

Third quarter 2019 earnings 9 months

November 13, 2019 - 6.00pm CET

> Sales	€1,259m	(-6,5% vs. September 30, 2018)
> EBITDA	€63m	(5% of sales)
> Net income (Group share)	€20m	

On November 13, 2019 the Board of Directors chaired by Éric Jacquet examined the consolidated financial statements for the period ended September 30, 2019.

€m	Q3 2019 ¹	Q3 2018 PF ²	30.09.19 ¹ 9 months	30.09.18 PF ² 9 months
Sales	375	427	1,259	1,346
Gross margin	83	99	288	327
% of sales	22.2%	23.3%	22.8%	24.3%
EBITDA³	15	25	63	87
% of sales	4.1%	5.8%	5%	6.5%
Adjusted operating income³	7	20	39	74
% of sales	1.9%	4.7%	3.1%	5.5%
Operating income	7	19	39	77
Net income (Group share)	2	12	20	52

¹ In accordance with IFRS 5 – Assets Held for Sale, The contribution of Abraservice is not included in the sales and operating income of the group.

² For the sake of comparison with 2019 figures, 2018 financial statements have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the results of businesses sold in 2018 (proforma data "PF").

³ 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.

Headlines

In a much less favorable market environment than last year, sales and earnings for the period were mainly impacted by:

- > challenging market conditions encountered by the IMS group division and, to a lesser extent, the STAPPERT division, especially in the German market. Accordingly, volumes sold by IMS group and STAPPERT divisions were respectively down -11.6% (Q3: -15%) and -3.2% (Q3: -9.3%);
- > steady business generated by the JACQUET division, which operates on more diversified markets, with volumes sold down -0.2% (Q3: +2.5%).

In this context, sales for the nine months ended September 30, 2019 came to €1,259 million (-6.5%; Q3: -12.1%) and EBITDA was €63 million (Q3: €15 million).

Market conditions should be broadly similar during the fourth quarter 2019.

On October 31, 2019, the Group sold to SSAB 100% of the shares of its subsidiary Abraservice Holding, the holding company of the Abraservice group which specializes in the distribution of wear-resistant steels. Abraservice has 10 distribution centers in 11 countries, mainly in Europe, and has generated €78 million in revenue in 2018. In accordance with IFRS 5 - Assets Held for sale, Abraservice's contribution is no longer recognized under Group sales or operating income. Only Abraservice's net income is included in net income (Group share) under "Net income from discontinued operations".

Sales and earnings for the period ended September 30, 2019

Sales amounted to €1,259 million, -6.5% compared to September 30, 2018 (Q3: -12.1%), including the following effects:

- > volumes sold: -7.1% (Q3: -9.9%);
- > prices: +0.6% (Q3: -2.2%). Q3 2019 prices were stable compared to Q2 2019 (+0.1%).

Gross margin amounted to €288 million, representing 22.8% of sales (Q3: 22.2%) compared to €327 million (24.3% of sales) as of September 30, 2018.

At constant consolidation, operating expenses excluding non-recurring items amounted to €248 million, -2.1% compared to September 30, 2018.

EBITDA amounted to €63 million, representing 5% of sales. The application of *IFRS 16 - Leases* as from January 1, 2019 increased EBITDA by €13 million. Adjusted from this impact, EBITDA amounted to €50 million, representing 3.9% of sales compared to 6.5% as of September 30, 2018.

Adjusted operating income amounted to €39 million (3.1% of sales) compared to €74 million (5.5% of sales) as of September 30, 2018. The application of IFRS 16 had no material impact on adjusted operating income.

Net income (Group share) amounted to €20 million (1.6% of sales) compared to €52 million (3.9% of sales) as of September 30, 2018. The application of IFRS 16 had no material impact on net income.

Financial position

As of September 30, 2019:

- > the Group generated operating cash flow of €40 million;
- > operating working capital amounted to €437 million (including inventories of €451 million) and represented 26.4% of sales, compared to 24.5% as of December 31, 2018 (proforma operating working capital of €428 million including inventories of €478 million);
- > after accounting for dividend payments (€17 million paid out in July 2019) and capital expenditure (€20 million), net debt amounted to €199 million (net debt to equity ratio or gearing of 52.5%).




Pursuant to *IFRS 16 - Leases* applied as of January 1, 2019, the Group balance sheet at September 30, 2019 carries the following items:

- > a right-of-use asset amounting to €87.5 million, €18.4 million of which was recorded under net non-current assets as of December 31, 2018;
- > a lease liability amounting to €84.5 million, €15.8 million of which was recorded under borrowings as of December 31, 2018.

In accordance with *IFRS 5 - Assets Held for Sale*, Abraservice group assets (€42 million) and liabilities (€24 million) are reported under separate balance sheet line items (assets and liabilities held for sale).

Earnings by division as of September 30, 2019

excluding IFRS 16 impacts

	 JACQUET Stainless steel quarto plates ³		 STAPPERT Stainless steel long products		 IMS group engineering steels ³	
€m	Q3 2019	30.09.19 9 months	Q3 2019	30.09.19 9 months	Q3 2019	30.09.19 9 months
Sales	85	263	110	364	183	644
Change vs. 2018	+1.2%	+3.9%	-13.2%	-4.2%	-16.6%	-11.3%
Price effect	-1.3%	+4.1%	-3.8%	-1.0%	-1.6%	+0.3%
Volume effect	+2.5%	-0.2%	-9.3%	-3.2%	-15.0%	-11.6%
EBITDA¹²	6	19	2	12	2	15
% of sales	7.2%	7.2%	1.8%	3.4%	0.9%	2.4%
Adjusted operating income²	4	14	1	12	1	12
% of sales	5.2%	5.1%	1.3%	3.2%	0.3%	1.9%

¹ Non-division operations (including Jacquet Metal Service SA) contributed €2.8 million to EBITDA as of September 30, 2019 (Q3 2019: €1.2 million), and group EBITDA benefited from a positive impact of €13 million due to the application of IFRS 16 - Leases.

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.

³ For the sake of comparison with 2019 figures, the 2018 financial statements of JACQUET have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the IMS group businesses sold off in 2018.

JACQUET specializes in the distribution of stainless steel quarto plates. The division generates 67% of its business in Europe and 27% in North America.

Sales amounted to €263 million, up +3.9% from €253 million as of September 30, 2018 (Q3: +1.2%):

- > volumes: -0.2 % (Q3: +2.5%);
- > prices: +4.1% (Q3: -1.3% vs. Q3 2018 and -0.8% vs. Q2 2019).

Gross margin amounted to €79 million and represented 30.2% of sales (Q3: 30.1%) compared to €81 million (32% of sales) as of September 30, 2018.

EBITDA amounted to €19 million (Q3: €6 million) representing 7.2% of sales compared to €23 million (9% of sales) as of September 30, 2018.

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 €364 million, down -4.2% from €380 million as of September 30, 2018 (Q3: -13.2%):

- > volumes: -3.2% (Q3: -9.3%);
- > prices: -1% (Q3: -3.8% vs. Q3 2018 and -0.4% vs. Q2 2019).

Gross margin amounted to €70 million and represented 19.1% of sales (Q3: 17.7%) compared to €81 million (21.4% of sales) as of September 30, 2018.

EBITDA amounted to €12 million (Q3: €2 million) representing 3.4% of sales compared to €22 million (5.7% of sales) as of September 30, 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 €644 million, down -11.3% from €725 million as of September 30, 2018 (Q3: -16.6%):

- > volumes: -11.6% (Q3: -15%);
- > prices: +0.3% (Q3: -1.6% vs. Q3 2018 and +0.8% vs. Q2 2019).

Gross margin amounted to €139 million and represented 21.6% of sales (Q3: 21%) compared to €166 million (22.9% of sales) as of September 30, 2018.

EBITDA amounted to €15 million (Q3: €2 million) representing 2.4% of sales compared to €38 million (5.3% of sales) as of September 30, 2018.

Key financial information

Income statement

€m	Q3 2019 ¹	Q3 2018 PF ²	30.09.19 9 months	30.09.18 PF ¹ 9 months
Sales	375	427	1,259	1,346
Gross margin	83	99	288	327
% of sales	22.2%	23.3%	22.8%	24.3%
EBITDA³	15	25	63	87
% of sales	4.1%	5.8%	5%	6.5%
Adjusted operating income³	7	20	39	74
% of sales	1.9%	4.7%	3.1%	5.5%
Operating income	7	19	39	77
Net income (Group share)	2	12	20	52

¹ In accordance with IFRS 5 – Assets Held for Sale, The contribution of Abraservice is not included in the sales and operating income of the group.

² For the sake of comparison with 2019 figures, 2018 financial statements have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the results of businesses sold in 2018 (proforma data "PF").

³ 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.

Cash flow

€m	30.09.19 9 months	30.09.18 PF ¹ 9 months
Operating cash flow before change in working capital	50	70
Change in working capital	(10)	(93)
Cash flow from operating activities	40	(22)
Capital expenditure	(20)	(13)
Asset disposals	0	4
Dividends paid to shareholders of Jacquet Metal Service SA	(17)	(17)
Interest paid	(9)	(7)
Cash flow from assets held for sale	5	3
Other movements	16	(3)
Change in net debt	15	(55)
Net debt brought forward	215	183
Net debt carried forward	199	239

¹ For the sake of comparison with 2019 figures, the 2018 financial data have been restated by removing the results of the Abraservice group, sold on October 31, 2019, and the results of other businesses sold in 2018, excluding the net debt carried forward as of September 30, 2018, stated as previously reported (proforma "PF" data).

Balance sheet

€m	30.09.19	31.12.18
Goodwill	66	68
Net non-current assets	136	156
Right-of-use assets ¹	88	-
Net inventory	451	493
Net trade receivables	186	182
Other assets	88	100
Cash & cash equivalents	143	119
Assets held for sale	42	-
Total assets	1,200	1,119
Shareholders' equity	379	377
Provisions (including provisions for employee benefit obligations)	94	96
Trade payables	199	228
Total borrowings	343	338
Other liabilities	76	80
Lease liabilities ¹	85	-
Liabilities held for sale	24	-
Total equity and liabilities	1,200	1,119

¹ Application of IFRS 16 – Leases as from January 1, 2019.

Activity report available at: www.jacquetmetalservice.com - 2019 earnings: March 11, 2020 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 three brands:

JACQUET stainless steel quarto plates - **STAPPERT** stainless steel long products - **IMS group** engineering steels.

With a headcount of 3,060 employees, Jacquet Metal Service has a network of 101 distribution centers in 25 countries in Europe, China and North America.

Jacquet Metal Service
Thierry Philippe - Chief Financial Officer
comfi@jacquetmetals.com

NewCap - Investor Relations
Emmanuel Huynh
Tel. : +33 1 44 71 94 94
jacquetmetalservice@newcap.eu

JCQ
LISTED
EURONEXT

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