

2017 Annual results

March 7, 2018 - 6.00 pm CET

- ▶ Sales **€1,741 million (+9.6% vs. 2016)**
- ▶ EBITDA **€106.4 million (6.1% of sales)**
- ▶ Net income (Group share) **€46.2 million (2.7% of sales)**

On March 7, 2018 the Board of Directors, chaired by Éric Jacquet, examined the consolidated financial statements for the year ended December 31, 2017.

€m	Q4 2017	Q4 2016	2017	2016
Sales	417.9	369.5	1,741.1	1,588.3
Gross margin	107.8	95.1	443.0	385.9
% of sales	25.8%	25.7%	25.4%	24.3%
EBITDA¹	23.6	14.5	106.4	54.7
% of sales	5.7%	3.9%	6.1%	3.4%
Adjusted operating income¹	17.5	7.8	84.2	33.5
% of sales	4.2%	2.1%	4.8%	2.1%
Operating income ²	14.8	14.2	80.8	40.8
Net income (Group share)²	9.1	8.3	46.2	16.0

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.

² 2016 operating income and net income (Group share) include a non-recurring income of €6.4 million recorded in the fourth quarter and relating to the adjustment to the S+B Distribution acquisition price.

2017 Sales and earnings

Headlines

2017 was marked by:

- ▶ The positive impacts of measures to improve operating efficiency of S+B Distribution, which contributed €15.8 million to Group EBITDA in 2017 (versus €2.6 million in 2016 and a €6.2 million loss in 2015).
- ▶ 2017 sale prices +8.6% above 2016 sale prices, which were down 8% compared to 2015 sale prices.
- ▶ A +4.1% increase in volumes sold (excluding S+B Distribution).

In this context, all divisions improved their profitability. Accordingly, the Group's gross margin rose from 24.3% in 2016 to 25.4% in 2017, while EBITDA increased by 95% from €54.7 million in 2016 to €106.4 million in 2017.

Fourth quarter 2017

Group sales amounted to €418 million, +13.1% compared to Q4 2016, with the following effects:

- ▶ Volumes: +7.3%.
- ▶ Price: +5.8%. The price effect compared to Q3 2017 was +2.4%.

Group EBITDA came to €23.6 million (5.7% of sales) compared to €14.5 million (3.9% of sales) in Q4 2016.

Net income (Group share) amounted to €9.1 million compared to €8.3 million last year. Q4 2016 net income (Group share) includes a non-recurring income of €6.4 million relating to the adjustment to the S+B Distribution acquisition price.

Full-year results

Group sales amounted to €1,741 million, +9.6% compared to 2016, including the following effects:

- ▶ Volumes: +1% (+4.1% excluding S+B Distribution),
- ▶ Price: +8.6%.

Gross margin amounted to €443 million, representing 25.4% of sales (Q4: 25.8%) compared to 24.3% in 2016.

Operating expenses excluding non-recurring items amounted to €358.8 million in 2017, a 1.8% increase from €352.4 million in 2016 mainly due to the increase in Group sales and profit margins.

As a result, EBITDA came to €106.4 million (6.1% of sales) compared to €54.7 million (3.4% of sales) in 2016.

Net income (Group share) came to €46.2 million (2.7% of sales) compared to €16 million (1% of sales) in 2016.




Financial position at December 31, 2017

In 2017 the Group generated operating cash flow of €79.9 million (versus €43.1 million in 2016) and incurred capital expenditure of €31.9 million (versus €19.2 million in 2016).

As of December 31, 2017, operating working capital amounted to €383 million, including inventory of €418 million, and represented 22% of sales versus 23.4% at December 31, 2016. Group net debt stood at €183 million (€205 million at the end of 2016) compared to shareholders' equity of €332 million, resulting in a net debt to equity ratio of 55.2% compared to 69.2% at December 31, 2016.

In February 2018, the Group issued a Schuldscheindarlehen (private placement of debt instruments under German law) for €150 million. Maturing in April 2023 (repayable at maturity) and subject to improved financial conditions, this placement is intended to refinance the existing Schuldscheindarlehen (€88 million, maturing in October 2020) and to finance ongoing business and Group's development.

2017 Earnings by division

€m	 ABRASERVICE Stainless steel and wear-resistant quarto plates		 Stainless steel long products		 Engineering steels	
	Q4 2017	2017	Q4 2017	2017	Q4 2017	2017
Sales	91.8	378.4	105.0	456.6	219.4	900.6
Change vs. 2016	19.2%	17.0%	9.8%	9.8%	12.1%	6.4%
Price effect	4.2%	8.9%	7.4%	12.1%	5.4%	6.9%
Volume effect	15.0%	8.1%	2.5%	-2.2%	6.7%	-0.5%
EBITDA^{1,2}	4.9	22.6	6.0	28.2	8.9	44.2
% of sales	5.3%	6.0%	5.7%	6.2%	4.1%	4.9%
Adjusted operating income²	2.9	13.7	4.9	25.6	6.8	36.3
% of sales	3.1%	3.6%	4.7%	5.6%	3.1%	4.0%

¹ Non-division operations contributed €3.9 million to Q4 2017 EBITDA and €11.4 million to 2017 EBITDA.

² Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

The **JACQUET – Abraservice** division specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. It generated 74% of its business in Europe and 18% in North America.

2017 sales amounted to €378.4 million, a 17% increase compared to 2016 (Q4: +19.2%), including the following effects:

- ▶ Volumes: +8.1% (Q4: +15%)
- ▶ Price: +8.9% (Q4: +4.2%).

The gross margin rate came to 30.4% (Q4: 30.8%), while gross margin came to €115.1 million compared to €99.6 million in 2016.

EBITDA came to €22.6 million (6% of sales) compared to €10.8 million (3.3% of sales) in 2016.

The **STAPPERT** division specializes in the distribution of long stainless steel products in Europe. It generated 41% of its sales in Germany, the largest European market.

Sales amounted to €456.6 million, a 9.8% increase from €415.8 million in 2016 (Q4: +9.8%), including the following effects:

- ▶ Volumes: -2.2% (Q4: +2.5%)
- ▶ Price: +12.1% (Q4: +7.4%).

The gross margin rate rose 1 percentage point to 22.7%, while gross margin came to €103.7 million compared to €90.2 million in 2016.

EBITDA came to €28.2 million (6.2% of sales) compared to €16.3 million (3.9% of sales) in 2016.

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

Sales amounted to €900.6 million, a 6.4% increase compared to 2016 (Q4: +12.1%), including the following effects:

- ▶ Volumes: -0.5% (Q4: +6.7%)
- ▶ Price: +6.9% (Q4: +5.4%).

The gross margin rate rose 1.6 percentage point to 24.1% (Q4: 24.1%), while gross margin came to €217.5 million compared to €190.8 million in 2016.

EBITDA amounted to €44.2 million (4.9% of sales) compared to €18.3 million (2.2% of sales) in 2016. S+B Distribution (the distribution business purchased from the Schmolz+Bickenbach group in July 2015) contributed €15.8 million to EBITDA (3.1% of sales) versus €2.6 million in 2016 (0.5% of sales).

Key financial information

Income statement

€m	2017	2016
Sales	1,741.1	1,588.3
Gross margin	443.0	385.9
% of sales	25.4%	24.3%
EBITDA¹	106.4	54.7
% of sales	6.1%	3.4%
Adjusted operating income¹	84.2	33.5
% of sales	4.8%	2.1%
Operating income ²	80.8	40.8
Net income (Group share)²	46.2	16.0

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.

² 2016 operating income and net income (Group share) include a non-recurring income of €6.4 million recorded in the fourth quarter and relating to the adjustment to the S+B Distribution acquisition price.

Balance sheet

€m	31.12.17	31.12.16
Goodwill	68.3	68.5
Net non-current assets	156.2	147.6
Net inventory	418.0	376.2
Net trade receivables	189.3	171.3
Other assets	94.0	91.7
Cash & cash equivalents	102.1	73.0
Total assets	1,027.9	928.3
Shareholders' equity	331.8	296.5
Provisions (including provisions for employee benefit obligations)	106.5	112.3
Trade payables	224.0	176.4
Total borrowings	289.6	281.2
Other liabilities	76.0	61.8
Total equity and liabilities	1,027.9	928.3

Cash flow

€m	2017	2016
Operating cash flow before change in working capital	89.2	45.3
Change in working capital	(9.3)	(2.2)
Cash flow from operating activities	79.9	43.1
Capital expenditure	(31.9)	(19.2)
Asset disposals	1.0	1.2
Dividends paid to shareholders of Jacquet Metal Service SA	(11.8)	(9.5)
Interest paid	(10.0)	(9.6)
Other movements	(5.0)	2.3
Change in net debt	22.1	8.3
Net debt brought forward	205.3	213.5
Net debt carried forward	183.1	205.3

Activity report available: www.jacquetmetalservice.com. – Q1 2018 release: Friday, May 4, 2018 before start 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.