

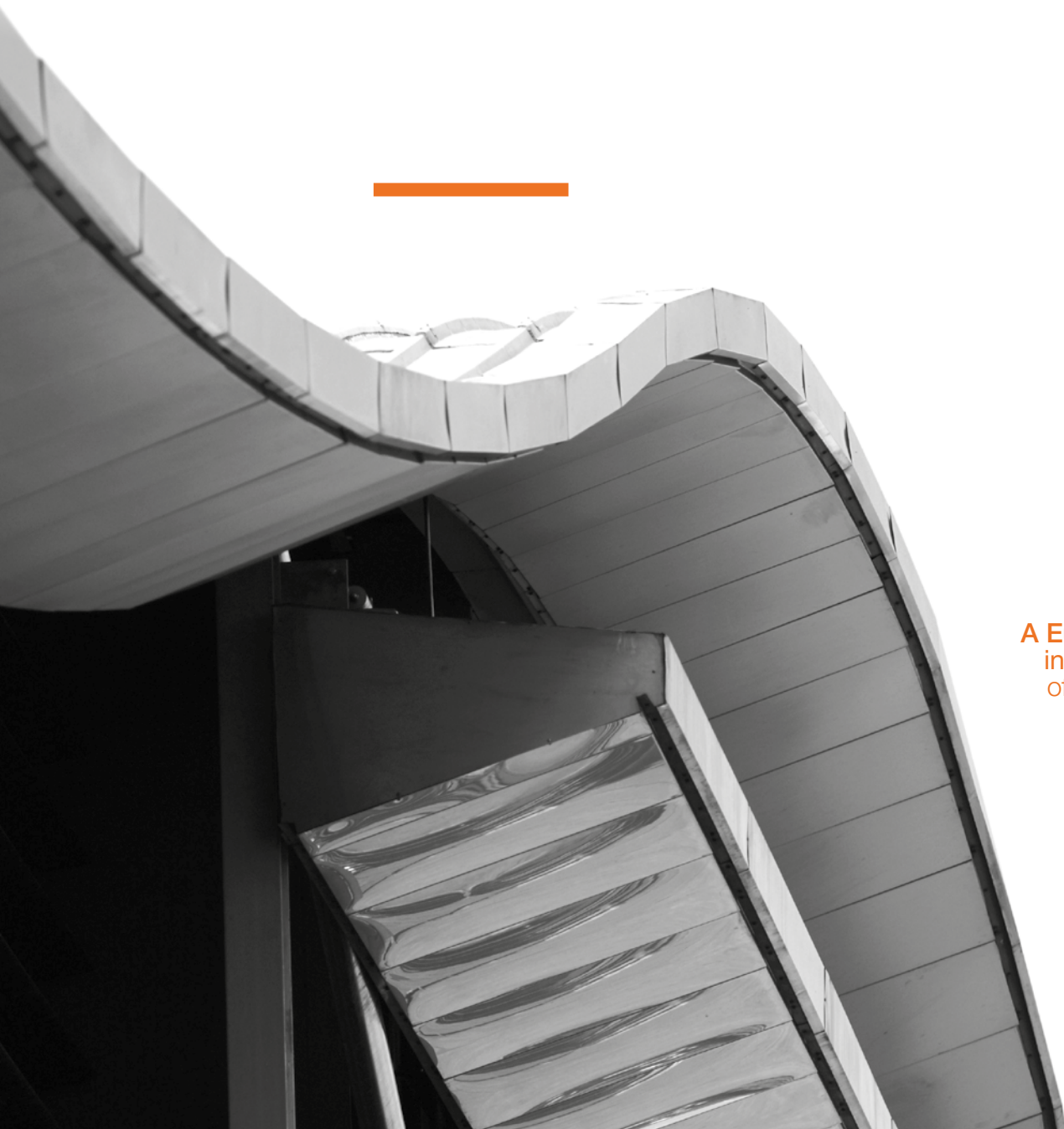
JACQUETMETALSERVICE

Activity report

SEPTEMBER 30, 2018

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

— Euronext Paris
Compartment B



Press release dated November 13, 2018 - 6.00pm CET

Third quarter 2018 earnings

9 months

- > **Sales** **€1,438m (+8.6% vs. September 30, 2017)**
- > **EBITDA** **€94m (6.5% of sales)**
- > **Net income (group share)** **€52m**

On November 13, 2018 the Board of Directors chaired by Éric Jacquet examined the consolidated financial statements for the period ended September 30, 2018.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|--|--------------|--------------|----------------------|----------------------|
| Sales | 453.7 | 412.5 | 1,437.7 | 1,323.2 |
| Gross margin | 107.9 | 99.2 | 356.8 | 335.2 |
| % of sales | 23.8% | 24.1% | 24.8% | 25.3% |
| EBITDA¹ | 26.7 | 22.1 | 94.1 | 82.8 |
| % of sales | 5.9% | 5.4% | 6.5% | 6.3% |
| Adjusted operating income¹ | 20.9 | 16.6 | 78.9 | 66.7 |
| % of sales | 4.6% | 4.0% | 5.5% | 5.0% |
| Operating income | 20.4 | 16.8 | 82.5 | 66.0 |
| Net income (Group share) | 11.8 | 9.4 | 52.4 | 37.1 |

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.

Sales and earnings for the period ended September 30, 2018

Sales amounted to €1,438 million, +8.6% compared to September 30, 2017 (Q3: +10%), including the following effects:

- > Volumes sold: +1.3% (Q3: -1.9%)
- > Price: +7.3% (Q3: +11.9%). The price effect compared to Q2 2018 was +2.9%.

Gross margin amounted to €356.8 million, representing 24.8% of sales (Q3: 23.8%) compared to €335.2 million (25.3% of sales, Q3: 24.1%) as of September 30, 2017.

Operating expenses excluding non recurring items amounted to €277.9 million, +3.5% compared to €268.6 million as of September 30, 2017 mainly due to the increase in Group activity.

EBITDA increased +13.6% and amounted to €94.1 million (Q3: 26.7 million), representing 6.5% of sales, compared to €82.8 million (6.3% of sales) as of September 30, 2017.




Net income (Group share) amounted to €52.4 million (3.6% of sales) compared to €37.1 million (2.8% of sales) as of September 30, 2017.

Financial position

As of September 30, 2018, operating working capital represented 25.4% of sales and amounted to €471 million (including inventories of €499 million) compared to €383 million (including inventories of €418 million) as of December 31, 2017.

As a result, as of September 30, 2018, Group net debt amounted to €238 million, compared to shareholders' equity of €364 million, resulting in a net debt to equity ratio (gearing) of 65.5% (55.2% as of December 31, 2017).

Earnings as of September 30, 2018 by division

| |  ABRASERVICE Stainless steel and wear-resistant quarto plates | |  Stainless steel long products | |  Engineering steels | |
|--|---|----------------------|--|----------------------|---|----------------------|
| m€ | Q3 2018 | 30.09.18 9 months | Q3 2018 | 30.09.18 9 months | Q3 2018 | 30.09.18 9 months |
| Sales | 100.9 | 311.7 | 126.6 | 379.5 | 225.7 | 745.1 |
| Change y.o.y. | 11.3% | 8.7% | 13.9% | 7.9% | 8.3% | 9.4% |
| Price effect | 14.1% | 5.0% | 12.0% | 3.8% | 10.9% | 10.1% |
| Volume effect | -2.8% | 3.7% | 1.9% | 4.1% | -2.7% | -0.7% |
| EBITDA^{1 2} | 9.6 | 27.4 | 6.7 | 21.6 | 9.2 | 40.1 |
| % of sales | 9.6% | 8.8% | 5.3% | 5.7% | 4.1% | 5.4% |
| Adjusted operating income² | 7.6 | 21.6 | 5.7 | 19.7 | 7.1 | 34.8 |
| % of sales | 7.6% | 6.9% | 4.5% | 5.2% | 3.2% | 4.7% |

¹ Non-division operations (including Jacquet Metal Service SA) contributed €1.2 million to Q3 2018 EBITDA and €5 million as of September 30, 2018.

² Adjusted for non-recurring items. Non IFRS financial indicators are specified in the Activity Report.

JACQUET – Abraservice specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. The division generates 73% of sales in Europe and 20% in North America.

Sales amounted to €311.7 million, up +8.7% from €286.6 million as of September 30, 2017: volumes sold +3.7% (Q3: -2.8%), prices +5% (Q3: +14.1%). The price effect compared to Q2 2018 was +4.4%.

The gross margin amounted to €101.5 million and represented 32.6% of sales (Q3: 33.1%) compared to €86.8 million (30.3% of sales, Q3: 29.1%) as of September 30, 2017.

EBITDA amounted to €27.4 million representing 8.8% of sales (Q3: 9.6%) compared to €17.7 million (6.2% of sales, Q3: 4.6%) as of September 30, 2017.

STAPPERT specializes in the distribution of stainless steel long products in Europe. The division generates 43% of sales in Germany, the largest European market.

Sales amounted to €379.5 million, up +7.9% from €351.7 million as of September 30, 2017: volumes sold +4.1% (Q3: +1.9%), prices +3.8% (Q3: +12%). The price effect compared to Q2 2018 was +4.1%.

The gross margin amounted to €81.2 million and represented 21.4% of sales (Q3: 20.5%) compared to €79.3 million (22.6% of sales, Q3: 20.9%) as of September 30, 2017.

EBITDA amounted to €21.6 million and represented 5.7% of sales (Q3: 5.3%) compared to €22.2 million (6.3% of sales, Q3: 4.9%) as of September 30, 2017.

IMS group specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 48% of sales in Germany, the largest European market.

Sales amounted to €745.1 million, up +9.4% from €681.2 million as of September 30, 2017: volumes sold -0.7% (Q3: -2.7%), prices +10.1% (Q3: +10.9%). The price effect compared to Q2 2018 was +1.6%.

The gross margin amounted to €172.6 million and represented 23.2% of sales (Q3: 21.8%) compared to 164.6 million (24.2% of sales, Q3: 23%) as of September 30, 2017.

EBITDA amounted to €40.1 million and represented 5.4% of sales (Q3: 4.1%) compared to €35.3 million (5.2% of sales, Q3: 4.2%) as of September 30, 2017.

Key financial information

Income statement

| €m | 30.09.18 9 months | 30.09.17 9 months |
|--|----------------------|----------------------|
| Sales | 1,437.7 | 1,323.2 |
| Gross margin | 356.8 | 335.2 |
| % of sales | 24.8% | 25.3% |
| EBITDA¹ | 94.1 | 82.8 |
| % of sales | 6.5% | 6.3% |
| Adjusted operating income¹ | 78.9 | 66.7 |
| % of sales | 5.5% | 5.0% |
| Operating income | 82.5 | 66.0 |
| Net income (Group share) | 52.4 | 37.1 |

Cash flow

| €m | 30.09.18 9 months | 30.09.17 9 months |
|--|----------------------|----------------------|
| Operating cash flow before change in working capital | 76.3 | 67.2 |
| Change in working capital | (92.4) | (8.8) |
| Cash flow from operating activities | (16.2) | 58.4 |
| Capital expenditure | (16.2) | (20.2) |
| Asset disposals | 4.3 | 0.9 |
| Dividends paid to shareholders of Jacquet Metal Service SA | (16.6) | (11.8) |
| Interest paid | (7.4) | (7.5) |
| Other movements | (3.4) | (4.0) |
| Change in net debt | (55.4) | 15.8 |
| Net debt brought forward | 183.1 | 205.3 |
| Net debt carried forward | 238.5 | 189.5 |

Balance sheet

| €m | 30.09.18 | 31.12.17 |
|--|----------------|----------------|
| Goodwill | 68.3 | 68.3 |
| Net non-current assets | 155.3 | 156.2 |
| Net inventory | 499.1 | 418.0 |
| Net trade receivables | 218.2 | 189.3 |
| Other assets | 101.9 | 93.9 |
| Cash & cash equivalents | 108.0 | 102.1 |
| Total assets | 1,150.9 | 1,027.9 |
| Shareholders' equity | 364.3 | 331.8 |
| Provisions (including provisions for employee benefit obligations) | 102.7 | 106.5 |
| Trade payables | 246.8 | 224.0 |
| Total borrowings | 350.3 | 289.6 |
| Other liabilities | 86.8 | 75.9 |
| Total equity and liabilities | 1,150.9 | 1,027.9 |

| | |
|-----------------------------------|----------|
| Third quarter results 2018 | — |
|-----------------------------------|----------|

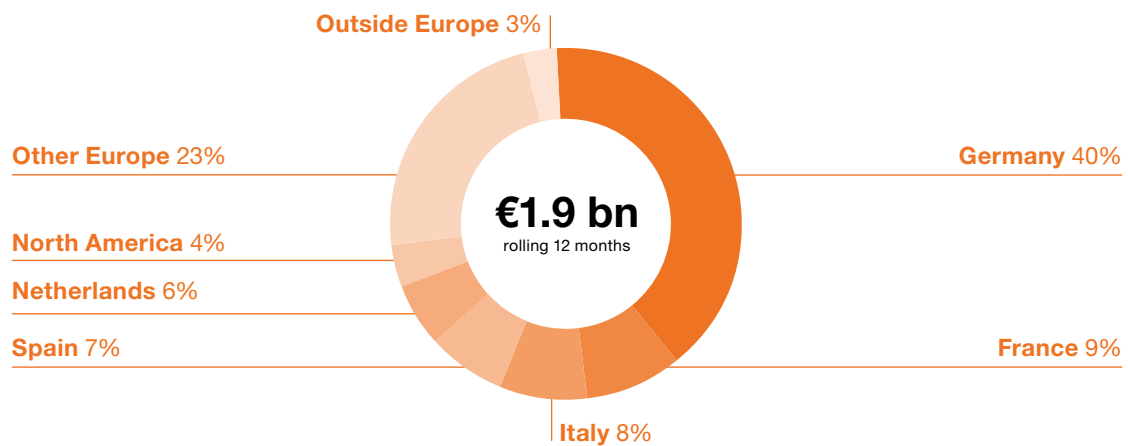
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1 A leading distributor of specialty steels

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

Breakdown of sales*



*Data as of september 30, 2018

A global player

| | |
|--------------------------|--------------|
| > Countries of operation | 25 |
| > Distribution centers | 110 |
| > Employees | 3,329 |



2 Brand management

Jacquet Metal Service markets its products through a portfolio of four brands organized into three divisions, each of which targets specific customers and markets.

Each division is run by a Chief Executive or Chief Operating Officer, who is in charge of developing the division in accordance with the strategic options and goals defined by Jacquet Metal Service.

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.

> Stainless steel and wear resistant quarto plates

JACQUET
ABRASERVICE



> Stainless steel long products


STAPPERT



> Engineering steels


ims
GROUP



3 Stock market information

Share details and market capitalization

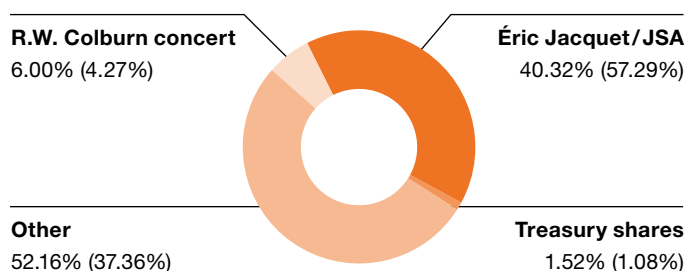
- > **Indices** : CAC® All Shares, CAC® All-Tradable, CAC® Basic Materials, CAC® Mid & Small, CAC® PME, CAC® Small, Next 150
- > **Market** : Euronext Paris - Compartment B
- > **Listed on** : Euronext Paris
- > **Code or ticker** : JCQ
- > **ISIN code** : FR0000033904
- > **Reuters** : JCQ.PA
- > **Bloomberg**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

| | | 30.09.18 | 31.12.17 |
|---|------------------|----------------|----------------|
| Number of shares at end of period | number of shares | 24,028,438 | 24,028,438 |
| Market capitalization at end of period | €k | 494,986 | 660,782 |
| High | € | 32.90 | 29.61 |
| Low | € | 20.50 | 19.45 |
| Price at end of period | € | 20.60 | 27.50 |
| Average daily trading volume | number of shares | 22,202 | 24,330 |
| Average daily traded capital | € | 611,631 | 596,557 |

As of September 30, 2018, the Jacquet Metal Service (JCQ) share price was €20.6, down from the December 31, 2017 closing price. As of November 12, 2018, the share price stood at €18.52.

The Jacquet Metal Service share is tracked by Société Générale SGCIB, Oddo Securities and Portzamparc Groupe BNP Paribas.

Shareholder structure as of September 30, 2018 % share capital (% voting rights)



Éric Jacquet and JSA (which is controlled by Éric Jacquet) held 40.32% of the share capital and 57.29% of the voting rights in the Company at September 30, 2018.

The Group did not sell or buy any treasury stock (outside the scope of the liquidity agreement) in the first nine months of 2018.

4 Financial communication schedule

- > **2018 full-year results:** March 13, 2019 after close of trading

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
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Activity report

September 30, 2018

1 Group sales and earnings

Results for the period ended September 30, 2018 are compared to the results for 2017, which may be consulted in the 2017 Registration Document filed with the Autorité des Marchés Financiers (or AMF, French financial market regulator) on April 4, 2018 (filing no. D.18-0266) and in the September 30, 2017 activity report.

| €k | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|---|----------------|----------------|----------------------|----------------------|
| Sales | 453,674 | 412,532 | 1,437,668 | 1,323,217 |
| Gross margin | 107,884 | 99,246 | 356,790 | 335,241 |
| % of sales | 23.8% | 24.1% | 24.8% | 25.3% |
| Operating expenses | (81,135) | (77,159) | (263,560) | (254,124) |
| Net depreciation and amortization | (4,952) | (5,249) | (15,111) | (16,219) |
| Net provisions | (1,432) | 69 | 266 | 1,064 |
| Gains/(losses) on disposals of non-current assets | 55 | (95) | 4,085 | 67 |
| Operating income | 20,420 | 16,812 | 82,470 | 66,029 |
| Net financial expense | (3,703) | (2,769) | (8,644) | (8,981) |
| Income before tax | 16,717 | 14,043 | 73,826 | 57,048 |
| Corporate income tax | (4,015) | (4,119) | (18,920) | (17,704) |
| Consolidated net income | 12,702 | 9,924 | 54,906 | 39,344 |
| Net income (Group share) | 11,787 | 9,410 | 52,426 | 37,126 |
| Earnings per share in circulation (€) | 0.49 | 0.39 | 2.18 | 1.55 |
| Operating income | 20,420 | 16,812 | 82,470 | 66,029 |
| Non-recurring items and gains/losses on disposals | 445 | (203) | (3,585) | 636 |
| Adjusted operating income | 20,865 | 16,609 | 78,885 | 66,665 |
| % of sales | 4.6% | 4.0% | 5.5% | 5.0% |
| Net depreciation and amortization | 4,952 | 5,249 | 15,111 | 16,219 |
| Net provisions | 1,432 | (69) | (266) | (1,064) |
| Non-recurring items | (500) | 298 | 358 | 972 |
| EBITDA | 26,749 | 22,087 | 94,088 | 82,792 |
| % of sales | 5.9% | 5.4% | 6.5% | 6.3% |

Sales

Group sales amounted to €1,437.7 million, +8.6% compared to September 30, 2017, including the following effects:

- > Volumes: +1.3% (Q3: -1.9%),
- > Price: +7.3% (Q3: +11.9%). The price effect compared to Q2 2018 was +2.9%.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|----------------------|--------------|--------------|----------------------|----------------------|
| Sales | 453.7 | 412.5 | 1,437.7 | 1,323.2 |
| Change y.o.y. | 10.0% | | 8.6% | |
| Price effect | 11.9% | | 7.3% | |
| Volume effect | -1.9% | | 1.3% | |

The various effects are calculated as follows:

- > Volume effect = $(V_n - V_{n-1}) \times P_{n-1}$, where V = volumes and P = average sale price converted into euros at the average exchange rate;
- > Price effect = $(P_n - P_{n-1}) \times V_n$;
- > The exchange rate effect is included in the price effect. Changes in exchange rates did not have a material impact during the first nine months of 2018;
- > Change in consolidation (current year acquisitions and disposals):
 - > Acquisitions: change in consolidation scope corresponds to the contribution (volumes and sales) of the acquired entity since the acquisition date;
 - > Disposals: change in consolidation scope 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 scope 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 scope 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 €356.8 million or 24.8% of sales (Q3: 23.8%) compared to €335.2 million for the first nine months of 2017 (25.3% of sales; Q3: 24.1%). Excluding inventory impairment, the gross margin as of September 30, 2018 represented 25.6% of sales (Q3: 24.6%), stable compared to September 30, 2017 (25.6%; Q3: 23.8%).

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|----------------------------|----------------|----------------|----------------------|----------------------|
| Sales | 453.7 | 412.5 | 1,437.7 | 1,323.2 |
| Cost of goods sold | (345.8) | (313.3) | (1,080.9) | (988.0) |
| Incl. purchases consumed | (342.0) | (314.5) | (1,070.2) | (984.5) |
| Incl. inventory impairment | (3.8) | 1.2 | (10.7) | (3.5) |
| Gross margin | 107.9 | 99.2 | 356.8 | 335.2 |
| Gross margin rate | 23.8% | 24.1% | 24.8% | 25.3% |

Operating income

Operating expenses excluding non-recurring items amounted to €277.9 million as of September 30, 2018, +3.5% from €268.6 million as of September 30, 2017 mainly due to the increase in Group activity.

EBITDA increased 13.6% and amounted to €94.1 million (Q3: €26.7 million) representing 6.5% of sales, compared to €82.8 million (6.3% of sales) as of September 30, 2017.

Adjusted operating income amounted to €78.9 million (5.5% of sales) compared to €66.7 million (5% of sales) as of September 30, 2017.

September 30, 2018 EBITDA is restated by an amount of €0.9 million mainly consisting of non-recurring expenses for which provisions were reversed over the period.

Net financial expense

September 30, 2018 net financial expense came to €8.6 million, compared to a €9.0 million expense as of September 30, 2017.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|------------------------------|--------------|--------------|----------------------|----------------------|
| Net cost of debt | (1.9) | (1.5) | (5.4) | (5.1) |
| Other financial items | (1.8) | (1.3) | (3.2) | (3.9) |
| Net financial expense | (3.7) | (2.8) | (8.6) | (9.0) |

Net income

Net income (Group share) amounted to €52.4 million (3.6% of sales) compared to €37.1 million (2.8% of sales) as of September 30, 2017.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|---------------------------------|-------------|-------------|----------------------|----------------------|
| Income before tax | 16.7 | 14.0 | 73.8 | 57.0 |
| Corporate income tax | (4.0) | (4.1) | (18.9) | (17.7) |
| Income tax rate | 24.0% | 29.3% | 25.6% | 31.0% |
| Consolidated net income | 12.7 | 9.9 | 54.9 | 39.3 |
| Minority interests | (0.9) | (0.5) | (2.5) | (2.2) |
| Net income (Group share) | 11.8 | 9.4 | 52.4 | 37.1 |
| % of sales | 2.6% | 2.3% | 3.6% | 2.8% |

2 Sales and earnings by division

| €m | JACQUET-Abraservice Stainless steel and wear-resistant quarto plates | | STAPPERT Stainless steel long products | | IMS group Engineering steels | |
|--|---|----------------------|---|----------------------|---------------------------------|----------------------|
| | Q3 2018 | 30.09.18 9 months | Q3 2018 | 30.09.18 9 months | Q3 2018 | 30.09.18 9 months |
| Sales | 100.9 | 311.7 | 126.6 | 379.5 | 225.7 | 745.1 |
| Change y.o.y. | 11.3% | 8.7% | 13.9% | 7.9% | 8.3% | 9.4% |
| Price effect | 14.1% | 5.0% | 12.0% | 3.8% | 10.9% | 10.1% |
| Volume effect | -2.8% | 3.7% | 1.9% | 4.1% | -2.7% | -0.7% |
| EBITDA^{1,2} | 9.6 | 27.4 | 6.7 | 21.6 | 9.2 | 40.1 |
| % of sales | 9.6% | 8.8% | 5.3% | 5.7% | 4.1% | 5.4% |
| Adjusted operating income² | 7.6 | 21.6 | 5.7 | 19.7 | 7.1 | 34.8 |
| % of sales | 7.6% | 6.9% | 4.5% | 5.2% | 3.2% | 4.7% |

¹ Non-division operations (including Jacquet Metal Service SA) contributed €1.2 million to Q3 2018 EBITDA and €5 million as of September 30, 2018.

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 generates 73% of sales in Europe and 20% in North America.

Sales amounted to €311.7 million, up +8.7% from €286.6 million as of September 30, 2017: volumes sold +3.7% (Q3: -2.8%), prices +5% (Q3: +14.1%). The price effect compared to Q2 2018 was +4.4%.

The gross margin amounted to €101.5 million and represented 32.6% of sales (Q3: 33.1%) compared to €86.8 million (30.3% of sales, Q3: 29.1%) as of September 30, 2017.

EBITDA amounted to €27.4 million representing 8.8% of sales (Q3: 9.6%) compared to €17.7 million (6.2% of sales, Q3: 4.6%) as of September 30, 2017.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|----------------------------------|---------|---------|----------------------|----------------------|
| Sales | 100.9 | 90.6 | 311.7 | 286.6 |
| Change y.o.y. | 11.3% | | 8.7% | |
| Price effect | 14.1% | | 5.0% | |
| Volume effect | -2.8% | | 3.7% | |
| Gross margin | 33.4 | 26.4 | 101.5 | 86.8 |
| % of sales | 33.1% | 29.1% | 32.6% | 30.3% |
| EBITDA | 9.6 | 4.2 | 27.4 | 17.7 |
| % of sales | 9.6% | 4.6% | 8.8% | 6.2% |
| Adjusted operating income | 7.6 | 2.0 | 21.6 | 10.9 |
| % of sales | 7.6% | 2.2% | 6.9% | 3.8% |

STAPPERT > Stainless steel long products

This division specializes in the distribution of stainless steel long products in Europe. The division generates 43% of sales in Germany, the largest European market.

Sales amounted to €379.5 million, up +7.9% from €351.7 million as of September 30, 2017: volumes sold +4.1% (Q3: +1.9%), prices +3.8% (Q3: +12%). The price effect compared to Q2 2018 was +4.1%.

The gross margin amounted to €81.2 million and represented 21.4% of sales (Q3: 20.5%) compared to €79.3 million (22.6% of sales, Q3: 20.9%) as of September 30, 2017.

EBITDA amounted to €21.6 million and represented 5.7% of sales (Q3: 5.3%) compared to €22.2 million (6.3% of sales, Q3: 4.9%) as of September 30, 2017.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|----------------------------------|--------------|--------------|----------------------|----------------------|
| Sales | 126.6 | 111.1 | 379.5 | 351.7 |
| Change y.o.y. | 13.9% | | 7.9% | |
| Price effect | 12.0% | | 3.8% | |
| Volume effect | 1.9% | | 4.1% | |
| Gross margin | 25.9 | 23.2 | 81.2 | 79.3 |
| % of sales | 20.5% | 20.9% | 21.4% | 22.6% |
| EBITDA | 6.7 | 5.5 | 21.6 | 22.2 |
| % of sales | 5.3% | 4.9% | 5.7% | 6.3% |
| Adjusted operating income | 5.7 | 4.9 | 19.7 | 20.7 |
| % of sales | 4.5% | 4.4% | 5.2% | 5.9% |

IMS group > Engineering steels

The division specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 48% of sales in Germany, the largest European market.

Sales amounted to €745.1 million, up +9.4% from €681.2 million as of September 30, 2017: volumes sold -0.7% (Q3: -2.7%), prices +10.1% (Q3: +10.9%). The price effect compared to Q2 2018 was +1.6%.

The gross margin amounted to €172.6 million and represented 23.2% of sales (Q3: 21.8%) compared to 164.6 million (24.2% of sales, Q3: 23%) as of September 30, 2017.

EBITDA amounted to €40.1 million and represented 5.4% of sales (Q3: 4.1%) compared to €35.3 million (5.2% of sales, Q3: 4.2%) as of September 30, 2017.

| €m | Q3 2018 | Q3 2017 | 30.09.18 9 months | 30.09.17 9 months |
|----------------------------------|--------------|--------------|----------------------|----------------------|
| Sales | 225.7 | 208.5 | 745.1 | 681.2 |
| Change y.o.y. | 8.3% | | 9.4% | |
| Price effect | 10.9% | | 10.1% | |
| Volume effect | -2.7% | | -0.7% | |
| Gross margin | 49.2 | 47.9 | 172.6 | 164.6 |
| % of sales | 21.8% | 23.0% | 23.2% | 24.2% |
| EBITDA | 9.2 | 8.8 | 40.1 | 35.3 |
| % of sales | 4.1% | 4.2% | 5.4% | 5.2% |
| Adjusted operating income | 7.1 | 6.9 | 34.8 | 29.5 |
| % of sales | 3.2% | 3.3% | 4.7% | 4.3% |

3 Consolidated financial position

Summary balance sheet

| €k | 30.09.18 | 31.12.17 |
|--|------------------|------------------|
| Goodwill | 68,327 | 68,345 |
| Net non-current assets | 155,306 | 156,154 |
| Net inventory | 499,094 | 418,012 |
| Net trade receivables | 218,230 | 189,296 |
| Other assets | 101,883 | 93,913 |
| Cash | 108,026 | 102,145 |
| Total assets | 1,150,866 | 1,027,865 |
| Shareholders' equity | 364,335 | 331,849 |
| Provisions (including provisions for employee benefit obligations) | 102,670 | 106,500 |
| Trade payables | 246,820 | 224,047 |
| Total borrowings | 350,275 | 289,588 |
| Other liabilities | 86,766 | 75,881 |
| Total equity and liabilities | 1,150,866 | 1,027,865 |

Working capital

As of September 30, 2018, operating working capital represented 25.4% of sales and amounted to €471 million (including inventories of €499 million), versus €383 million (including inventories of €418 million) as of December 31, 2017.

| €k | 30.09.18 | 31.12.17 | Variations |
|--|----------------|----------------|---------------|
| Net inventory | 499,094 | 418,012 | |
| <i>Days sales inventory</i> ¹ | 158 | 141 | |
| Net trade receivables | 218,230 | 189,296 | |
| <i>Days sales outstanding</i> | 48 | 49 | |
| Trade payables | (246,820) | (224,047) | |
| <i>Days payable outstanding</i> | 59 | 56 | |
| Net operating working capital | 470,504 | 383,261 | 87,243 |
| <i>% of sales</i> ¹ | 25.4% | 22.0% | |
| Other receivables or payables excluding taxes and financial items | (26,916) | (28,219) | |
| Working capital excluding taxes and financial items | 443,588 | 355,042 | |
| Changes in consolidation and other | | (3,902) | |
| Working capital before taxes and financial items and adjusted for other changes | 443,588 | 351,140 | 92,448 |
| <i>% of sales</i> ¹ | 23.9% | 20.2% | |

¹ Rolling 12 months

Group inventories amounted to €499 million as of September 30, 2018, compared to €418 million as of December 31, 2017. Inventories represented 158 days of sales at September 30, 2018, compared to 141 days at the 2017 year-end.

Trade receivables amounted to €218 million as of September 30, 2018 with an average customer payment term of 48 days' sales that was broadly stable compared to 2017 year-end (excluding the impact of receivables assigned without recourse).

As of September 30, 2018, trade receivables assigned without recourse amounted to €45.9 million compared to €43.7 million as of December 31, 2017. This change is due to the €35.7 million increase in sales versus Q4 2017.

Trade payables amounted to €246.8 million as of September 30, 2018, with an average supplier payment term of 59 days' purchases, compared to 56 days at 2017 year-end.

Net debt

As of September 30, 2018, Group net debt stood at €238.5 million, compared to shareholders' equity of €364.3 million, resulting in a net debt to equity ratio of 65.5% (55.2% as of December 31, 2017).

| €k | 30.09.18 | 31.12.17 |
|----------------------------------|----------------|----------------|
| Borrowings | 350,275 | 289,588 |
| Cash, cash equivalents and other | 111,795 | 106,464 |
| Net debt | 238,480 | 183,124 |
| <i>Debt to equity ratio</i> | <i>65.5%</i> | <i>55.2%</i> |

Borrowings

The Group had €678.1 million in lines of credit as of September 30, 2018, of which 52% had been used:

| €m | Authorized at 30.09.18 | Used at 30.09.18 | % used |
|---|------------------------|------------------|------------|
| Jacquet Metal Service SA | 426.2 | 205.4 | 48% |
| Syndicated revolving loan | 125.0 | 0.0 | 0% |
| Schuldscheindarlehen (private placement of debt instruments under German law) | 150.0 | 150.0 | 100% |
| Lines of credit | 151.2 | 55.4 | 37% |
| Subsidiaries | 251.9 | 144.9 | 58% |
| Lines of credit | 163.4 | 83.7 | 51% |
| Factoring | 29.6 | 2.3 | 8% |
| Asset financing (term/revolving loans and leasing) | 58.9 | 58.9 | 100% |
| Total | 678.1 | 350.3 | 52% |

In addition to the borrowings shown in the above table, the Group also had €76.5 million in non-recourse receivable assignment facilities, €45.9 million of which had been used as of September 30, 2018.

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.

All financing covenants were in compliance at September 30, 2018.

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 covenants:
 - The Company must meet one of the following criteria:
 - > Debt to equity ratio less than 1, **or**
 - > Leverage less than 2.

The main terms of the Schuldscheindarlehen are as follows:

- > Date of signature: February 2018
- > Maturity: April 30, 2023
- > Amount: €150 million (fully used)
- > Repayment: at maturity
- > Security: None
- > Change of control clause: JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights.
- > Main covenant:
 - > Debt to equity ratio less than 1.

Cash flow

| €m | 30.09.18 9 months | 30.09.17 9 months |
|---|----------------------|----------------------|
| Operating cash flow before change in working capital | 76.3 | 67.2 |
| Change in working capital | (92.4) | (8.8) |
| Cash flow from operating activities | (16.2) | 58.4 |
| Capital expenditure | (16.2) | (20.2) |
| Asset disposals | 4.3 | 0.9 |
| Dividends paid to Jacquet Metal Service SA shareholders | (16.6) | (11.8) |
| Interest paid | (7.4) | (7.5) |
| Other movements | (3.4) | (4.0) |
| Change in net debt | (55.4) | 15.8 |
| Net debt brought forward | 183.1 | 205.3 |
| Net debt carried forward | 238.5 | 189.5 |

As of September 30, 2018, the Group posted operating cash flows before change in working capital of €76.3 million, +13.6% versus September 30, 2017.

September 30, 2018 capital expenditure amounted to €16.2 million, mainly relating to new finishing capacities.

Operating cash flow before change in working capital almost covers the change in working capital (+€92.4 million of which +€81.1 million of inventories), and as a result, cash flow from operating activities amounted to -€16.2 million.

Post balance sheet events

None.