

Q1 2017 results

> Sales	€465 million (up 10% vs Q1 2016)
> EBITDA	€31.2 million
> Net income (Group share)	€15.3 million

On May 3, 2017 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the three months ended March 31, 2017.

€m	Q1 2017	Q1 2016
Sales	465.0	422.6
Gross margin	121.8	94.1
% of sales	26.2%	22.3%
EBITDA ¹	31.2	8.8
% of sales	6.7%	2.1%
Operating income before non-recurring items ¹	26.9	4.1
% of sales	5.8%	1.0%
Operating income	27.1	4.4
Net income / (loss) (Group share)	15.3	(1.1)

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.

First quarter 2017 sales and earnings

In a context of metal prices remaining at low levels, sales amounted to €465 million, up 10% compared to Q1 2016, including the following effects:

- Volumes sold: +1.5%,
- Price: +8.5%. The price effect compared to Q4 2016 was +3.9%.

The gross margin came to €121.8 million (an increase of €27.7 million compared to Q1 2016), representing 26.2% of sales compared to 22.3% a year earlier.

EBITDA amounted to €31.2 million (6.7% of sales), compared to €8.8 million in Q1 2016 (2.1% of sales) while operating income before non-recurring items amounted to €26.9 million (5.8% of sales) up from €4.1 million a year earlier (1% of sales).

Net income (Group share) amounted to €15.3 million (3.3% of sales).

Financial position

The Group generated operating cash flow of +€41.6 million during Q1 2017 (€23.6 million excluding factoring). At March 31, 2017, operating working capital amounted to €370 million, or 22.7% of sales, including inventories of €378 million, versus 23.4% at December 31, 2016.



Q1 capital expenditure amounted to €4.1 million, mainly relating to new finishing capacity.

At March 31, 2017 Group net debt stood at €170 million, compared to shareholders' equity of €313 million, resulting in a net debt to equity ratio of 54.2% (69.2% at December 31, 2016).

Dividend

The Board of Directors will propose a dividend of €0.50 per share to the General Meeting of shareholders on June 30, 2017.

Q1 2017 sales and earnings by division

€m	JACQUET	 STAPPERT	 ims
	ABRASERVICE		
	Stainless steel and wear-resistant quarto plates	Stainless steel long products	Engineering steels
	Q1 2017	Q1 2017	Q1 2017
Sales	98.1	126.2	240.7
Change vs 2016	15.6%	14.4%	5.1%
Price effect	13.4%	14.3%	4.0%
Volume effect	2.3%	0.1%	1.1%
EBITDA ^{1 2}	7.1	9.7	13.9
% of sales	7.2%	7.7%	5.8%
Operating income before non-recurring items ²	5.0	9.4	12.5
% of sales	5.1%	7.5%	5.2%

¹ Non-division activities contributed €0.6 million to Q1 2017 EBITDA.

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 specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. The division generates 76% of its business in Europe and 17% in North America.

Sales amounted to €98.1 million compared to €84.8 million in Q1 2016, up 15.6% (volume effect +2.3%, price effect +13.4%).

The gross margin rate rose 3 percentage points to 31.7%, while gross margin came to €31.1 million compared to €24.4 million in Q1 2016.

The division recorded EBITDA of €7.1 million (7.2% of sales), compared to €1.9 million a year earlier (2.3% of sales).

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

Sales amounted to €126.2 million compared to €110.3 million a year earlier, up 14.4% (volume effect +0.1%, price effect +14.3%).

The gross margin rate rose 4.6 percentage points to 24.1%, while gross margin came to €30.5 million compared to €21.5 million in Q1 2016.

STAPPERT recorded EBITDA of €9.7 million (7.7% of sales), compared to €2.6 million in Q1 2016 (2.4% of sales).

IMS group specializes in the distribution of engineering steels, usually in the form of long products. This division has included the S+B Distribution network acquired from Schmolzt+Bickenbach in the second semester of 2015. This network has been renamed IMS group since January 2017. The division generates 49% of its sales in Germany, the largest European market.

IMS group's sales amounted to €240.7 million compared to €229 million a year earlier, up 5.1% (volume effect +1.1%, price effect +4.0%).

The gross margin rate rose 4.4 percentage points to 24.9% of sales, while gross margin came to €60 million compared to €47.1 million in Q1 2016.

IMS group recorded EBITDA of €13.9 million (5.8% of sales), compared to €2.8 million (1.2% of sales) a year earlier. S+B Distribution's contribution to EBITDA was €5.7 million (4% of sales), compared to a €0.4 million loss in Q1 2016.

Key financial information

Results

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Balance sheet

€m	31.03.2017	31.12.2016
Goodwill	68.5	68.5
Net non-current assets	146.3	147.6
Net inventory	378.3	376.2
Net trade receivables	228.6	171.3
Other assets	92.1	91.7
Cash	61.9	73.0
Total assets	975.6	928.3
Shareholders' equity	313.0	296.5
Provisions (including provisions for employee benefit obligations)	108.6	112.3
Trade payables	236.9	176.4
Borrowings	234.7	281.2
Other liabilities	82.2	61.8
Total equity and liabilities	975.6	928.3

Cash flow

€m	31.03.2017	31.12.2016
Operating cash flow before change in working capital	25.1	45.3
Change in working capital	16.5	(2.2)
Cash flow from operating activities	41.6	43.1
Capital expenditure	(4.1)	(18.3)
Asset disposals	0.5	1.2
Dividends paid to shareholders of Jacquet Metal Service SA	—	(9.5)
Interest paid	(2.6)	(9.6)
Other movements	0.1	1.3
Change in net debt	35.5	8.3
Net debt brought forward	205.3	213.5
Net debt carried forward	169.7	205.3

Activity report available: www.jacquetmetalservice.com – First half 2017 results: September 6, 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 (stainless steel long 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.