

2018 annual results

March 13, 2019 – 6.00 pm CET

> Sales	€1,865 million	(+ 7% vs. 2017)
> EBITDA ¹	€112 million	(+ 5% vs. 2017)
> Net income (Group share)	€62 million	(+ 33% vs. 2017)

On March 13, 2019 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the period ended December 31, 2018, which have been audited by the Statutory Auditors.

€m	Q4 2018	Q4 2017	2018	2017
Sales	427.4	417.9	1,865.0	1,741.1
Gross margin	104.2	107.8	461.0	443.0
% of sales	24.4%	25.8%	24.7%	25.4%
EBITDA¹	17.7	23.6	111.8	106.4
% of sales	4.1%	5.7%	6.0%	6.1%
Adjusted operating income¹	16.4	17.5	95.3	84.2
% of sales	3.8%	4.2%	5.1%	4.8%
Operating income	16.2	14.8	98.6	80.8
Net income (Group share)	9.2	9.1	61.6	46.2

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.

2018 headlines

The Group performed well in 2018: sales reached a record high of €1.9 billion, up 7%, while EBITDA amounted to €112 million (6% of sales). Market conditions were satisfactory overall in 2018, although the second half saw a slowdown particularly in sales of long products.

While paying attention to preserve its financial sustainability and control of operating expenses, the Group, which generated operating cash flow of €25 million in 2018, pursued a sustained capital expenditure policy aimed at strengthening its market positioning.

Furthermore, the Group sold off a number of non-strategic assets during the year, generating total proceeds of €15 million. Discontinued operations generated annual sales of €50 million.

In 2019, with initial market conditions in line with trends seen towards the end of 2018, the Group plans to continue developing each of its brands while seeking opportunities for growth.

2018 sales and earnings

Sales amounted to €1,865 million, +7.1% compared to 2017 (Q4: +2.3%), including the following effects:

- > Volumes: +0.1% (Q4: -4.5%) with varying trends for each brand. While JACQUET, Abraservice and STAPPERT volumes increased +2.5% overall in 2018 (Q4: -2.5%), IMS group volumes were down -2.2% compared to 2017 (Q4: -6.9%).
- > Price: +7.4% (Q4: +7.3%). Q4 2018 prices were down -1.6% compared to Q3 2018, leading to a decrease in profit margins.
- > Change in consolidation: -0.3% (Q4: -0.5%).

2018 gross margin amounted to €461 million or 24.7% of sales (Q4: 24.4%), compared to €443 million or 25.4% of sales in 2017 (Q4: 25.8%).

Operating expenses have been controlled, +1.9% compared to 2017, mainly due to the increase in sales and earnings, as well as the strengthening of certain central functions. Operating expenses amounted to €366 million compared to €359 million in 2017.

In this context, adjusted operating income increased by 13% to amount to €95.3 million (5.1% of sales), compared to €84.2 million (4.8% of sales) in 2017. EBITDA rose 5% to €111.8 million or 6% of sales.

After accounting for €4 million in capital gains on sales of assets, net income (Group share) came to €61.6 million (3.3% of sales), compared to €46.2 million in 2017 (2.7% of sales).




Financial position

In 2018, the Group generated operating cash flow of +€25 million.

As of December 31, 2018, operating working capital represented 24% of sales and amounted to €447 million (including inventories of €493 million), versus €383 million (including inventories of €418 million) at December 31, 2017. The increase in inventories is mainly due to the increase in sales.

As a result, as of December 31, 2018, Group net debt stood at €215 million compared to shareholders' equity of €377 million, resulting in a net debt to equity ratio of 56.9% (55.2% as of December 31, 2017).

2018 earnings by division

	 ABRASERVICE Stainless steel and wear resistant steel quarto plates		 Stainless steel long products		 Engineering steels	
€m	Q4 2018	2018	Q4 2018	2018	Q4 2018	2018
Sales	97.9	409.5	107.0	486.5	222.1	967.2
Change vs 2017	6.6%	8.2%	1.9%	6.5%	1.2%	7.4%
Price effect	7.7%	5.6%	5.6%	4.2%	8.2%	9.6%
Volume effect	-1.1%	2.6%	-3.7%	2.3%	-6.9%	-2.2%
EBITDA¹²	6.8	34.3	4.0	25.6	3.3	43.3
% of sales	7.0%	8.4%	3.8%	5.3%	1.5%	4.5%
Adjusted operating income²	4.5	26.2	4.0	23.7	3.9	38.7
% of sales	4.6%	6.4%	3.7%	4.9%	1.8%	4.0%

¹ Non-division operations contributed €3.6 million to Q4 2018 EBITDA and €8.6 million to 2018 full-year 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.

JACQUET - Abraservice

specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. The division generates 72% of its business in Europe and 20% in North America.

Sales amounted to €409.5 million, +8.2% from €378.4 million in 2017 (Q4: +6.6%):

- > volumes sold increased by +2.6% (Q4: -1.1%),
- > prices rose +5.6% (Q4: +7.7%).
In Q4 2018, the price effect compared to Q3 2018 was -1.4%.

Gross margin amounted to €133.8 million or 32.7% of sales (Q4: 33%) compared to €115.1 million in 2017 (30.4% of sales, Q4: 30.8%).

EBITDA amounted to €34.3 million representing 8.4% of sales (Q4: 7%) compared to €22.6 million in 2017 (6% of sales, Q4: 5.3%).

STAPPERT specializes in the distribution of stainless steel long products in Europe. The division generates 42% of its sales in Germany, the largest European market.

Sales amounted to €486.5 million, +6.5% from €456.6 million in 2017 (Q4: +1.9%):

- > volumes sold increased by +2.3% (Q4: -3.7%),
- > prices rose +4.2% (Q4: +5.6%).
In Q4 2018, the price effect compared to Q3 2018 was -2.6%.

Gross margin amounted to €103.8 million or 21.3% of sales (Q4: 21.1%) compared to €103.7 million in 2017 (22.7% of sales, Q4: 23.2%).

EBITDA amounted to €25.6 million representing 5.3% of sales (Q4: 3.8%) compared to €28.2 million in 2017 (6.2% of sales, Q4: 5.7%).

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

Sales amounted to €967.2 million, +7.4% from €900.6 million in 2017 (Q4: +1.2%):

- > volumes sold were down -2.2% (Q4: -6.9%),
- > prices rose +9.6% (Q4: +8.2%).
In Q4 2018, the price effect compared to Q3 2018 was -1.1%.

Gross margin amounted to €221.3 million or 22.9% of sales (Q4: 21.9%) compared to €217.5 million in 2017 (24.1% of sales, Q4: 24.1%).

EBITDA amounted to €43.3 million representing 4.5% of sales (Q4: 1.5%) compared to €44.2 million in 2017 (4.9% of sales, Q4: 4.1%).

Key financial information

Income statement

€m	Q4 2018	Q4 2017	2018	2017
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Gross margin	104.2	107.8	461.0	443.0
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EBITDA¹	17.7	23.6	111.8	106.4
% of sales	4.1%	5.7%	6.0%	6.1%
Adjusted operating income¹	16.4	17.5	95.3	84.2
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Operating income	16.2	14.8	98.6	80.8
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Cash flow

€m	2018	2017
Operating cash flow before change in working capital	91.3	89.2
Change in working capital	(66.6)	(9.3)
Cash flow from operating activities	24.7	79.9
Capital expenditure	(24.2)	(31.9)
Asset disposals	15.4	1.0
Dividends paid to shareholders of Jacquet Metal Service SA	(16.6)	(11.8)
Interest paid	(11.0)	(10.0)
Other movements	(19.8)	(5.0)
Change in net debt	(31.4)	22.1
Net debt brought forward	183.1	205.3
Net debt carried forward	214.5	183.1

Balance sheet

€m	31.12.2018	31.12.2017
Goodwill	68.3	68.3
Net non-current assets	155.9	156.2
Net inventory	493.0	418.0
Net trade receivables	182.4	189.3
Other assets	100.2	94.0
Cash & cash equivalents	119.4	102.1
Total assets	1,119.0	1,027.9
Shareholders' equity	376.8	331.8
Provisions (including provisions for employee benefit obligations)	96.2	106.5
Trade payables	228.3	224.0
Total borrowings	337.8	289.6
Other liabilities	80.0	76.0
Total equity and liabilities	1,119.0	1,027.9

Activity report available: www.jacquetmetalservice.com – **Q1 2019 results:** May 14, 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 which currently consists of four brands: **JACQUET** stainless steel quarto plates - **STAPPERT** stainless steel long products - **Abraservice** wear-resistant quarto plates - **IMS group** engineering steels. With a headcount of 3,291 employees, Jacquet Metal Service has a network of 111 distribution centers in 25 countries in Europe, China and North America.