

JACQUETMETALSERVICE

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# Activity report

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MARCH 31, 2019

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

— Euronext Paris  
Compartment B



# Press release dated May 14, 2019 - 6.00 pm CET

## First quarter 2019 earnings

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

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

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

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

<sup>2</sup> Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

## First quarter 2019 sales and earnings

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

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

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

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

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

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

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

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

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

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

## Financial position

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

As of March 31, 2019:

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




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

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

## Dividend

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

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

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

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

<sup>2</sup> Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

### JACQUET - Abraservice

specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. The division generates 74% of its business in Europe and 20% in North America.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# Financial information

## Income statement

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

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

<sup>2</sup> Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

## Cash flow

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

## Balance sheet

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

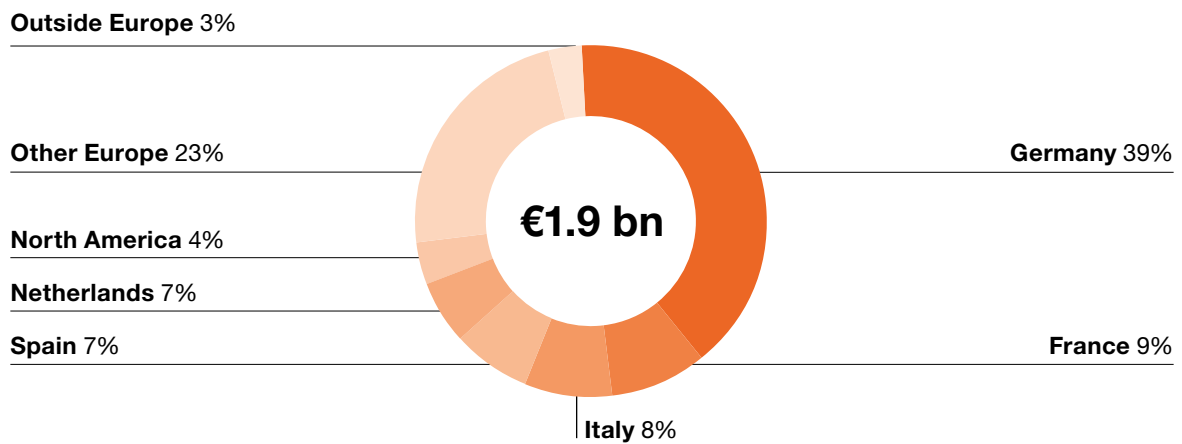
<sup>1</sup> Application of *IFRS 16 - Leases* as from January 1, 2019.

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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



## A global player

> Countries of operation	25
> Distribution centers	111
> Employees	3,291



## 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 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.

Stainless steel  
and wear-resistant  
Quarto plates

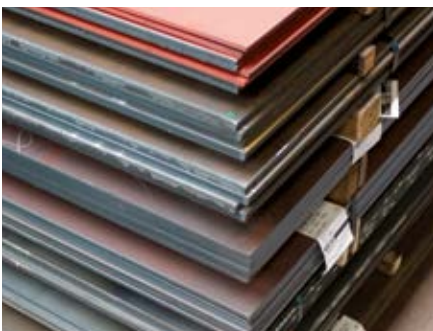
Stainless steel  
long products

Engineering steels

**JACQUET**  
ABRASERVICE

  
STAPPERT

**ims**  
GROUP





## 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

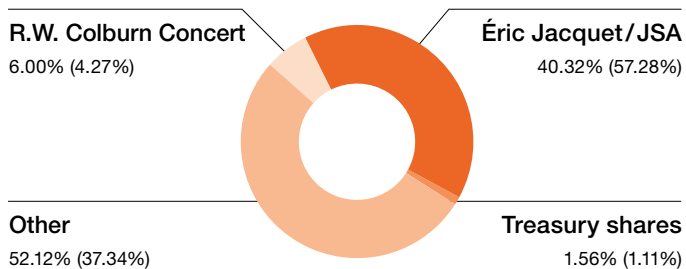
		<b>31.03.19</b>	<b>31.12.18</b>
Number of shares at end of period	number of shares	24,028,438	24,028,438
<b>Market capitalization at end of period</b>	<b>€k</b>	<b>357,063</b>	<b>372,921</b>
High	€	17.98	32.90
Low	€	14.76	13.56
<b>Price at end of period</b>	<b>€</b>	<b>14.86</b>	<b>15.52</b>
Average daily trading volume	number of shares	40,983	27,351
Average daily traded capital	€	670,221	634,980

As of March 31, 2018, the Jacquet Metal Service ("JCQ") share price was €14.86, down from the December 31, 2018 closing price. The share price was €15.80 on May 13, 2019.

Jacquet Metal Service shares are followed by Société Générale SGCIB, Oddo Securities and Portzamparc of BNP Paribas group.

### Shareholder structure at March 31, 2019

% share capital (% voting rights)



Eric Jacquet and JSA (which is controlled by Eric Jacquet) held 40.32% of the share capital and 57.28% of the voting rights in the Company at March 31, 2019.

## 4 Financial communication schedule

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- > **General Meeting** : June 28, 2019
- > **H1 2019 results** : September 18, 2019
- > **Q3 2019 results** : November 13, 2019
- > **2019 full-year results** : March 2020

Investors and shareholders may obtain complete financial information from the Company's website at:  
**[www.jacquetmetalservice.com](http://www.jacquetmetalservice.com)**

### Investor relations

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- > **Jacquet Metal Service** > Thierry Philippe > Chief Financial Officer > [comfi@jacquetmetals.com](mailto:comfi@jacquetmetals.com)
- > **NewCap** > Emmanuel Huynh > **T** +33 1 44 71 94 94 > [jacquetmetalservice@newcap.eu](mailto:jacquetmetalservice@newcap.eu)

# Activity report

## March 31, 2018

### 1 Group sales and earnings

Results for the period ended March 31, 2019 are compared to the results for 2018, which may be consulted in the 2018 Registration Document filed with the Autorité des Marchés Financiers (or AMF, French financial market regulator) on April 11, 2019 (filing No. D.19-0307), and in the activity report for Q1 2018.

€k	Q1 2019	Q1 2018
<b>Sales</b>	<b>481,981</b>	<b>502,513</b>
Gross margin	112,088	126,034
<i>% of sales</i>	23.3%	25.1%
Operating expenses	(85,572)	(91,507)
Net depreciation and amortization	(8,918)	(5,134)
Net provisions	2,906	46
Gains/(losses) on disposals of non-current assets	98	3,949
<b>Operating income</b>	<b>20,602</b>	<b>33,388</b>
Net financial expense	(2,997)	(2,637)
Income before tax	17,605	30,751
Corporate income tax	(5,075)	(7,609)
<b>Consolidated net income</b>	<b>12,530</b>	<b>23,142</b>
<b>Net income (Group share)</b>	<b>11,438</b>	<b>22,401</b>
<b>Earnings per share in circulation (€)</b>	<b>0.48</b>	<b>0.93</b>
<b>Operating income</b>	<b>20,602</b>	<b>33,388</b>
Non-recurring items and gains/losses on disposals	(1,504)	(3,949)
<b>Adjusted operating income</b>	<b>19,098</b>	<b>29,439</b>
<i>% of sales</i>	4.0%	5.9%
Net depreciation and amortization	8,918	5,134
Net provisions	(2,906)	(46)
Non-recurring items	1,406	—
<b>EBITDA</b>	<b>26,516</b>	<b>34,527</b>
<i>% of sales</i>	5.5%	6.9%

## Sales

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

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

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>482.0</b>	<b>502.5</b>
<b>Changes vs 2018</b>	<b>-4.1%</b>	
Price effect	+3.1%	
Volume Effect	-4.6%	
Change in consolidation	-2.6%	

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. there was no significant impact in Q1 2019;
- > 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: the impact of the change in consolidation scope corresponds to the contribution (volumes and sales) of the acquired entity in the current year from January, 1<sup>st</sup> until the anniversary of the acquisition;
  - > disposals: the impact of the change in consolidation scope corresponds to the contribution (volumes and sales) of the sold entity from January, 1<sup>st</sup> the previous year until the date of disposal.

## Gross margin

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

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>482.0</b>	<b>502.5</b>
<b>Cost of goods sold</b>	<b>(369.9)</b>	<b>(376.5)</b>
Incl. purchases consumed	(370.9)	(370.5)
Incl. inventory impairment	1.0	(5.9)
<b>Gross margin</b>	<b>112.1</b>	<b>126.0</b>
Gross margin rate	23.3%	25.1%

## Operating income

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

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

Adjusted operating income amounted to €19.1 million (4% of sales) compared to €29.4 million (5.9% of sales) in Q1 2018.

For leases covered by the application of IFRS 16, the rent expense (€4.3 million) is replaced by a depreciation charge on the right of use assets recorded as depreciation (€4.1 million). The application of IFRS 16 therefore has no material impact on operating income.

## Net financial income

Q1 2019 net financial expense came to €-3 million (including €-0,5 million related to the application of IFRS 16) compared to a €-2.6 million net expense in Q1 2018.

€m	Q1 2019	Q1 2018
<b>Net cost of debt</b>	<b>(2.4)</b>	<b>(1.6)</b>
Other financial items	(0.6)	(1.0)
<b>Net financial expense</b>	<b>(3.0)</b>	<b>(2.6)</b>

## Net income

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

€m	Q1 2019	Q1 2018
<b>Income before tax</b>	<b>17.6</b>	<b>30.8</b>
Corporate income tax	(5.1)	(7.6)
Income tax rate	28.8%	24.7%
<b>Consolidated net income</b>	<b>12.5</b>	<b>23.1</b>
Minority interests	(1.1)	(0.7)
<b>Net income (Group share)</b>	<b>11.4</b>	<b>22.4</b>
% of sales	2.4%	4.5%

## 2 Sales and earnings by division excluding impacts of IFRS 16

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

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

<sup>2</sup> Adjusted for non-recurring items. The activity report includes a definition of non-IFRS financial indicators and explains the methods used to calculate them.

### JACQUET - Abraservice > Stainless steel and wear-resistant quarto plates

The division specializes in the distribution of stainless steel and wear-resistant quarto plates. JACQUET and Abraservice have separate sales networks. The division generates 74% of its business in Europe and 20% in North America.

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

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

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

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

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>112.1</b>	<b>104.1</b>
<b>Change vs 2018</b>	<b>+7.7%</b>	
Price effect	+6.2%	
Volume effect	+1.6%	
<b>Gross margin</b>	<b>34.7</b>	<b>32.7</b>
% of sales	30.9%	31.5%
<b>EBITDA</b>	<b>8.3</b>	<b>7.5</b>
% of sales	7.4%	7.2%
<b>Adjusted operating income</b>	<b>6.2</b>	<b>5.7</b>
% of sales	5.5%	5.4%

## STAPPERT > Stainless steel long products

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

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

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

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

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

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>133.0</b>	<b>129.2</b>
<b>Change vs 2018</b>	<b>+3.0%</b>	
Price effect	+1.0%	
Volume effect	+1.9%	
<b>Gross margin</b>	<b>25.0</b>	<b>27.8</b>
% of sales	18.8%	21.5%
<b>EBITDA</b>	<b>5.0</b>	<b>7.3</b>
% of sales	3.8%	5.7%
<b>Adjusted operating income</b>	<b>5.2</b>	<b>7.2</b>
% of sales	3.9%	5.6%

## IMS group > Engineering steels

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

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

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

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

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

€m	Q1 2019	Q1 2018
<b>Sales</b>	<b>241.8</b>	<b>268.4</b>
<b>Change vs 2018</b>	<b>-9.9%</b>	
Price effect	+3.1%	
Volume effect	-10.3%	
Change in consolidation	-2.6%	
<b>Gross margin</b>	<b>52.4</b>	<b>63.9</b>
% of sales	21.7%	23.8%
<b>EBITDA</b>	<b>7.4</b>	<b>17.7</b>
% of sales	3.1%	6.6%
<b>Adjusted operating income</b>	<b>6.7</b>	<b>15.6</b>
% of sales	2.8%	5.8%

## 3 Consolidated financial position

### Summary balance sheet

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

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

### Working capital

As of March 31, 2019, operating working capital amounted to €452 million (including inventories of €473 million) and represented 24.5% of sales, versus €447 million (including inventories of €493 million) at December 31, 2018.

€m	31.03.19	31.12.18	Change
Net inventory	473.1	493	
Days sales inventory <sup>1</sup>	150	153	
Net trade receivables	227.7	182.4	
Days sales outstanding	48	50	
Trade payables	(248.6)	(228.3)	
Days payable outstanding	58	63	
<b>Net operating working capital</b>	<b>452.2</b>	<b>447.1</b>	<b>5.1</b>
% of sales <sup>1</sup>	24.5%	24.0%	
Other receivables or payables excluding taxes and financial items	(35.7)	(20.8)	
<b>Working capital excluding taxes and financial items</b>	<b>416.4</b>	<b>426.3</b>	
Changes in consolidation and other	—	(10.5)	
<b>Working capital before taxes and financial items and adjusted for other changes</b>	<b>416.4</b>	<b>415.8</b>	<b>0.6</b>
% of sales <sup>1</sup>	22.6%	22.3%	

<sup>1</sup> Rolling 12 months

Group inventories amounted to €473 million at March 31, 2019, compared to €493 million at December 31, 2018. Inventory levels represented 150 days of sales at March 31, 2019, compared to 153 days at December 31, 2018.

Trade receivables amounted to €228 million at March 31, 2019, with an average customer payment term that was unchanged compared to December 31, 2018 (around 48 days' sales, excluding the impact of receivables assigned without recourse).

The Group had assigned non-recourse trade receivables amounting to €59.6 million at March 31, 2019 compared to €48 million at December 31, 2018.

Trade payables amounted to €248.6 million at March 31, 2019, with an average supplier payment term of 58 days, compared to 63 days at December 31, 2018.



## Net debt

Net debt came to €179 million as of March 31, 2019 (debt to equity ratio 46.1%).

€m	31.03.19	31.12.18
Total borrowings	324.7	337.8
Cash, cash equivalents and other	145.3	123.3
<b>Net debt</b>	<b>179.4</b>	<b>214.5</b>
<i>Debt to equity ratio</i>	<i>46.1%</i>	<i>56.9%</i>

As of March 31, 2019, the application of *IFRS 16 - Leases* led to the classification of €15.1 million under "leases obligation" reported in "borrowings" as of December 31, 2018 according to IAS 17.

## Borrowings

The Group had €665.2 million in lines of credit at March 31, 2019, 49% of which had been used:

€m	Authorized at 31.03.2019	Used at 31.03.2019	% used
<b>Jacquet Metal Service SA</b>	<b>436.0</b>	<b>207.4</b>	<b>48%</b>
Syndicated revolving loan	125.0	—	—
Schuldscheindarlehen (private placement of debt instruments under German law)	150.0	150.0	100%
Lines of credit	161.0	57.4	36%
<b>Subsidiaries</b>	<b>229.2</b>	<b>117.3</b>	<b>51%</b>
Lines of credit	155.1	74.4	48%
Factoring	33.2	2.0	6%
Asset financing (term and revolving loans)	40.9	40.9	100%
<b>Total</b>	<b>665.2</b>	<b>324.7</b>	<b>49%</b>

In addition to the borrowings shown in the above table, the Group also has €79.8 million in non-recourse receivable assignment facilities, €59.6 million of which had been used at March 31, 2019.

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

- > date of signature: June 2017;
- > maturity: July 16, 2020;
- > amount: €125 million (unused);
- > guarantee: 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.

Financing covenants mainly apply to the syndicated revolving loan and the Schuldscheindarlehen.

These covenants mainly correspond to commitments that must be complied with at Group level, and were in compliance at March 31, 2019.

The main terms of the Schuldscheindarlehen are as follows:

- > date of signature: February 2018;
- > maturity: April 30, 2023;
- > amount: €150 million (fully used);
- > amortization: *in fine*;
- > guarantee: None;
- > change of control clause: JSA must hold at least 37% of Jacquet Metal Service SA's share capital and voting rights;
- > main covenants:
  - > debt to equity ratio less than 1.

## Cash flow

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

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

## Post balance sheet events

None.