

Third quarter 2016

- Sales **€379.2 million**
- EBITDA⁽¹⁾ **€15.9 million (4.2% of sales)**

On November 8, 2016, the Board of Directors, chaired by Eric Jacquet, examined the unaudited consolidated financial statements for the nine months ended September 30, 2016.

€m	Q3 2016	Q3 2015 ⁽²⁾	2016 9-month	2015 9-month ⁽²⁾
Sales	379.2	378.0	1,218.8	1,000.8
Gross margin	95.2	78.2	290.8	228.7
% of sales	25.1%	20.7%	23.9%	22.8%
EBITDA⁽¹⁾	15.9	9.4	40.1	37.4
% of sales	4.2%	2.5%	3.3%	3.7%
Operating income before non-recurring items⁽¹⁾	11.7	3.7	25.7	24.4
% of sales	3.1%	0.9%	2.1%	2.4%
Operating income	12.1	52.7 ⁽³⁾	26.6	73.3 ⁽³⁾
Net income (Group share)	5.4	48.7⁽³⁾	7.8	59.6⁽³⁾

⁽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⁾ Including from July 22, 2015 the distribution business acquired from Schmolz+Bickenbach

⁽³⁾ Q3 2015 operating income and net income (Group share) include non-recurring income of €48.9 million related to the Schmolz+Bickenbach acquisition

Third quarter 2016 sales and earnings

Group third quarter 2016 sales amounted to €379.2 million, up +0.3% from third quarter 2015, including the following effects:

- Consolidation: +7.2% corresponding to Schmolz+Bickenbach Distribution sales of €27.1 million for the period July 1 to July 22, 2016, the anniversary of its acquisition.
- Volumes sold: +0.5%. Excluding Schmolz+Bickenbach Distribution, Group volume growth amounted to +2.3%.
- Price: -7.3%. Sale prices are still 7.3% below the prices observed during third quarter 2015, but are 2.4% up on Q2 2016 prices.

Gross margin amounted to €95.2 million or 25.1% of sales (25.4% at constant consolidation) versus 20.7% in Q3 2015.

At constant consolidation, operating expenses before non-recurring items were flat compared to Q3 2015.

As a result, EBITDA came to €15.9 million (4.2% of sales versus 2.5% in Q3 2015), while operating income before non-recurring items amounted to €11.7 million (3.1% of sales versus 0,9% in Q3 2015).

Net income (Group share) for third quarter 2016 amounted to €5.4 million (versus €48.7 million for Q3 2015, including non-recurring income of €48.9 million).

Sales and earnings for the period ended September 30, 2016 (9 months)

Group sales for the nine months ended September 30, 2016 amounted to €1,218.8 million, up +21.8% from the previous year and including the following effects:

- Consolidation: +29.4% corresponding to Schmolz+Bickenbach Distribution sales of €294 million for the period January 1 to July 22, 2016.
- Volumes sold: +3.6%
- Price: -11.2%

EBITDA for the first nine months ended September 30, 2016 came to €40.1 million (3.3% of sales), while operating income before non-recurring items amounted to €25.7 million (2.1% of sales) versus €24.4 million the previous year.




Net income (Group share) amounted to €7.8 million.

Financial position

As of September 30, 2016, operating working capital amounted to €376.4 million, or 23.6% of sales versus 27% as of December 31, 2015. Over the first nine months of 2016, the Group generated operating cash flow of €33.4 million, while capital expenditure totalled €11.9 million.

As of September 30, 2016, Group net debt stood at €208.2 million compared to shareholders' equity of €289.9 million, resulting in a net debt to equity ratio of 71.8% compared to 72.3% at December 31, 2015.

Earnings per division

	 JACQUET ABRASERVICE Stainless steel and wear-resistant quarto plates		 STAPPERT Long stainless steel products		 ims Engineering steels	
€m	Q3 2016	2016 9-month	Q3 2016	2016 9-month	Q3 2016	2016 9-month
Sales	77.4	246.5	103.5	320.3	197.1	650.9
Change vs 2015	-3.1%	-5.8%	-5.1%	-7.4%	+3.8%	+64.8%
Price effect	-8.4%	-14.9%	-8.0%	-13.0%	-6.5%	-6.9%
Volume effect	+5.3%	+9.1%	+2.9%	+5.6%	-4.0%	-2.9%
Change in consolidation	0.0%	0.0%	0.0%	0.0%	+14.3%	+74.5%
EBITDA ⁽¹⁾ ⁽²⁾	3.0	7.6	6.5	13.2	4.4	13.8
% of sales	3.9%	3.1%	6.3%	4.1%	2.2%	2.1%
Operating income before non-recurring items ⁽²⁾	1.2	1.9	5.7	11.5	3.4	8.8
% of sales	1.5%	0.8%	5.5%	3.6%	1.7%	1.4%

⁽¹⁾ Non-division operations (including Jacquet Metal Service SA) contributed €2.0 million to Q3 2016 EBITDA and €5.5 million to 2016 9-month 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

Third quarter volumes increased +5.3% compared to Q3 2015. Sales came to €77.4 million, down 3.1% from €79.8 million in Q3 2015, impacted by the 8.4% fall in sale prices compared to Q3 2015. The Q3 2016 price effect compared to Q2 2016 was +3.2%.

The gross margin rate rose 4.4 percentage points to 31.1%, while gross margin came to €24.1 million compared to €21.3 million in Q3 2015.

EBITDA amounted to €3 million, or 3.9% of sales, up from €1.4 million or 1.8% of sales in Q3 2015.

The division posted sales of €246.5 million for the nine months ended September 30, 2016, down 5.8% from €261.6 million in the previous year (+9.1% volume effect; -14.9% price effect). Nine-month EBITDA was €7.6 million, or 3.1% of sales, up from 2.9% in 2015.

Stappert

Third quarter volumes were up +2.9% from Q3 2015. Sales came to €103.5 million, down 5.1% from €109.1 million in Q3 2015, impacted by the 8% drop in sale prices compared to Q3 2015. The Q3 2016 price effect compared to Q2 2016 was +4.6%.

The gross margin rate rose 5 percentage points to 23.7%, while gross margin came to €24.6 million compared to €20.4 million in Q3 2015.

EBITDA came to €6.5 million, or 6.3% of sales, up from €3.1 million or 2.9% of sales in Q3 2015.

The division posted sales of €320.3 million for the nine months ended September 30, 2016, down 7.4% from €345.9 million in the previous year (+5.6% volume effect; -13% price effect). Nine-month EBITDA was €13.2 million, or 4.1% of sales, up from 3.9% in 2015.

IMS group

Schmolz+Bickenbach Distribution has been part of this division since July 22, 2015.

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Third quarter 2016 sales amounted to €197.1 million, up +3.8% from €189.8 million in Q3 2015, including the following effects:

- Consolidation: +14.3% corresponding to Schmolz+Bickenbach Distribution sales of €27.1 million for the period July 1 to July 22, 2016.
- Volumes sold: -4%. This reduction is mainly due to challenging conditions in the German engineering steels market and the decision taken by Schmolz+Bickenbach Distribution to stop distributing a number of non-strategic product lines.
- Price: -6.5%. The Q3 2016 price effect compared to Q2 2016 was +1%.

The gross margin rate rose 4.3 percentage points from 18.6% in Q3 2015 to 22.9%. EBITDA came to €4.4 million, or 2.2% of sales, up from €1.2 million or 0.6% of sales in Q3 2015.

IMS group sales for the first nine months of 2016 amounted to €650.9 million, up +64.8% from €395 million last year (-2.9% volume effect; -6.9% price effect; +74.5% change in consolidation corresponding to Schmolz+Bickenbach Distribution sales from January 1 to July 22, 2016).

Nine-month EBITDA came to €13.8 million, or 2.1% of sales, up from €10.7 million in 2015.

For 2016, the division is focusing mainly on integrating and turning around the business of Schmolz+Bickenbach Distribution.

**September 30, 2016 interim report available: www.jacquetmetalservice.com
2016 Annual report: March 15, 2017 after close of trading**

Jacquet Metal Service is a European leader in the distribution of specialty steels. The Group operates and develops a portfolio of four brands: JACQUET (stainless steel quarto plates), Stappert (long stainless steel products), Abraservice (wear-resistant quarto plates) and IMS group (engineering steels). Jacquet Metal Service employs 3,356 people and has a network of 109 distribution centers across 26 countries spanning Europe, China and North America.

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