

March 15th, 2017

2016 annual results

- Sales **€1,588 million (up +15.3% from 2015)**
- EBITDA **€54.7 million**
- Net income (Group share) **€16 million**

On March 15, 2017 the Board of Directors, chaired by Eric Jacquet, approved the consolidated financial statements for the year ended December 31, 2016.

€m	Q4 2016	Q4 2015	2016	2015 ⁽²⁾
Sales	369.5	376.7	1,588.3	1,377.5
Gross margin	95.1	83.2	385.9	311.9
% of sales	25.7%	22.1%	24.3%	22.6%
EBITDA⁽¹⁾	14.5	0.7	54.7	38.0
% of sales	3.9%	0.2%	3.4%	2.8%
Operating income/(loss) before non-recurring items⁽¹⁾	7.8	(2.7)	33.5	21.7
% of sales	2.1%	-0.7%	2.1%	1.6%
Operating income/(loss)	14.2 ⁽³⁾	(2.5)	40.8 ⁽³⁾	70.8 ⁽⁴⁾
Net income/(loss) (Group share)	8.3⁽³⁾	(9.1)	16.0⁽³⁾	50.5⁽⁴⁾

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

⁽²⁾ Includes Schmolz+Bickenbach Distribution: acquisition of six companies operating in Germany, Austria, the Netherlands and Belgium on July 22, 2015.

⁽³⁾ 2016 operating income and net income (Group share) include non-recurring income of €6.4 million recorded in the fourth quarter and relating to the acquisition of Schmolz+Bickenbach Distribution in 2015.

⁽⁴⁾ 2015 operating income and net income (Group share) include non-recurring income of €48.1 million, which is also related to this acquisition.

2016 sales and earnings

2016 Headlines

2016 was marked by:

- A +3.7% increase in volumes (excluding Schmolz+Bickenbach Distribution);
- Although sale prices improved in the second half, year-on-year they fell by 8% compared to 2015;
- The initial positive impacts of actions aiming at improving the operating efficiency of Schmolz+Bickenbach Distribution, which contributed €2.6 million to Group EBITDA in 2016 (€-6.2 million loss in 2015).

All divisions improved their profitability against this backdrop. Accordingly, the Group's gross margin rose from 22.6% in 2015 to 24.3% in 2016, while EBITDA increased by 43.7% from €38 million in 2015 to €54.7 million in 2016.

Fourth quarter 2016

Sales amounted to €369.5 million, down 1.9% from the previous year and including:

- Volume effect: -1.8%. Group volumes excluding Schmolz+Bickenbach Distribution increased by +2.2%.
- Price effect: -0.1%. Sale prices remained flat compared to fourth quarter 2015, up +3.9% from third quarter 2016.

Group EBITDA amounted to €14.5 million, up from €0.7 million in Q4 2015.

Full-year results

The Group posted full-year sales of €1,588 million, up 15.3% from 2015, including:

- Change in consolidation: +21.4%, corresponding to Schmolz+Bickenbach Distribution sales of €294 million for the period between January 1 and July 22, 2016.
- Volume effect: +1.9%. Excluding Schmolz+Bickenbach Distribution, volumes increased by +3.7% compared to +3.5% in 2015.
- Price effect: -8%.

The 2016 gross margin was €385.9 million, and amounted to 24.3% of sales compared to 22.6% in 2015. This 1.7 percentage point improvement partly offset the gross margin decrease resulting from the fall in sale prices.

Operating expenses excluding non-recurring items remained flat compared to 2015 at constant consolidation scope.

In this context, 2016 EBITDA amounted to €54.7 million (3.4% of sales), compared to €38 million in 2015 (2.8% of sales) while operating income before non-recurring items amounted to €33.5 million (2.1% of sales compared to 1.6% in 2015).

2016 operating income of €40.8 million (€70.8 million in 2015) and net income (Group share) of €16 million (€50.5 million in 2015) include fourth quarter 2016 non-recurring income of €6.4 million relating to the agreement reached with the vendor on the purchase price for Schmolz+Bickenbach Distribution. 2015 operating income and net income (Group share) included non-recurring income of €48.1 million also related to this acquisition.

Demand and prices at the beginning of 2017 are following the same trend as observed in fourth quarter 2016. In 2017, the Group will focus on continuing to improve the operating efficiency of each of its brands and on turning Schmolz+Bickenbach Distribution around.

Financial position




The Group generated operating cash flow of €+43 million in 2016.

Operating working capital at December 31, 2016 remained flat at €371 million (including inventory of €376 million) compared to 2015. It amounted to 23.4% of sales, compared to 21.9% at the end of 2015.

The capital expenditure for the year was mainly related to new finishing capacity and amounted to €18.3 million, compared to €28.9 million in 2015.

At December 31, 2016 Group net debt amounted to €205.3 million, compared to shareholders' equity of €296.5 million, resulting in a net debt to equity ratio of 69.2% (72.3% at the end of 2015).

2016 operations and brand development

	 JACQUET ABRASERVICE Stainless steel and wear-resistant quarto plates		 STAPPERT Long stainless steel products		 Engineering steels	
€m	Q4 2016	2016	Q4 2016	2016	Q4 2016	2016
Sales	77.1	323.5	95.5	415.8	195.7	846.6
Change vs. 2015	1.6%	-4.1%	1.8%	-5.5%	-5.3%	40.7%
Price effect	-5.1%	-11.9%	-0.1%	-10.2%	2.0%	-3.8%
Volume effect	6.8%	7.7%	1.8%	4.8%	-7.3%	-4.4%
Change in consolidation	0.0%	0.0%	0.0%	0.0%	0.0%	48.9%
EBITDA⁽¹⁾⁽²⁾	3.1	10.8	3.1	16.3	4.4	18.3
% of sales	4.1%	3.3%	3.2%	3.9%	2.3%	2.2%
Operating income before non-recurring items⁽²⁾	0.1	2.0	1.8	13.3	2.4	11.2
% of sales	0.1%	0.6%	1.9%	3.2%	1.2%	1.3%

⁽¹⁾ Non-division operations (including Jacquet Metal Service SA) contributed €3.2 million to EBITDA in Q4 2015 and €3.9 million in Q4 2016.

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

- **Jacquet-Abraservice**

This division includes the Jacquet and Abraservice brands, which specialize respectively in the distribution of stainless steel and wear-resistant quarto plates. Jacquet and Abraservice have separate sales networks. In 2016 the division generated 73% of its business in Europe and 20% in North America.

Fourth quarter 2016 volumes increased by +6.8% compared to 2015. Sales amounted to €77 million compared to €76 million in the prior year (up +1.6%), and were affected by a 5.1% fall in sale prices compared to fourth quarter 2015. The price effect was +3% compared to third quarter 2016.

The division recorded quarterly EBITDA of €3.1 million, compared to €0.1 million in fourth quarter 2015.

Jacquet-Abraservice posted sales of €323.5 million in 2016, down 4.1% from 2015 (volume effect +7.7%, price effect -11.9%).

In this context, the gross margin rose by 2.6 percentage points to 30.8% of sales, and amounted to €99.6 million compared to €95.2 million in 2015. EBITDA amounted to €10.8 million (3.3% of sales) compared to €7.7 million (2.3% of sales) in 2015.

- **Stappert**

The division specializes in the distribution of long stainless steel products in Europe. In 2016 it generated 39% of its sales in Germany, the largest European market.

Volumes increased by +1.8% in fourth quarter 2016 compared to fourth quarter 2015. Sales amounted to €96 million compared to €94 million in the prior year (up +1.8% including a price effect of -0.1%). The price effect was +2.2% compared to third quarter 2016.

The division recorded quarterly EBITDA of €3.1 million, up from €0.3 million in fourth quarter 2015.

Stappert generated sales of €415.8 million in 2016, down 5.5% from 2015 (volume effect +4.8%, price effect -10.2%).

In this context, the gross margin rose by 2.2 percentage points to 21.7% of sales, and amounted to €90.2 million compared to €85.9 million in 2015. EBITDA amounted to €16.3 million (3.9% of sales) compared to €13.8 million (3.1% of sales) in 2015.

- **IMS group**

IMS group specializes in the distribution of engineering steels, usually in the form of long products. This division has included the Schmolz+Bickenbach Distribution network since third quarter 2015.

Schmolz+Bickenbach Distribution generated sales of €505 million in 2016 (12 months).

The network stopped using the Schmolz+Bickenbach name at the beginning of 2017 and now markets its products under the IMS group brand.

IMS group's sales amounted to €196 million in fourth quarter 2016 compared to €207 million in fourth quarter 2015, down 5.3% (volume effect -7.3%, price effect +2%).

The division recorded quarterly EBITDA of €4.4 million, compared to a €-2.9 million loss in fourth quarter 2015.

Sales amounted to €846.6 million in 2016, up 40.7% from 2015 including:

- Change in consolidation: +48.9%, corresponding to Schmolz+Bickenbach Distribution sales of €294 million for the period between January 1 and July 22, 2016.
- Volume effect: -4.4%
- Price effect: -3.8%.

In this context, the division's gross margin rose by 1.6 percentage points to 22.5% of sales. EBITDA amounted to €18.3 million (2.2% of sales) compared to €7.7 million (1.3% of sales) in 2015.

Key financial information

Income statement

€m	2016	2015 ⁽²⁾
Sales	1,588.3	1,377.5
Gross margin	385.9	311.9
% of sales	24.3%	22.6%
EBITDA⁽¹⁾	54.7	38.0
% of sales	3.4%	2.8%
Operating income/(loss) before non-recurring items⁽¹⁾	33.5	21.7
% of sales	2.1%	1.6%
Operating income/(loss)	40.8 ⁽³⁾	70.8 ⁽⁴⁾
Net income/(loss) (Group share)	16.0⁽³⁾	50.5⁽⁴⁾

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Balance sheet

€m	Dec. 31, 2016	Dec. 31, 2015
Goodwill	68.5	68.4
Net non-current assets	147.6	151.0
Net inventory	376.2	390.3
Net trade receivables	171.3	175.2
Other assets	91.7	83.9
Cash	73.0	90.6
Total assets	928.3	959.3
Shareholders' equity	296.5	295.4
Provisions (including provisions for employee benefit obligations)	112.3	106.0
Trade payables	176.4	192.9
Financial debt	281.2	306.6
Other liabilities	61.8	58.3
Total equity and liabilities	928.3	959.3

Cash-flow

€m	2016	2015
Operating cash flow	45.3	24.4
Change in working capital	(2.2)	18.6
Cash flow from operating activities	43.1	43.0
Capital expenditure	(18.3)	(28.9)
Asset disposals	1.2	4.9
Impact of acquisitions	-	(60.0)
Dividends paid to shareholders of Jacquet Metal Service S.A.	(9.5)	(18.2)
Interest paid	(9.6)	(10.3)
Other movements	1.3	(6.7)
Change in net debt	8.3	(76.2)
Net debt brought forward	213.5	137.3
Net debt carried forward	205.2	213.5

Activity report available: www.jacquetmetalservice.com

Q1 2017 results: May 3, 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 3,317 people and has a network of 109 distribution centers across 26 countries spanning Europe, China and North America.