (other than trade receivables), the Group applies the expected credit loss model over their lifetime only when there is a significant deterioration in credit risk. If the credit risk of the financial instrument has not increased significantly since initial recognition, the Group assesses the expected credit losses over the 12 months following the reporting date.

In order to assess changes in credit risk, the Group compares the default risk on the financial instrument at the reporting date with the default risk on the financial instrument at its initial recognition date, taking into account reasonable and supportable information that is available without undue cost or effort at the reporting date and which are indications of significant increases in credit risk since initial recognition.

For trade receivables, the Group applies the simplified approach and recognizes expected credit losses over the assets’ expected lives.

**Derecognition**

The Group derecognizes a financial asset when the contractual right to receive cash flows from the asset has expired or when the asset and substantially all of the related risks and rewards have been transferred to a third party.

If substantially all the risks and rewards have been neither retained nor transferred, the Group assesses whether or not it has retained control of the asset. If the Group has retained control of the asset, it continues to recognize the asset to the extent of its continuing involvement; if the Group has not retained control of the asset, it is derecognized.

When an asset measured at amortized cost is derecognized, the difference between its carrying amount and the consideration received for the asset is recorded in profit or loss.

**2.3.2.2 *Financial liabilities***

Financial liabilities include borrowings measured at amortized cost and financial liabilities measured using the fair value option.

Borrowings and other financial liabilities are generally measured at amortized cost using the effective interest method. Operating liabilities have original maturities of less than one year and are therefore stated at nominal value.

The Group’s financial liabilities mainly correspond to borrowings (see note 16), other non-current liabilities, trade payables and other payables in the consolidated statement of financial position.

**First-Half 2018 Consolidated Financial Statements****2.3.3 Trade receivables**

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost, less any provisions for impairment. Amortized cost is measured by the effective interest method.

The Group applies the simplified impairment method for trade receivables and recognizes expected credit losses over the assets' lifetimes. Expected credit losses are estimated using a provision matrix based on historical default rates and adjusted for specific factors relating to the debtors concerned, current general economic conditions and estimates of future economic conditions that can be obtained at the reporting date without incurring undue cost or effort.

The amount of the provision is recognized in "Distribution costs".

**2.3.4 Derivative financial instruments and hedges**

Derivative financial instruments are initially recognized, and subsequently measured, at fair value. Gains and losses arising from the fair value remeasurement carried out at the end of each reporting period are recognized in profit or loss unless the derivative is the hedging instrument in a qualifying hedge. Consequently, the recognition of these gains and losses through profit or loss depends on the type of hedge.

The Group uses derivatives to hedge currency and interest rate risks, including forwards, options and interest rate swaps.

The Group formally documents the relationship between the hedging instrument and the hedged item at the hedge's inception. The documentation describes the hedging relationship and the entity's risk management and hedging strategy. The description includes the designation of the hedging instrument and hedged item, the nature of the underlying risk that is being hedged and the way in which the entity will assess whether the hedging relationship meets the applicable hedge effectiveness requirements.

A hedging relationship satisfies all of the hedge effectiveness requirements if:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group designates the entire value of forwards and options as hedges.

The Group hedges forecast transactions in foreign currencies, such as sales of products in US dollars. Changes in the fair value of derivatives that qualify as hedges of forecast transactions are recognized directly in other comprehensive income and subsequently reclassified to profit or loss in the same period or periods when the transaction is settled and impacts profit or loss.

Changes in the fair value of hedged firm commitments and of currency derivatives that qualify as fair value hedges are recorded in the income statement.

Depending on the circumstances, interest rate swaps are used to convert variable rate debt into fixed rate debt and vice versa. In the first case, gains and losses arising from remeasurement of the swaps at fair value are initially recorded in other comprehensive income and reclassified into profit or loss when the variable rate interest is recognized. In the second case, the gains and losses are recognized directly in profit or loss and the carrying amount of the hedged portion of the underlying debt is adjusted to reflect the rate change.

Changes in the fair value of financial instruments used to hedge currency risks on the Group's net investment in foreign operations that result from changes in exchange rates are recognized in equity under "Translation reserve", offsetting all or part of the opposite change in the fair value of the underlying net investment caused by changes in exchange rates.

Fair value adjustments to interest rate and currency derivatives classified as held for trading are recognized immediately in the income statement.

### 3 Critical accounting estimates and judgments

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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 2.10 to the consolidated financial statements for the year ended December 31, 2017. 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.

Deferred tax assets arising from tax loss carryforwards and deductible temporary differences are assessed based on taxable profit projections over a period of five years for all tax jurisdictions.

## 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, 2018                       | Chargeurs<br>Protective<br>Films | Chargeurs<br>Fashion<br>Technologies | Chargeurs<br>Technical<br>Substrates | Chargeurs<br>Luxury<br>Materials | Non-operating | Inter-segment<br>eliminations | Consolidated |
|------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------|-------------------------------|--------------|
| <i>(in euro millions)</i>                            |                                  |                                      |                                      |                                  |               |                               |              |
| <b>Revenue</b>                                       | <b>150.0</b>                     | <b>68.8</b>                          | <b>14.8</b>                          | <b>53.5</b>                      | -             | -                             | <b>287.1</b> |
| <b>EBITDA</b>                                        | <b>21.7</b>                      | <b>7.6</b>                           | <b>2.6</b>                           | <b>1.0</b>                       | <b>(2.3)</b>  | -                             | <b>30.6</b>  |
| Depreciation and amortization                        | (3.5)                            | (1.6)                                | (0.7)                                | -                                | -             | -                             | (5.8)        |
| <b>Recurring operating profit</b>                    | <b>18.2</b>                      | <b>6.0</b>                           | <b>1.9</b>                           | <b>1.0</b>                       | <b>(2.3)</b>  | -                             | <b>24.8</b>  |
| Other operating income and expense (note 5)          | (0.3)                            | 1.4                                  | (0.1)                                | -                                | (1.1)         | -                             | (0.1)        |
| <b>Operating profit/(loss)</b>                       | <b>17.9</b>                      | <b>7.4</b>                           | <b>1.8</b>                           | <b>1.0</b>                       | <b>(3.4)</b>  | -                             | <b>24.7</b>  |
| Net financial expense                                |                                  |                                      |                                      |                                  |               |                               | (5.4)        |
| Share of profit/(loss) of equity-accounted investees |                                  |                                      |                                      |                                  |               |                               | 0.1          |
| <b>Pre-tax profit for the period</b>                 |                                  |                                      |                                      |                                  |               |                               | <b>19.4</b>  |
| Income tax expense                                   |                                  |                                      |                                      |                                  |               |                               | (4.1)        |
| <b>Profit for the period</b>                         |                                  |                                      |                                      |                                  |               |                               | <b>15.3</b>  |

| Six months ended June 30, 2017                       | Chargeurs<br>Protective<br>Films | Chargeurs<br>Fashion<br>Technologies | Chargeurs<br>Technical<br>Substrates | Chargeurs<br>Luxury<br>Materials | Non-operating | Inter-segment<br>eliminations | Consolidated |
|------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------|-------------------------------|--------------|
| <i>(in euro millions)</i>                            |                                  |                                      |                                      |                                  |               |                               |              |
| <b>Revenue</b>                                       | <b>143.3</b>                     | <b>67.8</b>                          | <b>12.5</b>                          | <b>58.2</b>                      | -             | -                             | <b>281.8</b> |
| <b>EBITDA</b>                                        | <b>21.4</b>                      | <b>5.8</b>                           | <b>2.3</b>                           | <b>1.7</b>                       | <b>(2.1)</b>  | -                             | <b>29.1</b>  |
| Depreciation and amortization                        | (3.2)                            | (1.8)                                | (0.5)                                | -                                | (0.1)         | -                             | (5.6)        |
| <b>Recurring operating profit</b>                    | <b>18.2</b>                      | <b>4.0</b>                           | <b>1.8</b>                           | <b>1.7</b>                       | <b>(2.2)</b>  | -                             | <b>23.5</b>  |
| Other operating income and expense <sup>(1)</sup>    | (0.9)                            | -                                    | (0.2)                                | (0.1)                            | (1.8)         | -                             | (3.0)        |
| <b>Operating profit/(loss)</b>                       | <b>17.3</b>                      | <b>4.0</b>                           | <b>1.6</b>                           | <b>1.6</b>                       | <b>(4.0)</b>  | -                             | <b>20.5</b>  |
| Net financial expense                                |                                  |                                      |                                      |                                  |               |                               | (3.8)        |
| Share of profit/(loss) of equity-accounted investees |                                  |                                      |                                      |                                  |               |                               | (0.5)        |
| <b>Pre-tax profit for the period</b>                 |                                  |                                      |                                      |                                  |               |                               | <b>16.2</b>  |
| Income tax expense                                   |                                  |                                      |                                      |                                  |               |                               | (2.3)        |
| <b>Profit from continuing operations</b>             |                                  |                                      |                                      |                                  |               |                               | <b>13.9</b>  |
| <b>Profit from discontinued operations</b>           |                                  |                                      |                                      |                                  |               |                               | -            |
| <b>Profit for the period</b>                         |                                  |                                      |                                      |                                  |               |                               | <b>13.9</b>  |

- (1) This line notably includes costs incurred in connection with:  
- the Group's business development and growth programs; and  
- the departure of Group executives, including non-compete indemnities paid in accordance with Group practice.

#### 4.1.2 Assets and liabilities by operating segment

| Six months ended June 30, 2017   | Chargeurs<br>Protective<br>Films | Chargeurs<br>Fashion<br>Technologies | Chargeurs<br>Technical<br>Substrates | Chargeurs<br>Luxury<br>Materials | Non-operating | Total        |
|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------|--------------|
| <i>(in euro millions)</i>        |                                  |                                      |                                      |                                  |               |              |
| <b>Assets<sup>(1)</sup></b>      | <b>184,3</b>                     | <b>101,7</b>                         | <b>45,7</b>                          | <b>45,3</b>                      | <b>45,0</b>   | <b>422,0</b> |
| <b>Liabilities<sup>(2)</sup></b> | <b>85,6</b>                      | <b>42,6</b>                          | <b>10,5</b>                          | <b>22,5</b>                      | <b>6,4</b>    | <b>167,6</b> |
| <b>Capital employed</b>          | <b>98,7</b>                      | <b>59,1</b>                          | <b>35,2</b>                          | <b>22,8</b>                      | <b>38,6</b>   | <b>254,4</b> |
| <b>Capital expenditure</b>       | <b>4,7</b>                       | <b>2,1</b>                           | <b>0,5</b>                           | <b>-</b>                         | <b>1,8</b>    | <b>9,1</b>   |

| At December 31, 2017             | Chargeurs<br>Protective<br>Films | Chargeurs<br>Fashion<br>Technologies | Chargeurs<br>Technical<br>Substrates | Chargeurs<br>Luxury<br>Materials | Non-operating | Total        |
|----------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------|--------------|
| <i>(in euro millions)</i>        |                                  |                                      |                                      |                                  |               |              |
| <b>Assets<sup>(1)</sup></b>      | <b>185,8</b>                     | <b>91,9</b>                          | <b>25,6</b>                          | <b>52,2</b>                      | <b>29,0</b>   | <b>384,5</b> |
| <b>Liabilities<sup>(2)</sup></b> | <b>88,3</b>                      | <b>36,9</b>                          | <b>7,9</b>                           | <b>25,5</b>                      | <b>4,9</b>    | <b>163,5</b> |
| <b>Capital employed</b>          | <b>97,5</b>                      | <b>55,0</b>                          | <b>17,7</b>                          | <b>26,7</b>                      | <b>24,1</b>   | <b>221,0</b> |
| <b>Capital expenditure</b>       | <b>8,2</b>                       | <b>5,3</b>                           | <b>0,4</b>                           | <b>-</b>                         | <b>0,1</b>    | <b>14,0</b>  |

- (1) Assets other than cash and cash equivalents and factored receivables.

- (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 factoring liabilities.

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### 4.1.3 Additional information

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

  

| Six months ended June 30, 2017<br>(in euro millions) | Chargeurs<br>Protective<br>Films | Chargeurs<br>Fashion<br>Technologies | Chargeurs<br>Technical<br>Substrates | Chargeurs<br>Luxury<br>Materials | Non-operating | Consolidated |
|------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|---------------|--------------|
| Depreciation of property, plant and equipment        | (3.1)                            | (1.7)                                | (0.5)                                | -                                | -             | (5.3)        |
| Impairment:                                          |                                  |                                      |                                      |                                  |               |              |
| - Property, plant and equipment (note 5)             | -                                | -                                    | 0.1                                  | -                                | -             | 0.1          |
| Impairment:                                          |                                  |                                      |                                      |                                  |               |              |
| - Inventories                                        | (1.6)                            | (0.8)                                | -                                    | -                                | -             | (2.4)        |
| - Trade receivables                                  | -                                | (0.2)                                | -                                    | -                                | -             | (0.2)        |
| Restructuring costs (note 5)                         | -                                | -                                    | -                                    | -                                | -             | -            |

## 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, 2018<br>(in euro millions) | Chargeurs<br>Protective<br>Films | Chargeurs<br>Fashion<br>Technologies | Chargeurs<br>Technical<br>Substrates | Chargeurs<br>Luxury<br>Materials | Consolidated |
|------------------------------------------------------|----------------------------------|--------------------------------------|--------------------------------------|----------------------------------|--------------|
| <b>GEOGRAPHICAL AREA</b>                             |                                  |                                      |                                      |                                  |              |
| 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         |
| <b>Total</b>                                         | <b>150.0</b>                     | <b>68.8</b>                          | <b>14.8</b>                          | <b>53.5</b>                      | <b>287.1</b> |

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

|                        | Six months ended June 30 |              |
|------------------------|--------------------------|--------------|
| (in euro millions)     | 2018                     | 2017         |
| United States          | 52.4                     | 55.1         |
| Italy                  | 35.6                     | 36.4         |
| China and Hong Kong    | 22.2                     | 26.2         |
| Germany                | 27.2                     | 25.4         |
| France                 | 23.9                     | 20.5         |
| <b>Top 5 countries</b> | <b>161.3</b>             | <b>163.6</b> |
| Other countries        | 125.8                    | 118.2        |
| <b>Total</b>           | <b>287.1</b>             | <b>281.8</b> |

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## 5 Other operating income and expense

Other operating income and expense can be analyzed as follows:

| (in euro millions)                          | Six months ended June 30 |              |
|---------------------------------------------|--------------------------|--------------|
|                                             | 2018                     | 2017         |
| Bargain purchase gain <sup>(1)</sup>        | 1.7                      | -            |
| Restructuring costs <sup>(2)</sup>          | (0.3)                    | -            |
| Impairment of non-current assets            | -                        | 0.1          |
| Acquisition-related expenses <sup>(3)</sup> | (1.7)                    | (0.8)        |
| Other                                       | 0.2                      | (2.3)        |
| <b>Total</b>                                | <b>(0.1)</b>             | <b>(3.0)</b> |

(1) In first-half 2018, the Group acquired Lantor Lanka for a token amount of one euro, which generated €1.7 million in goodwill.

(2) At June 30, 2018, 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 2018 and 2017:

|                          | Six months ended June 30 |              |
|--------------------------|--------------------------|--------------|
|                          | 2018                     | 2017         |
| Employees in France      | 553                      | 542          |
| Employees outside France | 1,090                    | 973          |
| <b>Total employees</b>   | <b>1,643</b>             | <b>1,515</b> |

## 6.2 Payroll costs

| (in euro millions)           | Six months ended June 30 |             |
|------------------------------|--------------------------|-------------|
|                              | 2018                     | 2017        |
| Wages and salaries           | 30.0                     | 28.7        |
| Payroll taxes                | 13.2                     | 12.4        |
| Discretionary profit sharing | 1.7                      | 1.7         |
| <b>Total</b>                 | <b>44.9</b>              | <b>42.8</b> |

## 7 Financial income and expense

| (in euro millions)                                                       | Six months ended June 30 |              |
|--------------------------------------------------------------------------|--------------------------|--------------|
|                                                                          | 2018                     | 2017         |
| - Finance costs <sup>(1)</sup>                                           | (4.0)                    | (3.0)        |
| - Interest income on loans and investments                               | -                        | 0.2          |
| - Factoring cost                                                         | (0.5)                    | (0.4)        |
| <b>Cost of net debt</b>                                                  | <b>(4.5)</b>             | <b>(3.2)</b> |
| - Interest expense on employee benefit obligations                       | (0.2)                    | (0.1)        |
| - Discounting adjustments to debt                                        | (0.4)                    | -            |
| - Exchange gains and losses on foreign currency receivables and payables | (0.4)                    | (0.3)        |
| - Fair value adjustments to financial instruments                        | 0.1                      | (0.2)        |
| <b>Other financial income and expenses</b>                               | <b>(1.9)</b>             | <b>(0.6)</b> |
| <b>Finance costs and other financial income and expense, net</b>         | <b>(5.4)</b>             | <b>(3.8)</b> |

(1) The year-on-year increase in finance costs was primarily due to the Euro PP carried out toward the end of the first half of 2017.

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## 8 Income tax

Income tax expense reported in the income statement is analyzed in the table below.

| <i>(in euro millions)</i> | Six months ended June 30 |              |
|---------------------------|--------------------------|--------------|
|                           | 2018                     | 2017         |
| Current taxes             | (4.2)                    | (3.6)        |
| Deferred taxes            | 0.1                      | 1.3          |
| <b>Total</b>              | <b>(4.1)</b>             | <b>(2.3)</b> |

The table below reconciles the Group's actual tax charge to the theoretical tax charge that would apply based on the weighted average tax rate of the consolidated companies (which is similar to the French tax rate):

| <i>(in euro millions)</i>                                                                                | Six months ended June 30 |            |
|----------------------------------------------------------------------------------------------------------|--------------------------|------------|
|                                                                                                          | 2018                     | 2017       |
| Pre-tax profit of consolidated companies                                                                 | 19.3                     | 16.7       |
| Standard French income tax rate                                                                          | 34.43%                   | 34.43%     |
| Tax at the standard rate                                                                                 | (6.6)                    | (5.7)      |
| Income tax expense for the period                                                                        | (4.1)                    | (2.3)      |
| <b>Difference between income tax expense for the period and tax at the standard rate</b>                 | <b>2.5</b>               | <b>3.4</b> |
| Effect of differences in foreign tax rates                                                               | 0.7                      | 0.8        |
| Effect of permanent differences between book profit and taxable profit                                   | 0.3                      | 0.3        |
| Change in tax assets recognized for tax losses:                                                          |                          |            |
| - Reversals of valuation allowances on tax loss carryforwards recognized in prior periods <sup>(1)</sup> | -                        | 1.4        |
| - Utilizations of tax loss carryforwards covered by valuation allowances <sup>(2)</sup>                  | 2.1                      | 1.6        |
| Other                                                                                                    | (0.6)                    | (0.7)      |
| <b>Difference between income tax expense for the period and tax at the standard rate</b>                 | <b>2.5</b>               | <b>3.4</b> |

(1) At June 30, 2017, €1.4 million in deferred tax assets were recognized for the tax loss carryforwards of the French tax group, based on earnings forecasts for the next five years.

(2) These amounts primarily correspond to the estimated utilization of the French tax group's tax loss carryforwards.

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, 2017).

## 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 €0.65 for first-half 2018.

Diluted earnings per share are the same as basic earnings per share.

| <i>(in euro millions)</i>                                         | Six months ended June 30 |             |
|-------------------------------------------------------------------|--------------------------|-------------|
|                                                                   | 2018                     | 2017        |
|                                                                   | per share                | per share   |
| From continuing operations                                        | 15.3                     | 13.9        |
| Weighted average number of shares                                 | 23,374,727               | 23,034,825  |
| <b>Earnings per share from continuing operations (in euros)</b>   | <b>0.65</b>              | <b>0.60</b> |
| <b>Earnings per share from discontinued operations (in euros)</b> | <b>-</b>                 | <b>-</b>    |

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All Chargeurs SA shares have been called and are fully paid-up. Changes in the number of shares outstanding in first-half 2018 were as follows:

|                                                       |                   |
|-------------------------------------------------------|-------------------|
| Shares outstanding at December 31, 2017               | 23,330,597        |
| Shares issued in payment of the 2017 dividend balance | 170,507           |
| <b>Shares outstanding at June 30, 2018</b>            | <b>23,501,104</b> |

Based on a par value of €0.16 per share, the shares outstanding at June 30, 2018 represented issued capital of €3,760,176.64.

### 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, 2018, 818,146 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).

| <i>(in euro millions)</i> | Protective Films | Fashion Technologies | Technical Substrates | Total       |
|---------------------------|------------------|----------------------|----------------------|-------------|
| <b>December 31, 2016</b>  | <b>72.5</b>      | <b>6.7</b>           | <b>11.0</b>          | <b>90.2</b> |
| Translation adjustment    | (5.5)            | (0.4)                | -                    | (5.9)       |
| <b>June 30, 2017</b>      | <b>67.0</b>      | <b>6.3</b>           | <b>11.0</b>          | <b>84.3</b> |
| <b>December 31, 2017</b>  | <b>69.2</b>      | <b>6.0</b>           | <b>11.0</b>          | <b>86.2</b> |
| Additions                 | -                | -                    | 8.0                  | 8.0         |
| Translation adjustment    | 1.5              | 0.2                  | -                    | 1.7         |
| <b>June 30, 2018</b>      | <b>70.7</b>      | <b>6.2</b>           | <b>19.0</b>          | <b>95.9</b> |

#### 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.

The acquisitions in the second half of 2017 of Walco in the United States, Somerra in France and Omma in Italy – all three of which specialize in designing and manufacturing the laminators used to apply temporary surface protection films – gave rise to final goodwill of €5.3 million. As these three companies have been included in the Protective Films segment and their acquisitions are expected to generate synergies for the division as a whole, the full amount of this provisional goodwill has been allocated to the Protective Films CGU.

Virtually all of Chargeurs Protective Films goodwill is denominated in US dollars and the dollar's appreciation against the euro between December 31, 2017 and June 30, 2018 resulted in a €1.5 million increase in its carrying amount.

#### FASHION TECHNOLOGIES

The Fashion Technologies segment also has a global management structure that is aligned with local needs. A portion of Chargeurs Fashion Technologies' goodwill is denominated in Bangladesh taka and the €0.2 million decrease in its carrying amount in the first half of 2018 was due to this currency's depreciation against the euro over the period.

#### TECHNICAL SUBSTRATES

The Technical Substrates segment comprises Senfa and Leach.

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Leach was acquired in first-half 2018, giving rise to €8.0 million in provisional goodwill (see note 1.1).

### 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, 2017 and June 30, 2018.

Procedures were performed at June 30, 2018 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, 2017. 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

| <i>(in euro millions)</i>         | Trademarks<br>and patents | Development<br>costs | Licenses   | Other      | Total      |
|-----------------------------------|---------------------------|----------------------|------------|------------|------------|
| <b>December 31, 2016</b>          | <b>0.6</b>                | <b>0.3</b>           | <b>0.3</b> | <b>0.7</b> | <b>1.9</b> |
| Additions                         | -                         | -                    | -          | 0.2        | 0.2        |
| Amortization                      | -                         | -                    | -          | (0.3)      | (0.3)      |
| <b>June 30, 2017</b>              | <b>0.6</b>                | <b>0.3</b>           | <b>0.3</b> | <b>0.6</b> | <b>1.8</b> |
| <b>December 31, 2017</b>          | <b>0.6</b>                | <b>0.5</b>           | <b>0.3</b> | <b>0.7</b> | <b>2.1</b> |
| Acquisitions                      | -                         | -                    | -          | 0.3        | 0.3        |
| Changes in scope of consolidation | 4.6                       | -                    | -          | -          | 4.6        |
| Amortization                      | (0.1)                     | -                    | -          | (0.2)      | (0.3)      |
| <b>June 30, 2018</b>              | <b>5.1</b>                | <b>0.5</b>           | <b>0.3</b> | <b>0.8</b> | <b>6.7</b> |

## 11 Property, plant and equipment

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

| <i>(in euro millions)</i>         | Land       | Buildings   | Plant and<br>equipment | Fixtures and<br>fittings | Assets under<br>construction | Total       |
|-----------------------------------|------------|-------------|------------------------|--------------------------|------------------------------|-------------|
| <b>December 31, 2016</b>          | <b>2.6</b> | <b>10.0</b> | <b>40.8</b>            | <b>5.0</b>               | <b>3.4</b>                   | <b>61.8</b> |
| Additions                         | -          | 0.2         | 1.7                    | 0.1                      | 2.8                          | 4.8         |
| Disposals                         | -          | -           | (0.2)                  | -                        | (0.4)                        | (0.6)       |
| Depreciation                      | -          | (0.8)       | (4.2)                  | (0.3)                    | -                            | (5.3)       |
| Impairment                        | -          | -           | 0.1                    | -                        | -                            | 0.1         |
| Other                             | -          | 0.1         | 1.1                    | 0.6                      | (1.8)                        | -           |
| Translation adjustment            | -          | (0.3)       | (0.7)                  | -                        | (0.1)                        | (1.1)       |
| <b>June 30, 2017</b>              | <b>2.6</b> | <b>9.2</b>  | <b>38.6</b>            | <b>5.4</b>               | <b>3.9</b>                   | <b>59.7</b> |
| <b>December 31, 2017</b>          | <b>2.5</b> | <b>8.7</b>  | <b>40.4</b>            | <b>5.7</b>               | <b>5.9</b>                   | <b>63.2</b> |
| Additions <sup>(1)</sup>          | 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)       |
| <b>June 30, 2018</b>              | <b>2.8</b> | <b>10.2</b> | <b>40.0</b>            | <b>6.1</b>               | <b>10.4</b>                  | <b>69.5</b> |

(1) Including €0.4 million worth of assets acquired under finance leases.

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## 12 Finance leases

The carrying amount of property, plant and equipment acquired under finance leases is as follows:

| <i>(in euro millions)</i>    | June 30, 2018 | Dec. 31, 2017 |
|------------------------------|---------------|---------------|
| Land                         | 1.2           | 1.2           |
| Buildings                    | 19.5          | 19.5          |
| Plant and equipment          | 36.7          | 36.2          |
| Fixtures, fittings and other | 6.9           | 7.0           |
| <b>Gross value</b>           | <b>64.3</b>   | <b>63.9</b>   |
| Accumulated depreciation     | (51.9)        | (50.1)        |
| <b>Net value</b>             | <b>12.4</b>   | <b>13.8</b>   |

Future minimum lease payments under finance leases and the carrying amount of the corresponding liabilities can be analyzed as follows:

| <i>(in euro millions)</i>                          | June 30, 2018 | Dec. 31, 2017 |
|----------------------------------------------------|---------------|---------------|
| Future minimum lease payments under finance leases | 11.7          | 14.5          |
| Finance lease liabilities                          | 10.9          | 13.4          |
| <b>Future finance cost</b>                         | <b>0.8</b>    | <b>1.1</b>    |

Future lease payments (which are all due within five years) can be analyzed by maturity as follows:

| <i>(in euro millions)</i>         | Future minimum lease payments | Finance lease liabilities |
|-----------------------------------|-------------------------------|---------------------------|
| Due in less than one year         | 4.4                           | 4.0                       |
| Due in one to five years          | 7.3                           | 6.8                       |
| <b>Total at June 30, 2018</b>     | <b>11.7</b>                   | <b>10.9</b>               |
| Due in less than one year         | 5.5                           | 5.1                       |
| Due in one to five years          | 9.0                           | 8.3                       |
| <b>Total at December 31, 2017</b> | <b>14.5</b>                   | <b>13.4</b>               |

The main finance leases correspond to sale-and-leaseback transactions on real estate and equipment leases for machinery. Financing is generally obtained for periods ranging from 6 to 15 years and corresponds to secured debt.

## 13 Equity-accounted investees

## 13.1 Companies

## Luxury Materials segment

- CW Uruguay, comprising Lanús Trinidad SA and its subsidiaries.
- CW Argentina, comprising Chargeurs Wool Argentina and its subsidiary, Peinadura Río Chubut.
- Zhangjiagang China, comprising Zhangjiagang Yangtze Wool Combing Co. Ltd and its subsidiary, Yangtze (Australia) PTY Ltd.

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

| <i>(in euro millions)</i>               | Dec. 31, 2017 | Share of<br>profit/(loss) | Dividends<br>received | Translation<br>adjustment | June 30, 2018 |
|-----------------------------------------|---------------|---------------------------|-----------------------|---------------------------|---------------|
| CW Uruguay                              | 6.5           | -                         | -                     | 0.2                       | 6.7           |
| CW Argentina                            | 2.0           | -                         | -                     | (0.3)                     | 1.7           |
| Zhangjiagang China                      | 2.8           | 0.1                       | -                     | -                         | 2.9           |
| <b>Total joint ventures</b>             | <b>11.3</b>   | <b>0.1</b>                | <b>-</b>              | <b>(0.1)</b>              | <b>11.3</b>   |
| Wool USA                                | 0.4           | -                         | -                     | 0.1                       | 0.5           |
| <b>Total associates</b>                 | <b>0.4</b>    | <b>-</b>                  | <b>-</b>              | <b>0.1</b>                | <b>0.5</b>    |
| <b>Total equity-accounted investees</b> | <b>11.7</b>   | <b>0.1</b>                | <b>-</b>              | <b>-</b>                  | <b>11.8</b>   |

| <i>(in euro millions)</i>               | Dec. 31, 2016 | Share of<br>profit/(loss) | Dividends<br>received | Translation<br>adjustment | June 30, 2017 |
|-----------------------------------------|---------------|---------------------------|-----------------------|---------------------------|---------------|
| CW Uruguay                              | 7.7           | (0.1)                     | -                     | (0.6)                     | 7.0           |
| CW Argentina                            | 2.3           | 0.1                       | -                     | (0.2)                     | 2.2           |
| Zhangjiagang China                      | 3.4           | (0.3)                     | -                     | (0.1)                     | 3.0           |
| Other companies                         | 0.9           | -                         | (0.8)                 | -                         | 0.1           |
| <b>Total joint ventures</b>             | <b>14.3</b>   | <b>(0.3)</b>              | <b>(0.8)</b>          | <b>(0.9)</b>              | <b>12.3</b>   |
| Wool USA                                | 0.6           | (0.2)                     | -                     | (0.1)                     | 0.3           |
| <b>Total associates</b>                 | <b>0.6</b>    | <b>(0.2)</b>              | <b>-</b>              | <b>(0.1)</b>              | <b>0.3</b>    |
| <b>Total equity-accounted investees</b> | <b>14.9</b>   | <b>(0.5)</b>              | <b>(0.8)</b>          | <b>(1.0)</b>              | <b>12.6</b>   |

## 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, 2018           |                 |                       | At Dec. 31, 2017           |                 |                       |
|-------------------------------|----------------------------|-----------------|-----------------------|----------------------------|-----------------|-----------------------|
|                               | Chargeurs Luxury Materials |                 |                       | Chargeurs Luxury Materials |                 |                       |
| <i>(in euro millions)</i>     | CW<br>Uruguay              | CW<br>Argentina | Zhangjiagang<br>China | CW<br>Uruguay              | CW<br>Argentina | Zhangjiagang<br>China |
| Non-current assets            | 2.6                        | 1.6             | 4.9                   | 2.7                        | 0.9             | 4.7                   |
| Current assets                | 35.3                       | 16.3            | 12.3                  | 38.9                       | 20.0            | 15.1                  |
| Cash and cash equivalents     | 2.1                        | 0.3             | 4.0                   | 1.7                        | 0.2             | 3.9                   |
| Other non-current liabilities | 0.1                        | -               | -                     | 0.1                        | -               | -                     |
| Current financial liabilities | 21.4                       | 9.8             | 5.2                   | 21.8                       | 11.0            | 6.1                   |
| Other current liabilities     | 5.0                        | 5.0             | 10.3                  | 8.4                        | 7.2             | 12.1                  |
| <b>Total net assets</b>       | <b>13.5</b>                | <b>3.4</b>      | <b>5.7</b>            | <b>13.0</b>                | <b>2.9</b>      | <b>5.5</b>            |
| % interest                    | 50%                        | 50%             | 50%                   | 50%                        | 50%             | 50%                   |
| Group share                   | 6.7                        | 1.7             | 2.9                   | 6.5                        | 1.5             | 2.8                   |
| Other                         | -                          | -               | -                     | -                          | 0.5             | -                     |
| <b>Carrying amount</b>        | <b>6.7</b>                 | <b>1.7</b>      | <b>2.9</b>            | <b>6.5</b>                 | <b>2.0</b>      | <b>2.8</b>            |

|                                                 | At June 30, 2018                 |                 |                       | At June 30, 2017                 |                 |                       |
|-------------------------------------------------|----------------------------------|-----------------|-----------------------|----------------------------------|-----------------|-----------------------|
|                                                 | Chargeurs<br>Luxury<br>Materials |                 |                       | Chargeurs<br>Luxury<br>Materials |                 |                       |
| <i>(in euro millions)</i>                       | CW<br>Uruguay                    | CW<br>Argentina | Zhangjiagang<br>China | CW<br>Uruguay                    | CW<br>Argentina | Zhangjiagang<br>China |
| Revenue                                         | 26.2                             | 14.4            | 16.8                  | 23.6                             | 11.0            | 12.8                  |
| Depreciation, amortization and impairment       | (0.2)                            | -               | (0.5)                 | (0.3)                            | -               | (0.5)                 |
| Finance costs, net                              | (0.4)                            | (0.2)           | (0.2)                 | (0.4)                            | (0.3)           | (3.5)                 |
| Income tax expense                              | -                                | -               | -                     | -                                | -               | -                     |
| <b>Profit/(loss) from continuing operations</b> | <b>-</b>                         | <b>-</b>        | <b>0.2</b>            | <b>(0.3)</b>                     | <b>0.1</b>      | <b>(0.5)</b>          |
| % interest                                      | 50%                              | 50%             | 50%                   | 50%                              | 50%             | 50%                   |
| <b>Group share of profit/(loss)</b>             | <b>-</b>                         | <b>-</b>        | <b>0.1</b>            | <b>(0.1)</b>                     | <b>0.1</b>      | <b>(0.3)</b>          |

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## 13.3 Transactions with equity-accounted investees

In the first half of 2018, 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 €23.3 million;
- sales for €5.0 million;
- trade receivables for €6.4 million;
- trade payables for €11.0 million.

## 14 Working capital

| (in euro millions)               | Dec. 31, 2017 | Change in operating working capital <sup>(1)</sup> | 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           |
| <b>Assets</b>                    | <b>187.9</b>  | <b>16.9</b>                                        | <b>(5.2)</b>  | <b>(1.8)</b>           | <b>4.6</b>                                  | <b>202.4</b>  |
| 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           |
| <b>Liabilities</b>               | <b>143.3</b>  | <b>0.5</b>                                         | <b>1.3</b>    | <b>(0.7)</b>           | <b>2.5</b>                                  | <b>146.9</b>  |
| <b>Working capital</b>           | <b>44.6</b>   | <b>16.4</b>                                        | <b>(6.5)</b>  | <b>(1.1)</b>           | <b>2.1</b>                                  | <b>55.5</b>   |

| (in euro millions)               | Dec. 31, 2016 | Change in operating working capital <sup>(1)</sup> | Other changes | Translation adjustment | Impact of changes in scope of consolidation | June 30, 2017 |
|----------------------------------|---------------|----------------------------------------------------|---------------|------------------------|---------------------------------------------|---------------|
| Inventories and work-in-progress | 105.4         | (4.9)                                              | -             | (3.8)                  | -                                           | 96.7          |
| Trade receivables                | 47.3          | 13.4                                               | -             | (2.6)                  | -                                           | 58.1          |
| Derivative financial instruments | 0.5           | -                                                  | 0.8           | -                      | -                                           | 1.2           |
| Other receivables                | 23.0          | 4.3                                                | -             | (0.6)                  | -                                           | 26.7          |
| Current income tax receivables   | 2.2           | -                                                  | (0.6)         | -                      | -                                           | 1.6           |
| <b>Assets</b>                    | <b>178.4</b>  | <b>12.8</b>                                        | <b>0.1</b>    | <b>(7.0)</b>           | <b>-</b>                                    | <b>184.3</b>  |
| Trade payables                   | 91.3          | 9.0                                                | -             | (1.2)                  | -                                           | 99.0          |
| Derivative financial instruments | 1.8           | -                                                  | (1.3)         | -                      | -                                           | 0.5           |
| Other payables                   | 39.7          | (1.1)                                              | (0.1)         | (0.6)                  | -                                           | 37.9          |
| Current income tax liability     | 1.9           | -                                                  | 0.6           | -                      | -                                           | 2.5           |
| <b>Liabilities</b>               | <b>134.7</b>  | <b>7.9</b>                                         | <b>(0.9)</b>  | <b>(1.8)</b>           | <b>-</b>                                    | <b>139.9</b>  |
| <b>Working capital</b>           | <b>43.7</b>   | <b>4.9</b>                                         | <b>1.0</b>    | <b>(5.2)</b>           | <b>-</b>                                    | <b>44.4</b>   |

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

The change in working capital in the first half of 2018 was primarily due to organic revenue growth, which was particularly robust in June 2018.

## 15 Factoring

Prior to 2018 certain Group companies sold receivables through no-recourse agreements under which title to the receivables was transferred at the time of sale. As from 2005, the Group presented these receivables as assets in the consolidated statement of financial position with a corresponding liability for the amount of cash proceeds received on the sales.

The receivables were covered by credit insurance, with the Chargeurs Group entities only retaining risks relating to dilution, foreign exchange and payment delays.

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The accounting treatment applied was prudently chosen, based on Chargeurs' analysis of the sale agreements. The amount of receivables sold under these agreements totaled €47.8 million at December 31, 2017 and €54.5 million at June 30, 2017.

During the first half of 2018, Chargeurs SA and several of its subsidiaries renegotiated with French financial institutions the terms and conditions of the Group's factoring programs in Europe. The aims of this renegotiation were to improve the programs' financial terms and conditions and simplify their contractual structure as well as to ensure that the receivables sold meet the derecognition criteria in IFRS 9.

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 €57.8 million at June 30, 2018. The security deposits related to the programs have been recognized in non-current financial assets and amounted to €3.1 million at June 30, 2018.

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

### 16.1 Net cash position

| (in euro millions)                           | Dec. 31, 2017 | Cash movements |               | Non-cash movements                |                                      |                           | June 30, 2018 |
|----------------------------------------------|---------------|----------------|---------------|-----------------------------------|--------------------------------------|---------------------------|---------------|
|                                              |               | Increase       | Decrease      | Changes in scope of consolidation | Assets acquired under finance leases | Changes in exchange rates |               |
| Marketable securities                        | 90.5          | -              | (27.6)        | -                                 | -                                    | -                         | 62.9          |
| Term deposits                                | 2.0           | 4.1            | -             | -                                 | -                                    | (0.1)                     | 6.0           |
| Cash at bank                                 | 122.3         | 1.1            | -             | 3.5                               | -                                    | 0.1                       | 127.0         |
| <b>Total cash and cash equivalents</b>       | <b>214.8</b>  | <b>5.2</b>     | <b>(27.6)</b> | <b>3.5</b>                        | <b>-</b>                             | <b>-</b>                  | <b>195.9</b>  |
| Long-term borrowings:                        | 189.4         | 2.1            | (6.0)         | 0.3                               | 0.4                                  | -                         | 186.2         |
| - of which bank borrowings                   | 176.0         | 2.1            | (3.0)         | 0.3                               | -                                    | (0.1)                     | 175.3         |
| - of which finance lease liabilities         | 13.4          | -              | (3.0)         | -                                 | 0.4                                  | 0.1                       | 10.9          |
| Short-term bank loans and overdrafts         | 16.5          | 6.8            | -             | -                                 | -                                    | 0.1                       | 23.4          |
| <b>Total gross debt</b>                      | <b>205.9</b>  | <b>8.9</b>     | <b>(6.0)</b>  | <b>0.3</b>                        | <b>0.4</b>                           | <b>0.1</b>                | <b>209.6</b>  |
| <b>Net cash position/(Net debt position)</b> | <b>8.9</b>    | <b>(3.7)</b>   | <b>(21.6)</b> | <b>3.2</b>                        | <b>(0.4)</b>                         | <b>(0.1)</b>              | <b>(13.7)</b> |

There were no restrictions on the use of the cash and cash equivalents held by Group at June 30, 2018.

The average interest rate on long-term borrowings after hedging was 2.80% at June 30, 2018 and 2.77% at December 31, 2017.

### Credit facilities

At June 30, 2018, Group companies had access to the following credit facilities (all maturities combined):

| (in euro millions)           | June 30, 2018 | Dec. 31, 2017 |
|------------------------------|---------------|---------------|
| Drawn financing facilities   | 209.6         | 205.9         |
| Undrawn financing facilities | 76.6          | 78.2          |
| <b>Nominal amount</b>        | <b>286.2</b>  | <b>284.1</b>  |

During the first half of 2018, the Group negotiated the extension of a five-year confirmed credit facility from €5.0 million to €10.0 million. None of this facility had been drawn down at June 30, 2018.

### Financial covenants

The Group's Euro PPs (€122.0 million) and certain credit facilities (representing an aggregate €30.0 million) are subject to covenants based on the following ratios:

- Net debt/equity  $\leq 0.85$
- Net debt/EBITDA  $\leq 3.50$

The Group is required to comply with these covenants at December 31 each year.

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## 16.2 Analysis of the change in net cash position

| <i>(in euro millions)</i>                                          | Six months ended June 30 |             |
|--------------------------------------------------------------------|--------------------------|-------------|
|                                                                    | 2018                     | 2017        |
| <b>EBITDA</b>                                                      | <b>30.6</b>              | <b>29.1</b> |
| Non-recurring – cash                                               | (2.0)                    | (2.4)       |
| Finance costs – cash                                               | (4.5)                    | (3.2)       |
| Income tax – cash                                                  | (2.4)                    | (2.4)       |
| Other                                                              | -                        | 0.4         |
| <b>Cash generated by operations</b>                                | <b>21.7</b>              | <b>21.5</b> |
| Dividends from equity-accounted investees                          | -                        | 0.8         |
| Change in working capital                                          | (16.4)                   | (4.9)       |
| <b>Operating cash flows</b>                                        | <b>5.3</b>               | <b>17.4</b> |
| Acquisition of PPE and intangible assets, net of acquisition costs | (8.4)                    | (4.4)       |
| Acquisitions of subsidiaries net of the cash acquired              | (14.2)                   | (3.0)       |
| Other investing cash flows                                         | (0.4)                    | (0.2)       |
| Cash dividends paid to owners of the parent                        | (4.4)                    | (3.6)       |
| Other                                                              | (0.4)                    | (0.3)       |
| Currency effect                                                    | (0.1)                    | 0.2         |
| <b>Change in net cash/(net debt)</b>                               | <b>(22.6)</b>            | <b>6.1</b>  |
| <b>Opening net cash/(net debt)</b>                                 | <b>8.9</b>               | <b>3.2</b>  |
| <b>Closing net cash/(net debt)</b>                                 | <b>(13.7)</b>            | <b>9.3</b>  |

## 16.3 Analysis of debt by maturity and interest rate

| <i>(in euro millions)</i>   | June 30, 2018 |                     |                        | Dec. 31, 2017 |                     |                        |
|-----------------------------|---------------|---------------------|------------------------|---------------|---------------------|------------------------|
|                             | Total         | Of which fixed rate | Of which variable rate | Total         | Of which fixed rate | Of which variable rate |
| Due in less than one year   | 10.5          | 9.2                 | 1.3                    | 10.1          | 8.6                 | 1.5                    |
| Due in one to two years     | 7.8           | 7.0                 | 0.8                    | 9.0           | 7.5                 | 1.5                    |
| Due in two to three years   | 22.6          | 21.8                | 0.8                    | 22.3          | 21.0                | 1.3                    |
| Due in three to four years  | 20.2          | 19.1                | 1.1                    | 21.4          | 20.5                | 0.9                    |
| Due in four to five years   | 60.7          | 60.0                | 0.7                    | 3.0           | 2.4                 | 0.6                    |
| Due in more than five years | 64.4          | 64.4                | -                      | 123.6         | 123.6               | -                      |
| <b>Total</b>                | <b>186.2</b>  | <b>181.5</b>        | <b>4.7</b>             | <b>189.4</b>  | <b>183.6</b>        | <b>5.8</b>             |

In the first half of 2018, the average maturity of the Group's debt was 5.0 years (compared with 5.2 years at December 31, 2017).

To mitigate risks and optimize its borrowing costs, the Group uses derivatives which alter the structure of its interest rates. An interest rate swap has been set up on a notional amount of €30.0 million to convert the variable interest rate on certain credit facilities to fixed rate. Changes in the fair value of this swap – which are recognized in other comprehensive income – amounted to a negative €0.5 million in first-half 2018.

At June 30, 2017, the carrying amount of fixed-rate debt, after hedging, was €181.5 million. The proportion of average debt at fixed interest rates was 98.2% in first-half 2018 and 96.4% in 2017.

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

## 16.4 Analysis of debt by currency

| <i>(in euro millions)</i> | June 30, 2018 | Dec. 31, 2017 |
|---------------------------|---------------|---------------|
| Euro                      | 187.7         | 188.6         |
| US dollar                 | 11.2          | 8.2           |
| Chinese yuan              | 3.0           | 3.0           |
| Other                     | 7.7           | 6.1           |
| <b>Total</b>              | <b>209.6</b>  | <b>205.9</b>  |

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### 17 Pension and other post-employment benefit obligations

Employee benefits expense for the first half of 2018 totaled €0.2 million, the full amount of which was recognized in recurring operating profit.

United States: actuarial gains and losses arising during the first half of 2018 were estimated based on sensitivity tests performed at December 31, 2017, using a discount rate of 4.22% compared with 3.62% in 2017. A net actuarial gain of €0.8 million was recognized for the period.

Europe: actuarial gains and losses arising during the first half of 2018 were estimated based on sensitivity tests performed at December 31, 2017, using a discount rate of 1.45% compared with 1.25% in 2017. The net actuarial gain recognized for the period was not material.

### 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”.

| <i>(in euro millions)</i>       | Long-term<br>provisions | Short-term<br>provisions | Total      |
|---------------------------------|-------------------------|--------------------------|------------|
| <b>December 31, 2016</b>        | <b>0.5</b>              | <b>0.6</b>               | <b>1.1</b> |
| Additions                       | 0.1                     | 0.1                      | 0.2        |
| Reversals of provisions used    | (0.1)                   | (0.1)                    | (0.2)      |
| Reversals of surplus provisions | -                       | (0.3)                    | (0.3)      |
| <b>June 30, 2017</b>            | <b>0.5</b>              | <b>0.3</b>               | <b>0.8</b> |
| <b>December 31, 2017</b>        | <b>0.7</b>              | <b>0.8</b>               | <b>1.5</b> |
| Reversals of provisions used    | (0.1)                   | -                        | (0.1)      |
| Reversals of surplus provisions | -                       | (0.2)                    | (0.2)      |
| <b>June 30, 2018</b>            | <b>0.6</b>              | <b>0.6</b>               | <b>1.2</b> |

Cash outflows covered by provisions for other contingencies will amount to €0.6 million within the next 12 months and €0.6 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, 2017 and June 30, 2018.

### 21 Commitments and contingencies

#### 21.1 Commercial commitments

At June 30, 2018, Chargeurs SA and its subsidiaries had given firm commitments to purchase manufacturing assets representing an aggregate amount of €7.9 million.

#### 21.2 Guarantees

At June 30, 2018, Chargeurs SA and its subsidiaries had given guarantees for a total of €30.6 million related to the Group’s financing.

**First-Half 2018 Consolidated Financial Statements****21.3 Collateral**

At June 30, 2018, Chargeurs SA and its subsidiaries had granted collateral representing a total of €3.5 million.

**21.4 Operating leases**

Future minimum payments under operating leases break down as follows by maturity:

| <i>(in euro millions)</i>   | June 30, 2018 |
|-----------------------------|---------------|
| Due in less than one year   | 4.5           |
| Due in one to five years    | 12.7          |
| Due in more than five years | 3.7           |
| <b>Total</b>                | <b>20.9</b>   |

**22 Subsequent events**

On August 27, 2018, Chargeurs Fashion Technologies, the world's second largest interlinings manufacturer, announced that it had completed the acquisition of the interlinings business of Precision Custom Coatings (PCC). The transaction consisted of a share deal for PCC Asia and an asset deal for the PCC USA interlinings business.

The acquisition, which is a major milestone for Chargeurs Fashion Technologies' expansion in the United States and Asia, will extend the unit's global geographic footprint and thrust it into a new category of high-performance, engineered apparel, such as upscale outerwear.

Created in 1987, PCC Interlining has grown steadily over the past 30 years and today ranks among the world's five leading interlinings manufacturers. It employs 300 people in around a dozen countries worldwide. In 2017, the company generated USD 80 million in revenue (of which more than 90% in Asia) and USD 8.6 million in recurring operating profit.

**23 Seasonal fluctuations in business**

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

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## 24 Main consolidated companies

At June 30, 2018, 64 companies were fully consolidated (compared with 58 in 2017), and 9 were accounted for by the equity method (unchanged from 2017).

|                       |                     |
|-----------------------|---------------------|
| <b>Parent company</b> | <b>Chargeurs SA</b> |
|-----------------------|---------------------|

|                                              |
|----------------------------------------------|
| <b>A – Main fully consolidated companies</b> |
|----------------------------------------------|

|               |                                                                                                |
|---------------|------------------------------------------------------------------------------------------------|
| 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)                                                                           |

|                                 |
|---------------------------------|
| <b>Protective Films segment</b> |
|---------------------------------|

|                                        |                                                                                                                                                                                        |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Holding company for the segment</b> | <b>Chargeurs Films de Protection SA</b>                                                                                                                                                |
| 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)                                                                                                                   |

|                                     |
|-------------------------------------|
| <b>Fashion Technologies segment</b> |
|-------------------------------------|

|                                        |                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Holding company for the segment</b> | <b>Fitexin</b>                                                                                                                                                                                                                                                                                                                                                 |
| 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 (Hong Kong) – 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) |

|                                     |
|-------------------------------------|
| <b>Technical Substrates segment</b> |
|-------------------------------------|

|                |                                                     |
|----------------|-----------------------------------------------------|
| France         | Senfa                                               |
| United Kingdom | A.H. Leach & Company Limited – Leach Colour Limited |

|                                 |
|---------------------------------|
| <b>Luxury Materials segment</b> |
|---------------------------------|

|                                        |                                          |
|----------------------------------------|------------------------------------------|
| <b>Holding company for the segment</b> | <b>Chargeurs Wool Holding GmbH</b>       |
| France                                 | Chargeurs Wool (Eurasia) SAS             |
| Italy                                  | Chargeurs Wool Sales (Europe) S.r.l.     |
| New Zealand                            | Chargeurs Wool NZ Limited (New Zealand)  |
| North America                          | Chargeurs Wool USA Inc. (United States)  |
| South America                          | Alvissey (Uruguay) – Nuovalane (Uruguay) |

## First-Half 2018 Consolidated Financial Statements

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

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|               |                                                                                                                                                                                           |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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                                                                                            |

The percentages indicated correspond to Chargeurs' percentage of control at June 30, 2018 for companies that are not almost or entirely wholly owned by the Group.



## 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 2018. 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 2018, there were no material changes in the nature and volume of related party transactions.

September 5<sup>th</sup>, 2018



## 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, 2018 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 5<sup>th</sup>, 2018

**Michaël FRIBOURG**  
Chairman & Chief Executive Officer

**CHARGEURS S.A.**

**Statutory Auditors' report on the 2018 Half-year Financial  
Information**

**(For the period from January 1 to June 30, 2018)**

**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 2018 Half-year Financial Information**  
**(For the period from January 1 to June 30, 2018)**

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, 2018 ;
- 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 5, 2018

The Statutory Auditors,

PricewaterhouseCoopers Audit

HAF Audit & Conseil  
Membre de Crowe Global

Eric Bertier

Marc de Prémare