

Third quarter 2018 earnings

November 13, 2018 - 6.00pm CET

9 months

- > **Sales** **€1,438m (+8.6% vs. September 30, 2017)**
- > **EBITDA** **€94m (6.5% of sales)**
- > **Net income (group share)** **€52m**

On November 13, 2018 the Board of Directors chaired by Éric Jacquet examined the consolidated financial statements for the period ended September 30, 2018.

€m	Q3 2018	Q3 2017	30.09.18 9 months	30.09.17 9 months
Sales	453.7	412.5	1,437.7	1,323.2
Gross margin	107.9	99.2	356.8	335.2
% of sales	23.8%	24.1%	24.8%	25.3%
EBITDA¹	26.7	22.1	94.1	82.8
% of sales	5.9%	5.4%	6.5%	6.3%
Adjusted operating income¹	20.9	16.6	78.9	66.7
% of sales	4.6%	4.0%	5.5%	5.0%
Operating income	20.4	16.8	82.5	66.0
Net income (Group share)	11.8	9.4	52.4	37.1

¹ Adjusted for non-recurring items The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

Sales and earnings for the period ended September 30, 2018

Sales amounted to €1,438 million, +8.6% compared to September 30, 2017 (Q3: +10%), including the following effects:

- > Volumes sold: +1.3% (Q3: -1.9%)
- > Price: +7.3% (Q3: +11.9%). The price effect compared to Q2 2018 was +2.9%.

Gross margin amounted to €356.8 million, representing 24.8% of sales (Q3: 23.8%) compared to €335.2 million (25.3% of sales, Q3: 24.1%) as of September 30, 2017.

Operating expenses excluding non recurring items amounted to €277.9 million, +3.5% compared to €268.6 million as of September 30, 2017 mainly due to the increase in Group activity.

EBITDA increased +13.6% and amounted to €94.1 million (Q3: 26.7 million), representing 6.5% of sales, compared to €82.8 million (6.3% of sales) as of September 30, 2017.




Net income (Group share) amounted to €52.4 million (3.6% of sales) compared to €37.1 million (2.8% of sales) as of September 30, 2017.

Financial position

As of September 30, 2018, operating working capital represented 25.4% of sales and amounted to €471 million (including inventories of €499 million) compared to €383 million (including inventories of €418 million) as of December 31, 2017.

As a result, as of September 30, 2018, Group net debt amounted to €238 million, compared to shareholders' equity of €364 million, resulting in a net debt to equity ratio (gearing) of 65.5% (55.2% as of December 31, 2017).

Earnings as of September 30, 2018 by division

	 ABRASERVICE Stainless steel and wear-resistant quarto plates		 Stainless steel long products		 Engineering steels	
m€	Q3 2018	30.09.18 9 months	Q3 2018	30.09.18 9 months	Q3 2018	30.09.18 9 months
Sales	100.9	311.7	126.6	379.5	225.7	745.1
Change y.o.y.	11.3%	8.7%	13.9%	7.9%	8.3%	9.4%
Price effect	14.1%	5.0%	12.0%	3.8%	10.9%	10.1%
Volume effect	-2.8%	3.7%	1.9%	4.1%	-2.7%	-0.7%
EBITDA^{1 2}	9.6	27.4	6.7	21.6	9.2	40.1
% of sales	9.6%	8.8%	5.3%	5.7%	4.1%	5.4%
Adjusted operating income²	7.6	21.6	5.7	19.7	7.1	34.8
% of sales	7.6%	6.9%	4.5%	5.2%	3.2%	4.7%

¹ Non-division operations (including Jacquet Metal Service SA) contributed €1.2 million to Q3 2018 EBITDA and €5 million as of September 30, 2018.

² Adjusted for non-recurring items. Non IFRS financial indicators are specified in the Activity Report.

JACQUET – Abraservice specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. The division generates 73% of sales in Europe and 20% in North America.

Sales amounted to €311.7 million, up +8.7% from €286.6 million as of September 30, 2017: volumes sold +3.7% (Q3: -2.8%), prices +5% (Q3: +14.1%). The price effect compared to Q2 2018 was +4.4%.

The gross margin amounted to €101.5 million and represented 32.6% of sales (Q3: 33.1%) compared to €86.8 million (30.3% of sales, Q3: 29.1%) as of September 30, 2017.

EBITDA amounted to €27.4 million representing 8.8% of sales (Q3: 9.6%) compared to €17.7 million (6.2% of sales, Q3: 4.6%) as of September 30, 2017.

STAPPERT specializes in the distribution of stainless steel long products in Europe. The division generates 43% of sales in Germany, the largest European market.

Sales amounted to €379.5 million, up +7.9% from €351.7 million as of September 30, 2017: volumes sold +4.1% (Q3: +1.9%), prices +3.8% (Q3: +12%). The price effect compared to Q2 2018 was +4.1%.

The gross margin amounted to €81.2 million and represented 21.4% of sales (Q3: 20.5%) compared to €79.3 million (22.6% of sales, Q3: 20.9%) as of September 30, 2017.

EBITDA amounted to €21.6 million and represented 5.7% of sales (Q3: 5.3%) compared to €22.2 million (6.3% of sales, Q3: 4.9%) as of September 30, 2017.

IMS group specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 48% of sales in Germany, the largest European market.

Sales amounted to €745.1 million, up +9.4% from €681.2 million as of September 30, 2017: volumes sold -0.7% (Q3: -2.7%), prices +10.1% (Q3: +10.9%). The price effect compared to Q2 2018 was +1.6%.

The gross margin amounted to €172.6 million and represented 23.2% of sales (Q3: 21.8%) compared to 164.6 million (24.2% of sales, Q3: 23%) as of September 30, 2017.

EBITDA amounted to €40.1 million and represented 5.4% of sales (Q3: 4.1%) compared to €35.3 million (5.2% of sales, Q3: 4.2%) as of September 30, 2017.

Key financial information

Income statement

€m	30.09.18 9 months	30.09.17 9 months
Sales	1,437.7	1,323.2
Gross margin	356.8	335.2
% of sales	24.8%	25.3%
EBITDA¹	94.1	82.8
% of sales	6.5%	6.3%
Adjusted operating income¹	78.9	66.7
% of sales	5.5%	5.0%
Operating income	82.5	66.0
Net income (Group share)	52.4	37.1

¹ Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

Cash flow

€m	30.09.18 9 months	30.09.17 9 months
Operating cash flow before change in working capital	76.3	67.2
Change in working capital	(92.4)	(8.8)
Cash flow from operating activities	(16.2)	58.4
Capital expenditure	(16.2)	(20.2)
Asset disposals	4.3	0.9
Dividends paid to shareholders of Jacquet Metal Service SA	(16.6)	(11.8)
Interest paid	(7.4)	(7.5)
Other movements	(3.4)	(4.0)
Change in net debt	(55.4)	15.8
Net debt brought forward	183.1	205.3
Net debt carried forward	238.5	189.5

Balance sheet

€m	30.09.18	31.12.17
Goodwill	68.3	68.3
Net non-current assets	155.3	156.2
Net inventory	499.1	418.0
Net trade receivables	218.2	189.3
Other assets	101.9	93.9
Cash & cash equivalents	108.0	102.1
Total assets	1,150.9	1,027.9
Shareholders' equity	364.3	331.8
Provisions (including provisions for employee benefit obligations)	102.7	106.5
Trade payables	246.8	224.0
Total borrowings	350.3	289.6
Other liabilities	86.8	75.9
Total equity and liabilities	1,150.9	1,027.9

Activity report available: www.jacquetmetalservice.com

2018 Full year results: March 13, 2019 after close of trading

Jacquet Metal Service is a European leader in the distribution of specialty steels. The Group operates and develops a portfolio currently comprising four brands: JACQUET (stainless steel quarto plates), STAPPERT (long stainless steel products), Abraservice (wear-resistant quarto plates) and IMS group (engineering steels). With 3,329 employees, Jacquet Metal Service has a network of 110 distribution centers located in 25 countries in Europe, China and North America.