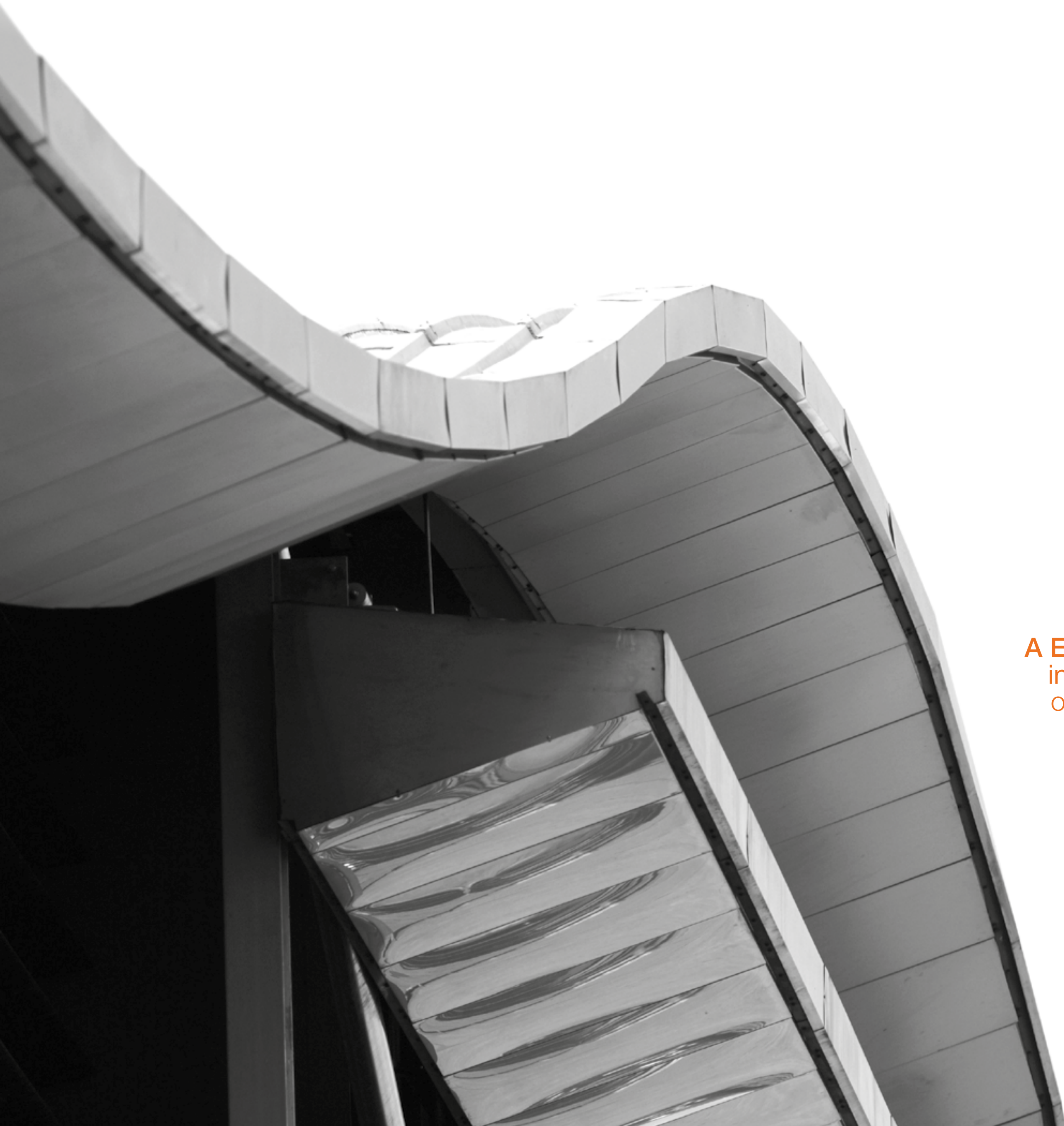
JACQUET METAL SERVICE

# Activity report

JUNE **30, 2017**



**A European leader in the distribution of specialty steels**

— Euronext Paris Compartment B

# Press release dated September 6, 2017 – First half 2017 results

| | |
|---|---|
| > **Sales** | **€911 million (+8.5% vs H1 2016)** |
| > **EBITDA** | **€60.7 million (6.7% of sales)** |
| > **Net income (Group share)** | **€27.7 million** |

On September 6, 2017 the Board of Directors chaired by Éric Jacquet examined the consolidated financial statements for the period ended June 30, 2017, which were subject to a limited review by the Statutory Auditors.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **445.7** | **417.0** | **910.7** | **839.5** |
| Gross margin | 114.2 | 101.5 | 236.0 | 195.6 |
| *% of sales* | *25.6%* | *24.3%* | *25.9%* | *23.3%* |
| **EBITDA** [1] | **29.5** | **15.4** | **60.7** | **24.2** |
| *% of sales* | *6.6%* | *3.7%* | *6.7%* | *2.9%* |
| **Operating income before non-recurring items** [1] | **23.2** | **10.0** | **50.1** | **14.1** |
| *% of sales* | *5.2%* | *2.4%* | *5.5%* | *1.7%* |
| Operating income | 22.1 | 10.1 | 49.2 | 14.5 |
| **Net income (Group share)** | **12.4** | **3.4** | **27.7** | **2.3** |

[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 half 2017 sales and earnings

Group sales amounted to €911 million, +8.5% compared to first half 2016, including the following effects:

> Volumes sold -1.8% (Q2: -5.2%);
> Price: +10.3% (Q2: +12.1%).

Gross margin amounted to €236 million or 25.9% of sales (Q2: 25.6%) compared to 23.3% in H1 2016.

EBITDA came to €60.7 million (Q2: €29.5 million), amounting to 6.7% of sales compared to 2.9% in H1 2016.

Operating income before non-recurring items amounted to €50.1 million (5.5% of sales) compared to €14.1 million (1.7% of sales) in H1 2016.

Net income (Group share) amounted to €27.7 million (3% of sales) compared to €2.3 million (0.3% of sales) in H1 2016.

### Financial position

The Group generated operating cash flow of €48 million during H1 2017. As of June 30, 2017, operating working capital amounted to €389 million, including inventories of €387 million, and represented 23.4% of sales, stable compared to year end 2016.

As of June 30, 2017, Group net debt stood at €172 million, compared with shareholders' equity of €313 million, resulting in a net debt to equity ratio of 55% (69% as of December 31, 2016).

# First half 2017 earnings by division

| €m | JACQUET ABRASERVICE — Stainless steel and wear-resistant quarto plates | | STAPPERT — Long stainless steel products | | IMS group — Engineering steels | |
|---|---|---|---|---|---|---|
| | Q2 2017 | H1 2017 | Q2 2017 | H1 2017 | Q2 2017 | H1 2017 |
| **Sales** | **97.8** | **195.9** | **114.4** | **240.6** | **232.1** | **472.7** |
| **Change vs 2016** | **16.2%** | **15.9%** | **7.5%** | **11.0%** | **3.2%** | **4.2%** |
| Price effect | 13.3% | 13.3% | 18.2% | 16.3% | 8.8% | 6.4% |
| Volume effect | 2.8% | 2.6% | -10.7% | -5.3% | -5.6% | -2.3% |
| **EBITDA** [1 2] | **6.4** | **13.5** | **7.0** | **16.7** | **12.6** | **26.5** |
| *% of sales* | *6.6%* | *6.9%* | *6.1%* | *6.9%* | *5.4%* | *5.6%* |
| **Operating income before non-recurring items** [2] | **3.9** | **8.9** | **6.3** | **15.8** | **10.1** | **22.6** |
| *% of sales* | *4.0%* | *4.5%* | *5.5%* | *6.6%* | *4.4%* | *4.8%* |

[1] Non-division operations contributed €3.4 million to Q2 2017 EBITDA and €4.0 million to H1 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** This division specializes in the distribution of stainless steel and wear-resistant quarto plates. Jacquet and Abraservice have separate sales networks. The division generated 72% of its business in Europe and 18% in North America.

Sales amounted to €195.9 million, +15.9% from €169.1 million in H1 2016: volumes sold +2.6% (Q2: +2.8%), prices +13.3% (Q2: +13.3%).

The gross margin rate rose 1.4 percentage points to 30.9% of sales, while gross margin came to €60.5 million compared to €49.9 million in H1 2016.

EBITDA amounted to €13.5 million (Q2: €6.4 million), representing 6.9% of sales, compared to €4.6 million (2.7% of sales) in H1 2016.

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

Sales amounted to €240.6 million, +11% from €216.7 million in H1 2016: volumes sold -5.3% (Q2: -10.7%), prices +16.3% (Q2: +18.2%).

The gross margin rate rose 3 percentage points to 23.3% of sales, while the gross margin came to €56.1 million compared to €44.1 million in H1 2016.

EBITDA amounted to €16.7 million (Q2: €7 million), representing 6.9% of sales, compared to €6.7 million (3.1% of sales) in H1 2016.

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

Sales amounted to €472.7 million, +4.2% from €453.8 million in H1 2016:volumes sold -2.3% (Q2: -5.6%), prices +6.4% (Q2: +8.8%).

The gross margin rate rose 2.8 percentage points to 24.7% of sales, while the gross margin came to €116.7 million compared to €99.3 million in H1 2016.

EBITDA amounted to €26.5 million (Q2: €12.6 million), representing 5.6% of sales, compared to €9.4 million (2.1% of sales) in H1 2016. S+B Distribution contributed €10.2 million (3.8% of sales) to EBITDA, compared to €1 million in H1 2016.

# Key financial information

## Results

| €m | H1 2017 | H1 2016 |
|---|---|---|
| **Sales** | **910.7** | **839.5** |
| Gross margin | 236.0 | 195.6 |
| *% of sales* | *25.9%* | *23.3%* |
| **EBITDA** [1] | **60.7** | **24.2** |
| *% of sales* | *6.7%* | *2.9%* |
| **Operating income before non-recurring items** [1] | **50.1** | **14.1** |
| *% of sales* | *5.5%* | *1.7%* |
| Operating income | 49.2 | 14.5 |
| **Net income (Group share)** | **27.7** | **2.3** |

[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.

## Balance sheet

| €m | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Goodwill | 68.4 | 68.5 |
| Net non-current assets | 144.8 | 147.6 |
| Net inventory | 387.2 | 376.2 |
| Net trade receivables | 230.6 | 171.3 |
| Other assets | 92.4 | 91.7 |
| Cash | 66.4 | 73.0 |
| **Total assets** | **989.9** | **928.3** |
| Shareholders' equity | 312.7 | 296.5 |
| Provisions (including provisions for employee benefit obligations) | 105.6 | 112.3 |
| Trade payables | 229.1 | 176.4 |
| Borrowings | 242.2 | 281.2 |
| Other liabilities | 100.3 | 61.8 |
| **Total equity and liabilities** | **989.9** | **928.3** |

## Cash flow

| €m | H1 2017 | 2016 |
|---|---|---|
| Operating cash flow before change in working capital | 49.2 | 45.3 |
| Change in working capital | (1.5) | (2.2) |
| **Cash flow from operating activities** | **47.7** | **43.1** |
| Capital expenditure | (8.0) | (18.3) |
| Asset disposals | 0.6 | 1.2 |
| Dividends paid to shareholders of Jacquet Metal Service SA | – | (9.5) |
| Interest paid | (5.4) | (9.6) |
| Other movements | (2.2) | 1.3 |
| **Change in net debt** | **32.8** | **8.3** |
| | | |
| **Net debt brought forward** | **205.3** | **213.5** |
| **Net debt carried forward** | **172.5** | **205.3** |

# Activity report

## JUNE 30, 2017

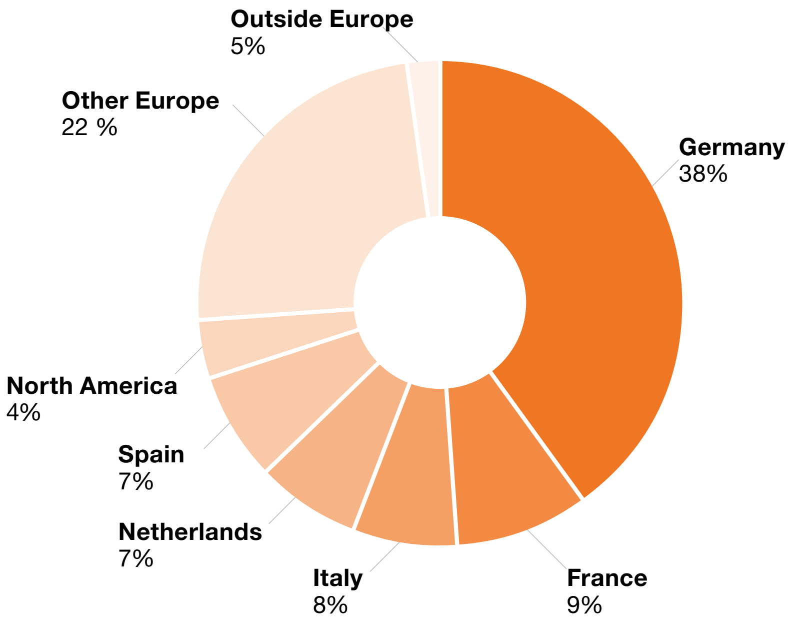


# The Group

## 1 A leading distributor of specialty steels

| | |
|---|---|
| > **Sales** | **€911 million** |
| > **Staff** | **3,317** |
| > **Distribution centers** | **109** |
| > **Countries of operation** | **26** |

### Breakdown of sales*



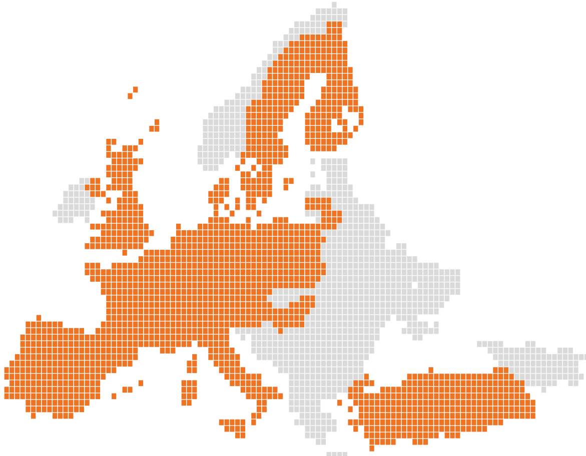

* H1 2017 data

Jacquet Metal Service is a European leader in the distribution of specialty steels, and is also active in Asia and North America.

## A global player

### World

### Europe



# 2 Brand management

Jacquet Metal Service operates in high value-added niche markets and is a European leader in the distribution of specialty steels through its portfolio of four brands organized into three divisions, each of which targets specific customers and markets.

### Stainless steel and wear-resistant quarto plates

JACQUET

ABRASERVICE

### Stainless steel long products

STAPPERT

### Engineering steels

ims GROUP

Each division is run by an operating manager, who is in charge of developing the relevant brand(s) in accordance with the strategic options and goals defined by the Group.

Central functions, the negotiation of purchasing terms, financial and legal affairs, information technology, credit insurance and communications are managed by Jacquet Metal Service SA, in close collaboration with the specialists from each division.

## 3 Stock market information

### General features of shares and market capitalization

source: Jacquet Metal Service

- **Main indices:** CAC® All Shares, CAC® All-Tradable, CAC® Basic Materials, CAC® Mid & Small, CAC® PME, CAC® Small, Next 150
- **Market:** Euronext Paris - Compartment B
- **Listed on:** Euronext Paris
- **Code or ticker:** JCQ
- **ISIN code:** FR0000033904
- **Reuters:** JCQ.PA
- **Bloomberg:** JCQ : FP

| | | H1 2017 | 2016 |
|---|---|---|---|
| Number of shares at end of period | number of shares | 24,028,438 | 24,028,438 |
| **Market capitalization at end of period** | **€000** | **557,219** | **476,003** |
| High | € | 28,23 | 20,63 |
| Low | € | 19,45 | 10,02 |
| **Price at end of period** | **€** | **23,19** | **19,81** |
| Average daily trading volume | € | 28,389 | 23,718 |

source : Euronext

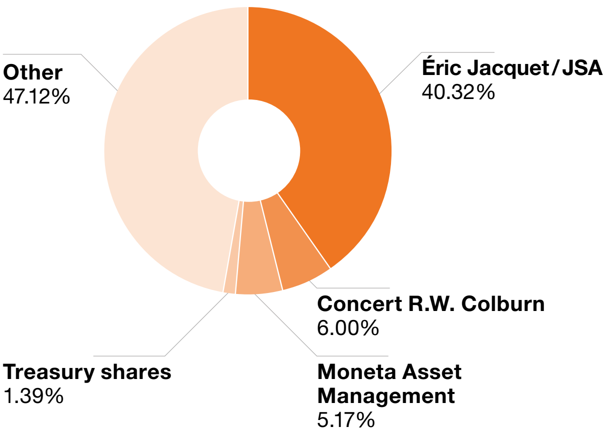
As of June 30, 2017, the Jacquet Metal Service ("JCQ") share price was €23.19, +17% from the December 31, 2016 closing price. As of September 5, 2017, the share price stood at €25,34.

Jacquet Metal Service shares are tracked by Société Générale SGCIB and Oddo Securities.

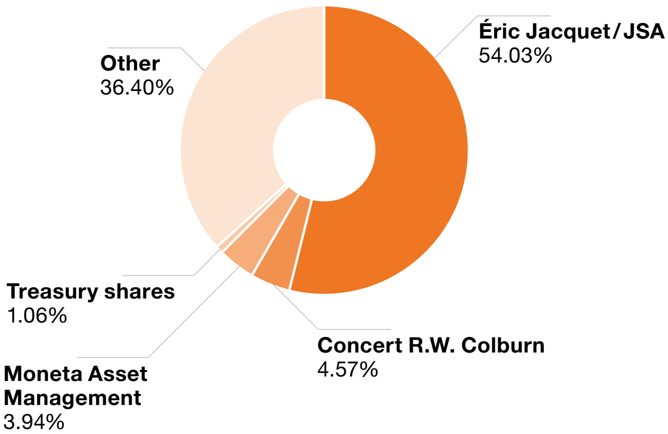
- Société Générale: Mr. Belanger
- Oddo Securities: Mr. Garnier

## 4 Shareholder structure at June 30, 2017

### Breakdown of share capital




### Breakdown of voting rights




Éric Jacquet and JSA (which he controls) held 40.32% of the share capital and 54.03% of the voting rights in the Company at June 30, 2017.

The Group did not sell or buy any treasury stock (outside the scope of the liquidity agreement) during H1 2017.

# 5 Financial communication schedule

> **Results for the nine months ended September 30, 2017:** November 15, 2017

> **2017 Full year results:** March 2018

Investors and shareholders may obtain complete financial information from the Company's website at: **www.jacquetmetalservice.com**

## Investor relations

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

> **NewCap**
Julien Perez
+33 1 44 71 94 94
jacquetmetalservice@newcap.eu

# > Activity report JUNE 30, 2017

## 1 Group sales and earnings

Results for the six months ended June 30, 2017 are compared to the full-year results for 2016, which may be consulted in the 2016 Registration Document filed with the Autorité des Marchés Financiers (or AMF, French market regulator) on April 4, 2017 (filing No. D.17-0319).

| €000 | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **445,728** | **416,966** | **910,685** | **839,527** |
| Gross margin | 114,182 | 101,515 | 235,995 | 195,640 |
| *% of sales* | *25.6%* | *24.3%* | *25.9%* | *23.3%* |
| Operating expenses | (85,716) | (87,870) | (176,965) | (175,340) |
| Net depreciation and amortization | (5,840) | (5,171) | (10,970) | (10,369) |
| Net provisions | (565) | 1,572 | 995 | 4,435 |
| Gains/(losses) on disposals of non-current assets | 72 | 78 | 162 | 143 |
| Non-recurring income and expenses | – | – | – | – |
| **Operating income** | **22,133** | **10,124** | **49,217** | **14,509** |
| Net financial expense | (3,613) | (1,997) | (6,212) | (4,923) |
| Income before tax | 18,520 | 8,127 | 43,005 | 9,586 |
| Corporate income tax | (5,393) | (4,345) | (13,585) | (6,349) |
| Consolidated net income | 13,127 | 3,782 | 29,420 | 3,237 |
| **Net income (Group share)** | **12,431** | **3,438** | **27,716** | **2,347** |
| **Earnings per share in circulation (€)** | **0.52** | **0.14** | **1.15** | **0.10** |

| | | | | |
|---|---|---|---|---|
| **Operating income** | **22,133** | **10,124** | **49,217** | **14,509** |
| Non-recurring items and gains/losses on disposals | 1,067 | (100) | 839 | (421) |
| **Operating income before non-recurring items** | **23,200** | **10,024** | **50,056** | **14,088** |
| *% of sales* | *5.2%* | *2.4%* | *5.5%* | *1.7%* |
| | | | | |
| Net depreciation and amortization | 5,840 | 5,171 | 10,970 | 10,369 |
| Net provisions | 565 | (1,572) | (995) | (4,435) |
| Non-recurring items | (139) | 1,735 | 674 | 4,169 |
| **EBITDA** | **29,466** | **15,358** | **60,705** | **24,191** |
| *% of sales* | *6.6%* | *3.7%* | *6.7%* | *2.9%* |

## Sales

Group first half sales amounted to €911 million, +8.5% from first half 2016, including:

- Volumes sold -1.8% (Q2: -5.2%),
- A price effect of +10,3 % (Q2: +12.1%).

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **445.7** | **417.0** | **910.7** | **839.5** |
| **Change vs 2016** | **6.9%** | | **8.5%** | |
| *Price effect* | *12.1%* | | *10.3%* | |
| *Volume effect* | *-5.2%* | | *-1.8%* | |

The various effects are calculated as follows:

- Volume effect = (Vn - Vn-1) × Pn-1, where V = volumes and P = average sale price converted into euros at the average exchange rate;
- Price effect = (Pn - Pn-1) × Vn;
- The exchange rate effect is included in the price effect. Changes in exchange rates did not have a material impact on first half 2017;
- Change in consolidation / current year acquisitions and disposals
  - Acquisitions: change in consolidation corresponds to the contribution (volumes and sales) of the acquired entity since the acquisition date;
  - Disposals: change in consolidation corresponds to the contribution (volumes and sales) made by the sold entity in the year preceding disposal from the date falling one year before the disposal date until the end of the previous year;
- Change in consolidation / previous year acquisitions and disposals
  - Acquisitions: change in consolidation corresponds to the contribution (volumes and sales) of the acquired entity in the current year from January 1 until the anniversary of the acquisition;
  - Disposals: change in consolidation corresponds to the contribution (volumes and sales) of the sold entity from January 1 the previous year until the date of disposal.



## Gross margin

Gross margin amounted to €236 million or 25.9% of sales (Q2: 25.6%) versus 23.3% in H1 2016.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **445.7** | **417.0** | **910.7** | **839.5** |
| **Cost of goods sold** | **(331.5)** | **(315.5)** | **(674.7)** | **(643.9)** |
| Incl. purchases consumed | (332.7) | (315.9) | (670.0) | (644.3) |
| Incl. inventory impairment | 1.2 | 0.5 | (4.7) | 0.4 |
| **Gross margin** | **114.2** | **101.5** | **236.0** | **195.6** |
| *Gross margin rate* | *25.6%* | *24.3%* | *25.9%* | *23.3%* |

## Operating income

Operating expenses before non-recurring items (including net depreciation, amortization and provisions) in H1 2017 amounted to €185.9 million, up from €181.6 million in H1 2016. This €4.4 million change is mainly due to:

- +€6.6 million on the scope of consolidation excluding S+B Distribution related to the increase in activity and profitability
- -€2.2 million on the S+B Distribution scope of consolidation.

EBITDA came to €60.7 million (Q2: €29.5 million), amounting to 6.7% of sales versus 2.9% in H1 2016.

Operating income before non-recurring items amounted to €50.1 million (5.5% of sales) compared to €14.1 million (1.7% of sales) in H1 2016.

First half 2017 EBITDA is restated by an amount of €1.7 million mainly consisting of non-recurring expenses for which provisions were reversed for the period.

## Net financial expense

First half 2017 net financial expense came to €6.2 million, compared to a €4.9 million net expense in H1 2016.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Net cost of debt** | **(1.9)** | **(1.7)** | **(3.7)** | **(3.4)** |
| Other financial items | (1.7) | (0.3) | (2.6) | (1.5) |
| **Net financial expense** | **(3.6)** | **(2.0)** | **(6.2)** | **(4.9)** |

## Net income

Net income (Group share) amounted to €27.7 million (3% of sales) versus €2.3 million (0.3% of sales) in H1 2016.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Income before tax** | **18.5** | **8.1** | **43.0** | **9.6** |
| Corporate income tax | (5.4) | (4.3) | (13.6) | (6.3) |
| *Income tax rate* | *29.1%* | *53.5%* | *31.6%* | *66.2%* |
| Consolidated net income | 13.1 | 3.8 | 29.4 | 3.2 |
| Minority interests | (0.7) | (0.3) | (1.7) | (0.9) |
| **Net income (Group share)** | **12.4** | **3.4** | **27.7** | **2.3** |
| *% of sales* | *2.8%* | *0.8%* | *3.0%* | *0.3%* |



# 2 Sales and earnings by division

## H1 2017 operations and brand development

| | JACQUET – Abraservice | | STAPPERT | | IMS group | |
|---|---|---|---|---|---|---|
| | Stainless steel and wear-resistant quarto plates | | Stainless steel long products | | Engineering steels | |
| €m | Q2 2017 | H1 2017 | Q2 2017 | H1 2017 | Q2 2017 | H1 2017 |
| **Sales** | **97.8** | **195.9** | **114.4** | **240.6** | **232.1** | **472.7** |
| **Change vs 2016** | **16.2%** | **15.9%** | **7.5%** | **11.0%** | **3.2%** | **4.2%** |
| *Price effect* | *13.3%* | *13.3%* | *18.2%* | *16.3%* | *8.8%* | *6.4%* |
| *Volume effect* | *2.8%* | *2.6%* | *-10.7%* | *-5.3%* | *-5.6%* | *-2.3%* |
| **EBITDA** [1 2] | **6.4** | **13.5** | **7.0** | **16.7** | **12.6** | **26.5** |
| *% of sales* | *6.6%* | *6.9%* | *6.1%* | *6.9%* | *5.4%* | *5.6%* |
| **Operating income before non-recurring items** [2] | **3.9** | **8.9** | **6.3** | **15.8** | **10.1** | **22.6** |
| *% of sales* | *4.0%* | *4.5%* | *5.5%* | *6.6%* | *4.4%* | *4.8%* |

[1] Non-division operations contributed €3.4 million to Q2 2017 EBITDA and €4.0 million to H1 2017 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 — Stainless steel and wear-resistant quarto plates

This division specializes in the distribution of stainless steel and wear-resistant quarto plates. Jacquet and Abraservice have separate sales networks. The division generated 72% of its business in Europe and 18% in North America.

Sales amounted to €195.9 million, +15.9% from €169.1 million in H1 2016: volumes sold +2.6% (Q2: +2.8%), prices +13.3% (Q2: +13.3%).

The gross margin rate rose 1.4 percentage points to 30.9%, while gross margin came to €60.5 million compared to €49.9 million in H1 2016.

EBITDA was €13.5 million (Q2: €6.4 million), representing 6.9% of sales, compared to €4.6 million (2.7% of sales) in H1 2016.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **97.8** | **84.2** | **195.9** | **169.1** |
| **Change vs 2016** | **16.2%** | | **15.9%** | |
| *Price effect* | *13.3%* | | *13.3%* | |
| *Volume effect* | *2.8%* | | *2.6%* | |
| **Gross margin** | **29.4** | **25.5** | **60.5** | **49.9** |
| *% of sales* | *30.0%* | *30.3%* | *30.9%* | *29.5%* |
| **EBITDA** | **6.4** | **2.7** | **13.5** | **4.6** |
| *% of sales* | *6.6%* | *3.2%* | *6.9%* | *2.7%* |
| **Operating income before non-recurring items** | **3.9** | **0.8** | **8.9** | **0.8** |
| *% of sales* | *4.0%* | *1.0%* | *4.5%* | *0.4%* |

## STAPPERT — Stainless steel long products

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

Sales amounted to €240.6 million, +11% from €216.7 million in H1 2016: volumes sold -5.3% (Q2: -10.7%), prices +16.3% (Q2: +18.2%).

The gross margin rate rose 3 percentage points to 23.3%, while the gross margin came to €56.1 million versus €44.1 million in H1 2016.

EBITDA was €16.7 million (Q2: €7 million), representing 6.9% of sales, compared to €6.7 million (3.1% of sales) in H1 2016.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **114.4** | **106.4** | **240.6** | **216.7** |
| **Change vs 2016** | **7.5%** | | **11.0%** | |
| *Price effect* | *18.2%* | | *16.3%* | |
| *Volume effect* | *-10.7%* | | *-5.3%* | |
| **Gross margin** | **25.7** | **22.6** | **56.1** | **44.1** |
| *% of sales* | *22.5%* | *21.2%* | *23.3%* | *20.4%* |
| **EBITDA** | **7.0** | **4.1** | **16.7** | **6.7** |
| *% of sales* | *6.1%* | *3.9%* | *6.9%* | *3.1%* |
| **Operating income before non-recurring items** | **6.3** | **3.5** | **15.8** | **5.7** |
| *% of sales* | *5.5%* | *3.3%* | *6.6%* | *2.7%* |

## IMS group — Engineering steels

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

Sales amounted to €472.7 million, +4.2% from €453.8 million in H1 2016: volumes sold -2.3% (Q2: -5.6%), prices +6.4% (Q2: +8.8 %).

The gross margin rate rose 2.8 percentage points to 24.7%, while the gross margin came to €116.7 million versus €99.3 million in H1 2016.

EBITDA was €26.5 million (Q2: €12.6 million), representing 5.6% of sales, compared to €9.4 million (2.1% of sales) in H1 2016. S+B Distribution contributed €10.2 million (3.8% of sales) to EBITDA, compared to €1 million in H1 2016.

| €m | Q2 2017 | Q2 2016 | H1 2017 | H1 2016 |
|---|---|---|---|---|
| **Sales** | **232.1** | **224.8** | **472.7** | **453.8** |
| **Change vs 2016** | **3.2%** | | **4.2%** | |
| *Price effect* | *8.8%* | | *6.4%* | |
| *Volume effect* | *-5.6%* | | *-2.3%* | |
| **Gross margin** | **56.7** | **52.2** | **116.7** | **99.3** |
| *% of sales* | *24.4%* | *23.2%* | *24.7%* | *21.9%* |
| **EBITDA** | **12.6** | **6.6** | **26.5** | **9.4** |
| *% of sales* | *5.4%* | *2.9%* | *5.6%* | *2.1%* |
| **Operating income before non-recurring items** | **10.1** | **4.4** | **22.6** | **5.4** |
| *% of sales* | *4.4%* | *2.0%* | *4.8%* | *1.2%* |



# 3 Consolidated financial position

## Summary balance sheet

The summary balance sheet below sets out Jacquet Metal Service's consolidated financial position at June 30, 2017 and December 31, 2016.

| Working capital | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Goodwill | 68,390 | 68,489 |
| Net non-current assets | 144,813 | 147,598 |
| Net inventory | 387,223 | 376,243 |
| Net trade receivables | 230,592 | 171,315 |
| Other assets | 92,440 | 91,707 |
| Cash | 66,427 | 72,951 |
| **Total assets** | **989,885** | **928,303** |
| Shareholders' equity | 312,702 | 296,522 |
| Provisions (including provisions for employee benefit obligations) | 105,609 | 112,274 |
| Trade payables | 229,072 | 176,429 |
| Borrowings | 242,204 | 281,231 |
| Other liabilities | 100,298 | 61,847 |
| **Total equity and liabilities** | **989,885** | **928,303** |

## Working capital

As of June 30, 2017, operating working capital amounted to €389 million, including inventories of €387 million, and represented 23.4% of sales, stable compared to year end 2016.

| €000 | 30.06.2017 | 31.12.2016 | Variations |
|---|---|---|---|
| Net inventory | 387,223 | 376,243 | |
| *Days sales inventory* [1] | *136* | *142* | |
| Net trade receivables | 230,592 | 171,315 | |
| *Days sales outstanding* | *47* | *47* | |
| Trade payables | (229,072) | (176,429) | |
| *Days payable outstanding* | *49* | *51* | |
| **Net operating working capital** | **388,743** | **371,129** | **17,614** |
| *% of sales* [1] | *23.4%* | *23.4%* | |
| Other receivables or payables excluding taxes and financial items | (52,945) | (24,059) | |
| Working capital excluding taxes and financial items | 335,798 | 347,070 | |
| Changes in consolidation and other | – | (12,726) | |
| **Working capital before taxes and financial items and adjusted for other changes** | **335,798** | **334,344** | **1,454** |
| *% of sales* [1] | *20.2%* | *21.1%* | |

[1] Rolling 12 months

Group inventories amounted to €387.2 million at June 30, 2017, compared to €376.2 million at December 31, 2016. Inventory in tonnage represented 136 days of sales at June 30, 2017, compared to 142 days at December 31, 2016.

Trade receivables amounted to €230.6 million at June 30, 2017 with an average customer payment term that was broadly unchanged compared to December 31, 2016 (around 47 days' sales, excluding the impact of receivables assigned without recourse). The Group had assigned trade receivables amounting to €47.4 million at June 30, 2017 without recourse, compared to €31.8 million at December 31, 2016. This change is due to the €76 million increase in sales versus Q4 2016.

Trade payables amounted to €229.1 million at June 30, 2017, with an average supplier payment term of 49 days' purchases, compared to 51 days at December 31, 2016.



## Net debt

As of June 30, 2017, Group net debt stood at €172 million, compared with shareholders' equity of €313 million, resulting in a net debt to equity ratio of 55.2% (69.2% as of December 31, 2016).

| €000 | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Borrowings | 242,204 | 281,231 |
| Cash, cash equivalents and other | 69,725 | 75,969 |
| **Net debt** | **172,479** | **205,262** |
| *Debt to equity ratio* | *55.2%* | *69.2%* |

## Financing

The Group had €565 million in lines of credit at June 30, 2017, 43% of which had been used:

| €m | Authorized at June 30, 2017 | Used at June 30, 2017 | % used |
|---|---|---|---|
| Jacquet Metal Service SA | 340.9 | 136.8 | 40% |
| Syndicated revolving loan | 125.0 | 0.0 | 0% |
| Schuldscheindarlehen (private placement of debt instruments under German law) | 88.0 | 88.0 | 100% |
| Lines of credit and asset financing | 127.9 | 48.8 | 38% |
| Subsidiaries | 224.4 | 105.4 | 47% |
| Lines of credit | 149.0 | 58.2 | 39% |
| Factoring | 27.9 | 1.9 | 7% |
| Asset financing (term/revolving loans and leasing) | 47.5 | 45.2 | 95% |
| Total | 565.3 | 242.2 | 43% |

In addition to the financing shown in the above table, the Group also had €65 million in without-recourse receivable assignment facilities, €47 million of which had been used at June 30, 2017.

Financing covenants mainly apply to the syndicated revolving loan and the German private placement (Schuldscheindarlehen). These covenants mainly correspond to commitments that must be complied with at Group level.

**The syndicated revolving loan was renegotiated during second quarter 2017.**

The main terms of the syndicated revolving loan are as follows:

- Date of signature: June 2017
- Maturity: July 16, 2020
- Amount €125 million (unused)
- Security: none
- Change of control clause: JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- Main covenant:
  - Compliance with one of the following ratios:
  - Debt to equity ratio less than 1
    or
  - Leverage less than 2

The main terms of the Schuldscheindarlehen are as follows:

- Date of signature: October 2015
- Maturity: October 30, 2020
- Amount €88 million (fully used)
- Security: none
- Change of control clause: JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- Main covenant:
  - Debt to equity ratio less than 1.

All of these financing covenants were in compliance at June 30, 2017.

## Cash flow

| €000 | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Operating cash flow before change in working capital | 49,186 | 45,353 |
| Change in working capital | (1,454) | (2,234) |
| Cash flow from operating activities | 47,732 | 43,119 |
| Capital expenditure | (7,961) | (18,262) |
| Asset disposals | 621 | 1,166 |
| Dividends paid to shareholders of Jacquet Metal Service SA | – | (9,460) |
| Interest paid | (5,415) | (9,616) |
| Other movements | (2,194) | 1,321 |
| Change in net debt | 32,783 | 8,268 |
| | | |
| Net debt brought forward | 205,262 | 213,530 |
| Net debt carried forward | 172,479 | 205,262 |

The Group generated operating cash flow of €48 million during H1 2017. As of June 30, 2017, operating working capital amounted to €389 million, including inventories of €387 million, and represented 23.4% of sales, equivalent to the 2016 year-end ratio.

First half capital expenditure amounted to €8 million, mainly relating to new finishing capacity.

## Risk factor

The general risk factors did not change during the first half. They are set out in the 2016 Annual report on pages 30-34.

## Post balance sheet events

None.

# > Summary interim consolidated financial statements

## Consolidated statement of comprehensive income

| €000 | Notes | 30.06.2017 | 30.06.2016 |
|---|---|---|---|
| **Sales** | **2.1** | **910,685** | **839,527** |
| Cost of goods sold | – | (674,690) | (643,887) |
| **Gross margin** | **2.1** | **235,995** | **195,640** |
| Operating expenses | – | (83,312) | (85,860) |
| Personnel expenses | – | (93,367) | (90,347) |
| Miscellaneous taxes | – | (2,110) | (2,230) |
| Other net income | – | 1,824 | 3,097 |
| Net depreciation and amortization | – | (10,970) | (10,369) |
| Net provisions | – | 995 | 4,435 |
| Non-recurring income and expenses | – | 162 | 143 |
| **Operating income** | **2.1** | **49,217** | **14,509** |
| *% of sales* | – | *5.4%* | *1.7%* |
| Cost of debt | – | (3,652) | (3,415) |
| Income from investments | – | – | – |
| Net cost of debt | – | (3 652) | (3 415) |
| Other financial income | – | 29 | 197 |
| Other financial expenses | – | (2,589) | (1,705) |
| **Net financial expense** | **–** | **(6,212)** | **(4,923)** |
| **Income before tax** | **–** | **43,005** | **9,586** |
| Corporate income tax | 1.2 | (13,585) | (6,349) |
| **Total consolidated net income** | **–** | **29,420** | **3,237** |
| *% of sales* | – | *3.2%* | *0.4%* |
| Minority interests | – | (1,704) | (890) |
| **Net income (Group share)** | **–** | **27,716** | **2,347** |
| *% of sales* | – | *3.0%* | *0.3%* |
| **Items that may be reclassified to profit or loss** | | | |
| Exchange differences | – | (414) | (1,306) |
| Other | – | (355) | (22) |
| **Items not reclassified to profit or loss** | | | |
| Actuarial gains/(losses) | – | **1,463** | **(3,091)** |
| **Total comprehensive income/(loss) (Group share)** | **–** | **28,410** | **(2,072)** |
| Minority interests | – | 1,695 | 799 |
| **Total comprehensive income/(loss)** | **–** | **30,105** | **(1,273)** |
| | | | |
| Earnings per share in circulation (€) | – | 1.15 | 0.10 |
| Diluted earnings per share (€) | 2.3 | 1.17 | 0.10 |

The Notes are an integral part of the summary interim consolidated financial statements.

# Consolidated statement of financial position

| €000 | Notes | 30.06.2017 Gross | 30.06.2017 Dep. amort. prov. | 30.06.2017 Net | 31.12.2016 Net |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Goodwill | 2.4 | 68,390 | – | 68,390 | 68,489 |
| Intangible assets | 2.5 | 26,688 | 22,046 | 4,642 | 4,794 |
| Property, plant and equipment | 2.5 | 425,029 | 284,858 | 140,171 | 142,804 |
| Other financial assets | – | 11,949 | 1,509 | 10,440 | 9,875 |
| Deferred tax | 2.12 | 53,153 | – | 53,153 | 56,641 |
| **Non-current assets** | **–** | **585,209** | **308,413** | **276,796** | **282,603** |
| Inventory and work-in-progress | 2.1, 2.6 | 459,478 | 72,255 | 387,223 | 376,243 |
| Trade receivables | 2.1, 2.7 | 239,777 | 9,185 | 230,592 | 171,315 |
| Tax assets receivable | – | 3,153 | – | 3,153 | 2,707 |
| Other assets | – | 25,720 | 30 | 25,690 | 22,065 |
| Derivatives | – | 4 | – | 4 | 419 |
| Cash and cash equivalents | 2.8 | 66,427 | – | 66,427 | 72,951 |
| **Current assets** | | **794,559** | **81,470** | **713,089** | **645,700** |
| **Assets held for sale** | **–** | **–** | **–** | **–** | **–** |
| **Total Assets** | **–** | **1,379,768** | **389,883** | **989,885** | **928,303** |
| **Equity & liabilities** | | | | | |
| Share capital | – | – | – | 36,631 | 36,631 |
| Consolidated reserves | – | – | – | 263,749 | 249,615 |
| Shareholders' equity (Group share) | – | – | – | 300,380 | 286,246 |
| Minority interests | – | – | – | 12,322 | 10,276 |
| **Shareholders' equity** | **2.9** | **–** | **–** | **312,702** | **296,522** |
| Deferred tax | 2.12 | – | – | 5,672 | 6,583 |
| Non-current provisions | 2.10 | – | – | 6,150 | 6,085 |
| Provisions for employee benefit obligations | 2.11 | – | – | 65,356 | 68,121 |
| Other non-current liabilities | – | – | – | 4,477 | 4,356 |
| Long-term borrowings | 2.8 | – | – | 136,939 | 144,365 |
| **Non-current liabilities** | **–** | **–** | **–** | **218,594** | **229,510** |
| Short-term borrowings | 2.8 | – | – | 105,265 | 136,866 |
| Trade payables | 2.1 | – | – | 229,072 | 176,429 |
| Current tax liabilities | – | – | – | 10,726 | 4,417 |
| Current provisions | 2.10 | – | – | 34,103 | 38,068 |
| Derivatives | – | – | – | 788 | 367 |
| Other liabilities | – | – | – | 78,635 | 46,124 |
| **Total current liabilities** | **–** | **–** | **–** | **458,589** | **402,271** |
| **Liabilities held for sale** | **–** | **–** | **–** | **–** | **–** |
| **Total equity and liabilities** | **–** | **–** | **–** | **989,885** | **928,303** |

The Notes are an integral part of the summary interim consolidated financial statements.

# Cash flow statement

| €000 | Notes | 30.06.2017 | 31.12.2016 | 30.06.2016 |
|---|---|---|---|---|
| **Cash and cash equivalents at beginning of period** | **2.8** | **72,951** | **90,588** | **90,588** |
| **Operating activities** | | | | |
| Net income | — | 29,420 | 17,778 | 3,237 |
| Depreciation, amortization and provisions | 2.5, 2.10 | 6,792 | 21,964 | 8,510 |
| Capital gains on asset disposals and other | — | (162) | (115) | (143) |
| Change in deferred taxes | — | 2,071 | 2,592 | 1,144 |
| Other non-cash income and expenses | — | — | (6,417) | — |
| Free cash flow after tax and cost of borrowings | — | 38,121 | 35,802 | 12,748 |
| Cost of borrowings | — | 5,196 | 9,724 | 4,947 |
| Current income tax | — | 10,799 | 10,995 | 5,00, |
| Taxes paid | — | (4,930) | (11,168) | (5,437) |
| Operating cash flow before change in working capital | — | 49,186 | 45,353 | 17,262 |
| Change in inventory and work-in-progress | — | (11,441) | 13,485 | 28,730 |
| Change in trade receivables | — | (59,806) | 3,034 | (47,076) |
| Change in trade payables | — | 52,539 | (15,913) | 20,562 |
| Other changes | — | 17,254 | (2,840) | 8,480 |
| Total change in working capital | — | (1,454) | (2,234) | 10,696 |
| **Cash flow from operating activities** | **—** | **47,732** | **43,119** | **27,958** |
| **Investing activities** | | | | |
| Acquisitions of fixed assets | 2.5 | (7,961) | (18,262) | (9,471) |
| Acquisitions of subsidiaries | — | (233) | (75) | (2) |
| Disposal of assets | — | 621 | 1,166 | 760 |
| Other changes | — | (257) | (365) | (181) |
| **Cash flow from investing activities** | **—** | **(7,830)** | **(17,536)** | **(8,894)** |
| **Financing activities** | | | | |
| Dividends paid to parent company shareholders | 2.9 | — | (9,460) | — |
| Dividends paid to minority shareholders of consolidated companies | 2.9 | (1,533) | (1,315) | (597) |
| New borrowings | 2.8 | — | 11,075 | 10,389 |
| Change in borrowings | 2.8 | (39,101) | (34,748) | (20,071) |
| Interest paid | — | (5,415) | (9,616) | (4,978) |
| Other changes | — | (230) | 1,230 | 2 |
| **Cash flow from financing activities** | **—** | **(46,279)** | **(42,834)** | **(15,255)** |
| **Change in cash and cash equivalents** | **—** | **(6,377)** | **(17,251)** | **3,809** |
| Exchange differences | — | (147) | (386) | (361) |
| **Net cash at end of period** | **2.8** | **66,427** | **72,951** | **94,036** |

The Notes are an integral part of the summary interim consolidated financial statements.
Changes are shown at the net book value.
Bank overdrafts are used to finance both short and medium-term loans.
Accordingly, they are analyzed as financing and classified as such in the cash flow statement.

# Change in consolidated shareholders' equity

| €000 | Number of shares | Share capital | Reserves | Exchange differences (Group share) | Share-holders' equity (Group share) | Minority interests | Sharehol-ders' equity |
|---|---|---|---|---|---|---|---|
| **At 31.12.2015** | **24,028,438** | **36,631** | **246,236** | **2,797** | **285,664** | **9,763** | **295,427** |
| Net income | — | — | 2,347 | — | 2,347 | 890 | 3,237 |
| Exchange differences | — | — | — | (1,306) | (1,306) | (91) | (1,397) |
| Actuarial gains/(losses) | — | — | (3,091) | — | (3,091) | — | (3,091) |
| Other | — | — | (22) | — | (22) | — | (22) |
| Total comprehensive income/(loss) | — | — | **(766)** | (1,306) | (2,072) | 799 | (1,273) |
| Changes in consolidation scope | — | — | 259 | — | 259 | (79) | 180 |
| Dividend payments | — | — | (9,459) | — | (9,459) | (1,299) | (10,758) |
| Other | — | — | 37 | — | 37 | (4) | 33 |
| **At 30.06.2016** | **24,028,438** | **36,631** | **236,307** | **1,491** | **274,429** | **9,180** | **283,609** |
| | | | | | | | |
| **At 31.12.2016** | **24,028,438** | **36,631** | **248,234** | **1,381** | **286,246** | **10,276** | **296,522** |
| Net income | — | — | 27,716 | — | 27,716 | 1,704 | 29,420 |
| Exchange differences | — | — | — | (414) | (414) | (9) | (423) |
| Actuarial gains/(losses) | — | — | 1,463 | — | 1,463 | — | 1,463 |
| Other | — | — | (355) | — | (355) | — | (355) |
| Total comprehensive income/(loss) | — | — | **28,824** | (414) | 28,410 | 1,695 | 30,105 |
| Changes in consolidation scope | — | — | (2,062) | — | (2,062) | 1,882 | (180) |
| Dividend payments | — | — | (11,847) | — | (11,847) | (1,533) | (13,380) |
| Other | — | — | (367) | — | (367) | 2 | (365) |
| **At 30.06.2017** | **24,028,438** | **36,631** | **262,782** | **967** | **300,380** | **12,322** | **312,702** |

The Notes are an integral part of the summary interim consolidated financial statements.

# Notes to the summary interim consolidated financial statements

The summary interim consolidated financial statements of Jacquet Metal Service Group for the 6 months ended June 30, 2017 were reviewed by the Board of Directors on September 6, 2017.

All figures are reported in thousands or millions. Some totals may display differences in rounding.

## 1 Consolidation principles and methods

In accordance with European regulation 1606/2002 dated July 19, 2002 on international financial reporting standards, the summary interim consolidated financial statements of Jacquet Metal Service Group for the 6 months ended June 30, 2017 and the 2016 comparative financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force as of June 30, 2017, as approved by the European Union.

The standards and interpretations applied are those published in the Official Journal of the European Union (OJEU) before June 30, 2017 for compulsory application as from this date.

These accounting principles cover all standards approved by the International Accounting Standards Board (IASB), i.e. IFRS, International Accounting Standards (IAS) and interpretations issued by the IFRS Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC). These accounting standards can be consulted on the European Commission website at: http://ec.europa.eu/finance/company-reporting/index_en.htm.

The summary interim consolidated financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting, which allows a condensed presentation of the Notes to the financial statements. The financial statements should therefore be read with reference to the consolidated financial statements for the year ended December 31, 2016 and, in particular, Note 1 “Consolidation principles and methods” and Note 2 “Valuation methods” as contained in the Registration Document filed with the Autorité des Marchés Financiers (AMF) on April 4, 2017 under number D.17-0319 and available for consultation on the company website at www.jacquetmetalservice.com.

With the exception of the points described in the paragraph below, the accounting principles applied are identical to those used in the audited consolidated financial statements for the year ended December 31, 2016.

New standards or amendments for compulsory application as from January 1, 2017 are as follows:

- Amendment to IAS 12: Recognition of deferred tax assets arising from unrealized losses,
- Amendment to IAS 7: Statement of cash flows,
- Annual improvements to IFRS (2014-2016 cycle).

These new standards and amendments for compulsory application as from January 1, 2017 have not yet been adopted by the European Union and have therefore not been applied by the Group to the period ended June 30, 2017.

The Group has chosen not to apply in advance standards and interpretations adopted by the European Union before the balance sheet date but applicable after said date.

- IFRS 15 – Revenue from Contracts with Customers (applicable as of January 1, 2018);
- IFRS 9 – Financial Instruments (applicable as of January 1, 2018),
- IFRS 16 – Leases (applicable as of January 1, 2019).

The Group is currently assessing the impact of IFRS 15 and IFRS 9. The Group does not expect IFRS 15 to have a material impact on the financial statements.

The Group has not applied any accounting principles for compulsory or optional application in 2017 that have not yet been adopted by the European Union. Group management does not expect the standards and interpretations issued by the IASB but not yet adopted by the European Union to have a material impact on the Group financial statements.

### Use of estimates

The consolidated half-year financial statements have been established on the basis of rules applied for the 2016 annual financial statements. In this regard, it is appropriate to clarify the treatment of income taxes: for interim financial statements, the current and deferred tax charge is calculated by applying the estimated annual average tax rate for the current financial year to the six-month taxable income for each legal entity or tax group, as adjusted for non-recurring items allocated to the period.

In accordance with IAS 10, management's estimates are based on the information available at the balance sheet date, taking post balance sheet events into account.

The main estimates at June 30, 2017 involved:

- Estimating the realizable value of deferred tax assets: the method is based on 5-year business plans and takes local legislation into account;
- The value of goodwill is tested for impairment at least once a year for the annual financial statements, and whenever an indication of loss of value arises;
- Inventory valuation: the method followed to determine the net realizable value of inventory is based on the best estimate, as of the date of the preparation of the financial statements, of the future sale price in the normal course of business less any estimated selling costs;
- Impairment of receivables is reviewed on a case-by-case basis to take account of the specific situation of particular customers;
- Employee benefit liabilities are measured based on actuarial assumptions;
- Current and non-current provisions are estimated to reflect the best estimate of the risks as of the balance sheet date.

## 1.1 Change in consolidation

During first half 2017 the business of Schmolz+Bickenbach Distributions GmbH was transferred to the following companies:

- IMS Deutschland GmbH;
- IMS TecPro GmbH;
- IMS Trade GmbH;
- SBES Werkstofftechnik GmbH.



# 2 Notes on the financial position at June 30, 2017 and the first half 2017 consolidated statement of comprehensive income

## 2.1 Operating segments

The key indicators for each operating segment at June 30, 2017 were as follows:

30.06.2017

| €m | Sales | Gross margin | Operating income before non-recurring items | Operating working capital | Operating working capital as a % of sales[2] |
|---|---|---|---|---|---|
| JACQUET / Abraservice | 195.9 | 60.5 | 8.9 | 103.6 | 29.6% |
| STAPPERT | 240.6 | 56.1 | 15.8 | 91.7 | 20.9% |
| IMS Group | 472.7 | 116.7 | 22.6 | 183.0 | 21.1 % |
| Other[1] | 10.8 | 2.7 | 2.8 | 10.3 | n.a |
| Inter-brand eliminations | (9.3) | — | — | — | n.a |
| **Total** | **910.7** | **236.0** | **50.1** | **388.7** | **23.4%** |

30.06.2016

| €m | Sales | Gross margin | Operating income before non-recurring items | Operating working capital | Operating working capital as a % of sales[2] |
|---|---|---|---|---|---|
| JACQUET / Abraservice | 169.1 | 49.9 | 0.8 | 87.2 | 26.9% |
| STAPPERT | 216.7 | 44.1 | 5.7 | 81.6 | 19.4% |
| IMS Group | 453.8 | 99.3 | 5.4 | 190.4 | 22.4% |
| Other[1] | 8.5 | 2.3 | 2.2 | 10.1 | n.a |
| Inter-brand eliminations | (8.6) | — | — | — | n.a |
| **Total** | **839.5** | **195.6** | **14.1** | **369.3** | **23.2%** |

[1] Non-brand activities (including Jacquet Metal Service SA)
[2] Rolling 12 months sales
n.a: Not applicable.

## 2.2 Corporate income tax

Net income includes a €13.6 million tax charge representing 32% of income before tax, given that tax loss carryforwards are generally not recognized for reasons of prudence.

## 2.3 Earnings per share

| | 30.06.2017 | 30.06.2016 |
|---|---|---|
| Net income, Group share (€000) | 27,716 | 2,347 |
| **Total number of shares from January 1 to period end** | **24,028,438** | **24,028,438** |
| Treasury shares | 334,941 | 379,866 |
| Total number of shares excluding treasury shares | 23,693,497 | 23,648,572 |
| **Basic earnings per share (€)** | **1.17** | **0.10** |
| Bonus shares[1] | — | — |
| Total diluted number of shares, excluding treasury shares | 23,693,497 | 23,648,572 |
| **Diluted earnings per share (€)** | **1.17** | **0.10** |

[1] Average number of shares during the period

## 2.4 Goodwill

Goodwill amounted to €68.4 million as of June 30, 2017 and did not change during the first half of 2017.

The Group analyzed the results of the various cash-generating units (CGU), which did not reveal any indication of impairment.

## 2.5 Change in PP&E and intangible assets

| €m | |
|---|---|
| **Net book value at December 31, 2016** | **147.6** |
| Acquisitions | 8.9 |
| Net disposals and scrap | (0.4) |
| Net depreciation/impairment | (11.0) |
| Exchange differences | (0.3) |
| **Net book value at June 30, 2016** | **144.8** |

## 2.6 Inventories and WIP

| €m | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Gross value | 459.5 | 443.9 |
| Impairment | (72.3) | (67.7) |
| **Net book value** | **387.2** | **376.2** |

Net inventories have been restated at net realizable value after a provision representing 15.7% of the gross value at June 30, 2017, compared to 15.2% at December 31, 2016.

## 2.7 Trade receivables

| €m | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Gross value | 239.8 | 180.6 |
| Impairment of receivables | (9.2) | (9.3) |
| **Net book value** | **230.6** | **171.3** |

The value of receivables does not include receivables assigned without recourse under factoring agreements and canceled in the accounts, mainly in France, Germany and Belgium, amounting to €47.4 million at June 30, 2017 as against €31.8 million at December 31, 2016.

## 2.8 Net cash and borrowings

| €m | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Cash | 59.1 | 58.8 |
| Cash equivalents | 7.3 | 14.2 |
| **Cash and cash equivalents** | **66.4** | **73.0** |

“Cash equivalents" largely comprise interest-bearing term deposits.

Borrowings break down as follows:

| €m | 30.06.2017 | 31.12.2016 |
|---|---|---|
| Borrowings at fixed rates | 45.1 | 49.6 |
| Borrowings at floating rates | 119.7 | 131.7 |
| Bank overdrafts, factoring, discounting | 76.7 | 99.0 |
| Accrued interest | 0.7 | 1.0 |
| **Borrowings** | **242.2** | **281.2** |
| **Long-term loans** | **(3.3)** | **(3.0)** |
| **Cash and cash equivalents** | **(66.4)** | **(73.0)** |
| **Net borrowings** | **172.5** | **205.3** |

## 2.9 Shareholders' equity

In accordance with a resolution of the June 30, 2017 General Meeting, on July 7, 2017 the Group paid out a dividend of €0.5 per share amounting to €11.8 million in total. This amount is recognized under "Other liabilities" on the balance sheet.

## 2.10 Provisions

| €m | 31.12.16 | Charges | Reversals (unused) | Reversals (used)[1] | June 30, 2017 |
|---|---|---|---|---|---|
| Non-current provisions | 6.1 | 1.6 | — | (1.6) | 6.1 |
| Current provisions | 38.1 | 1.7 | — | (5.7) | 34.1 |
| **Total** | **44.2** | **3.3** | **—** | **(7.3)** | **40.2** |

[1] including €3.6 million reversals of provisions used, classified under personnel expenses in the consolidated statement of comprehensive income

## 2.11 Provisions for employee benefit obligations

In accordance with IAS 34 - Interim Financial Reporting, the change in employee benefit obligations is based on the annual actuarial projection for December 31, 2017 as estimated at December 31, 2016. The impact on income is accrued straight line over time.

The discount rate applied was increased by 0.25 percentage points, leading to a €2.1 million decrease in the provision and a €1.5 million increase in shareholders' equity after tax.

## 2.12 Deferred tax

The origin of deferred tax is as follows:

| €m | 30.06.17 | 31.12.16 |
|---|---|---|
| Tax losses carried forward | 10.4 | 14.9 |
| Temporary differences | 21.5 | 21.7 |
| Other IFRS restatements | 15.5 | 13.4 |
| **Net deferred tax** | **47.5** | **50.0** |

# 3 Undertakings related to financing

Financing covenants mainly apply to the syndicated revolving loan and the German private placement (Schuldscheindarlehen). These covenants mainly correspond to commitments that must be complied with at Group level.

**The syndicated revolving loan was renegotiated during second quarter 2017.**

The main terms of the syndicated revolving loan are as follows:

- Date of signature: June 2017
- Maturity: July 16, 2020
- Amount €125 million (unused)
- Security: none
- Change of control clause: JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- Main covenant:
  - Compliance with one of the following ratios:
  - Debt to equity ratio less than 1

    or
  - Leverage less than 2

The main terms of the Schuldscheindarlehen are as follows:

- Date of signature: October 2015
- Maturity: October 30, 2020
- Amount €88 million (fully used)
- Security: none
- Change of control clause: JSA must hold at least 40% of Jacquet Metal Service SA's share capital and voting rights.
- Main covenant:
  - Debt to equity ratio less than 1.

All of these financing covenants were in compliance at June 30, 2017.

# 4 Post balance sheet events

None.

# Statutory auditors' report on the half-year financial reporting

**GRANT THORNTON**
Membre français de Grant Thornton International
Cité internationale
44, quai Charles de Gaulle
CS 60095
69463 Lyon Cedex 06
S.A. au capital de € 2.297.184

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles

**ERNST & YOUNG et Autres**
Tour Oxygène
10-12, boulevard Marius Vivier Merle
69393 Lyon Cedex 03
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie régionale de Versailles



**Jacquet Metal Service**
For the period from January 1 to June, 30, 2017

## Statutory Auditors' Review Report on the Half-yearly Financial Information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Jacquet Metal Service, for the period from January 1, 2017 to June 30, 2017,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

## 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## 2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Lyon, September 6, 2017

The Statutory Auditors

| | |
|---|---|
| **GRANT THORNTON**<br>*French Member of Grant Thornton International* | **ERNST & YOUNG et Autres** |
| Françoise Mechin | Nicolas Perlier |

# Statement by the person responsible for The half-year financial report

I hereby certify that, to my knowledge, Jacquet Metal Service's summary interim consolidated financial statements for the first half of 2017 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and earnings of the company and all companies included in the consolidation scope, and that the activity report for the first half of 2017 gives a true and fair account of the important events that took place in the first six months of the year, their impact on the financial statements and the main transactions between related parties and includes a description of the main risks and uncertainties for the remaining six months of the year.

Saint-Priest, September 6, 2017

Éric Jacquet
Chairman and CEO, Jacquet Metal Service