

## First quarter 2019 results

May 14, 2019 - 6.00 pm CET

> Sales	€482 million (-4.1% vs. Q1 2018)
> EBITDA	€26.5 million (5.5% of sales)
> Net income (Group share)	€11.4 million

On May 14, 2019 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the three months ended March 31, 2019.

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>482.0</b>	<b>502.5</b>
Gross margin	112.1	126.0
% of sales	23.3%	25.1%
<b>EBITDA<sup>1,2</sup></b>	<b>26.5</b>	<b>34.5</b>
% of sales	5.5%	6.9%
<b>Adjusted operating income<sup>2</sup></b>	<b>19.1</b>	<b>29.4</b>
% of sales	4%	5.9%
Operating income	20.6	33.4
<b>Net income (Group share)</b>	<b>11.4</b>	<b>22.4</b>

<sup>1</sup> Q1 2019 EBITDA benefited from a positive €4.3 million impact relating to the application of IFRS 16 - Leases as from January 1, 2019.

<sup>2</sup> Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them and is available at [www.jacquetmetalservice.com](http://www.jacquetmetalservice.com).

## First quarter 2019 sales and earnings

In a changing market environment less favorable than last year, Q1 2019 sales and earnings were impacted by:

- > good resilience in volumes sold by STAPPERT and JACQUET-Abraservice, +1.9% and +1.6% respectively from Q1 2018;
- > low demand for engineering steels, particularly in Germany, with IMS group volumes down 10.3% from Q1 2018;
- > a decline in selling prices (-1.7% versus Q4 2018) resulting in a corresponding decrease in gross margins and earnings.

Market conditions are not expected to change significantly during Q2 2019.

Sales amounted to €482 million, down 4.1% compared to Q1 2018, including the following effects:

- > volumes sold: -4.6%;
- > price: +3.1% versus Q1 2018 (-1.7% versus Q4 2018);
- > scope: -2.6% (i.e. €-13 million in sales) following the disposal of non-strategic assets carried out in 2018.

Gross margin amounted to €112 million and represented 23.3% of sales, compared to 25.1% in Q1 2018.

At constant consolidation, operating expenses excluding non-recurring items amounted to €93 million, down 0.6% compared to Q1 2018.

EBITDA amounted to €26.5 million, or 5.5% of sales. It benefited from a positive €4.3 million impact relating to the application of IFRS 16 - Leases as of January 1, 2019. Adjusted for the impact of IFRS 16, EBITDA amounted to €22.2 million, i.e. 4.6% of sales, compared to 6.9% in Q1 2018.

Adjusted operating income amounted to €19.1 million (4% of sales) compared to €29.4 million (5.9% of sales) in Q1 2018. The application of IFRS 16 had no material impact on adjusted operating income.

Net income (Group share) amounted to €11.4 million (2.4% of sales) compared to €22.4 million (including €2.8 million gain on sales of assets) in Q1 2018 (4.5% of sales). The application of IFRS 16 had no material impact on net income.

## Financial position

The Group generated operating cash flow of €+23.1 million during Q1 2019.

As of March 31, 2019:

- > operating working capital amounted to €452 million, including inventories of €473 million, and represented 24.5% of sales, compared to €447 million at 2018 year-end (including inventories of €493 million).
- > net debt came to €179 million (debt to equity ratio 46.1%).

The application of *IFRS 16 - Leases* led to the recognition on the Group's balance sheet as of March 31, 2019 of:

- > a "right of use" asset amounting to €97.6 million, €18 million of which was recorded under "net non-current assets" as of December 31, 2018, according to IAS 17;
- > "Lease obligations" under liabilities amounting to €94.6 million, €15.1 million of which was recorded under "Borrowings" as of December 31, 2018, according to IAS 17.

## Dividend

The Board of Directors will propose a dividend of €0.70 per share to the General Meeting of Shareholders on June 28, 2019.

## Q1 2019 earnings by division excluding impacts of IFRS 16

	 <b>JACQUET</b> <b>ABRASERVICE</b> Stainless steel and wear-resistant quarto plates	 <b>STAPPERT</b> Stainless steel long products	 <b>ims</b> Engineering steels
€m	Q1 2019	Q1 2019	Q1 2019
<b>Sales</b>	<b>112.1</b>	<b>133.0</b>	<b>241.8</b>
<b>Change vs 2018</b>	<b>+7.7%</b>	<b>+3.0%</b>	<b>-9.9%</b>
Price effect	+6.2%	+1.0%	+3.1%
Volume effect	+1.6%	+1.9%	-10.3%
Change in consolidation	–	–	-2.6%
<b>EBITDA<sup>1,2</sup></b>	<b>8.3</b>	<b>5.0</b>	<b>7.4</b>
% of sales	7.4%	3.8%	3.1%
<b>Adjusted operating income<sup>2</sup></b>	<b>6.2</b>	<b>5.2</b>	<b>6.7</b>
% of sales	5.5%	3.9%	2.8%

<sup>1</sup> Non-division operations contributed €1.4 million to Q1 2019 EBITDA.

<sup>2</sup> 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 74% of its business in Europe and 20% in North America.

Sales amounted to €112.1 million, up +7.7% from €104.1 million in Q1 2018:

- > volumes: +1.6%;
- > prices: +6.2%  
(+1.3% compared to Q4 2018).

The gross margin amounted to €34.7 million (30.9% of sales) compared to €32.7 million (31.5% of sales) in Q1 2018.

EBITDA amounted to €8.3 million (7.4% of sales) compared to €7.5 million (7.2% of sales) in Q1 2018.

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

Sales amounted to €133 million, up +3% from €129.2 million in Q1 2018:

- > volumes: +1.9%;
- > prices: +1%  
(-3.9% compared to Q4 2018).

The gross margin amounted to €25 million (18.8% of sales) compared to €27.8 million (21.5% of sales) in Q1 2018.

EBITDA amounted to €5 million (3.8% of sales) compared to €7.3 million (5.7% of sales) in Q1 2018.

**IMS group** specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 47% of its sales in Germany, the largest European market.

Sales amounted to €241.8 million, down -9.9% from €268.4 million in Q1 2018:

- > volumes: -10.3%;
- > prices: +3.1%  
(-2.0% compared to Q4 2018);
- > change in consolidation: -2.6%.

The gross margin amounted to €52.4 million (21.7% of sales) compared to €63.9 million (23.8% of sales) in Q1 2018.

EBITDA amounted to €7.4 million (3.1% of sales) compared to €17.7 million (6.6% of sales) in Q1 2018 (€16.9 million or 6.5% at constant consolidation scope).

# Financial information

## Income statement

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>482.0</b>	<b>502.5</b>
Gross margin	112.1	126.0
% of sales	23.3%	25.1%
<b>EBITDA<sup>1,2</sup></b>	<b>26.5</b>	<b>34.5</b>
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<sup>2</sup> Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them and is available at [www.jacquetmetalservice.com](http://www.jacquetmetalservice.com).

## Cash flow

€m	Q1 2019	Q1 2018
Operating cash flow before change in working capital	23.7	30.5
Change in working capital	(0.6)	(33.8)
<b>Cash flow from operating activities</b>	<b>23.1</b>	<b>(3.3)</b>
Capital expenditure	(5.6)	(5.3)
Asset disposals	0.2	4.1
Dividends paid to shareholder of Jacquet Metal Service SA	—	—
Interest paid	(2.7)	(2.2)
Other movements	20.2	(1.7)
<b>Change in net debt</b>	<b>35.2</b>	<b>(8.4)</b>
<b>Net debt brought forward</b>	<b>214.5</b>	<b>183.1</b>
<b>Net debt carried forward</b>	<b>179.4</b>	<b>191.5</b>

## Balance sheet

€m	31.03.19	31.12.18
Goodwill	68.3	68.3
Net non-current assets	139.6	155.9
Right of use <sup>1</sup>	97.6	—
Net inventory	473.1	493.0
Net trade receivables	227.7	182.4
Other assets	93.8	100.2
Cash & cash equivalents	141.4	119.4
<b>Total assets</b>	<b>1,241.6</b>	<b>1,119.0</b>
Shareholders' equity	389.4	376.8
Provisions (including provisions for employee benefit obligations)	93.7	96.2
Trade payables	248.6	228.3
Borrowings	324.7	337.8
Other liabilities	90.6	80.0
Lease obligations <sup>1</sup>	94.6	—
<b>Total equity and liabilities</b>	<b>1,241.6</b>	<b>1,119.0</b>

<sup>1</sup> Application of IFRS 16 - Leases as from January 1, 2019.

**Activity report available : [www.jacquetmetalservice.com](http://www.jacquetmetalservice.com) - H1 2019 results : September 18, 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.

Jacquet Metal Service  
Thierry Philippe - Chief Financial Officer  
[comfi@jacquetmetals.com](mailto:comfi@jacquetmetals.com)

NewCap - Investor Relations  
Emmanuel Huynh  
Tel. : +33 1 44 71 94 94  
[jacquetmetalservice@newcap.eu](mailto:jacquetmetalservice@newcap.eu)

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Compartment B  
ISIN : FR0000033904  
Reuters : Jcq.PA  
Bloomberg : Jcq FP