

Results as of September 30, 2020

November 18, 2020 – 6.00 pm CET

> Sales	€1,039 million	(-17.5% vs. September 30, 2019)
> EBITDA	€32 million	(3.1% of sales)
> Operating cash flow	+€83 million	

On November 18, 2020 the Board of Directors chaired by Éric Jacquet approved the consolidated financial statements for the period ended September 30, 2020.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	312	375	1,039	1,259
Gross margin	73	83	235	288
% of sales	23.4%	22.2%	22.6%	22.8%
EBITDA¹	13	15	32	63
% of sales	4.2%	4.1%	3.1%	5%
Adjusted operating income/(loss)¹	0.1	7	(3)	39
% of sales	0.0%	1.9%	-0.3%	3.1%
Operating income/(loss)	0.2	7	(7)	39
Net income/(loss) (Group share)	(4)	2	(19)	20

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. The report is available at corporate.jacquetmetals.com.

General comments

Group sales for the period ended September 30, 2020 amounted to €1,039 million, down -17.5% compared to September 30, 2019 (Q3: -16.7%), while EBITDA amounted to +€32 million (Q3: +€13 million) and operating cash flow equalled +€83 million (Q3: +€3 million).

As such, the Group has improved its financial structure compared to 2019 year-end and ended the period with a net debt to equity ratio (gearing) of 43%.

After a first half marked by interruptions of activity resulting from the pandemic, market conditions in the third quarter were characterized, for all divisions and regions, by low demand and sales prices under pressure.

IMS group, the division specializing in the distribution of engineering steels, suffered both from the slowdown in manufacturing since 2019, particularly in Germany, a market representing 46% of the division's sales, and from its strong foothold in Southern European markets particularly impacted by the health crisis (this region accounts for 34% of IMS group sales compared to 25% for JACQUET and 6% for STAPPERT).

Accordingly, IMS group sales were down -24.8% compared to September 30, 2019 (Q3: -21.3% including a -4.1% price effect).

The activity of the JACQUET and STAPPERT divisions, which specialize in the distribution of stainless steels, held up better, with sales down -10.8% (Q3: -14.9% including a -4.9% price effect) and -9.4% (Q3: -9.7% including a -4.6% price effect), respectively, compared to 2019.

In a still uncertain health and macroeconomic environment, market conditions are still challenging and the Group does not expect to see a significant improvement over the coming months. Moreover, with recent directives aimed at reducing the risk of contamination particularly in Europe, the utilization rate of distribution centers should be pretty low during the fourth quarter.

All measures and initiatives required in order to limit the impacts of the crisis on operating income and cash have been implemented, however without jeopardizing the Group's development.

Savings plans have also been implemented in all divisions with the goal of achieving global annual savings of €8 million.

Sales and earnings for the period ended September 30, 2020

Consolidated sales amounted to €1,039 million, down -17.5% compared to September 30, 2019 (Q3: -16.7%), including the following effects:

- > volumes sold: -15.5% (Q1: -9.8%; Q2: -24.4%; Q3: -12.4%);
- > prices: -2.0% (Q1: -0.5%; Q2: -1.7%; Q3: -4.3%). Q3 2020 prices were down -3.1% compared to Q2 2020.

Gross margin amounted to €235 million, representing 22.6% of sales (Q3: 23.4%), compared to 22.8% as of September 30, 2019.

Current operating expenses (excluding depreciation and provisions) amounted to €202 million, down €23 million (-10%) compared to September 30, 2019.

This reduction is mainly due to the adjustment of variable expenses and the implementation of flexible staff working arrangements. The latter resulted in a €7 million reduction in personnel expenses.

EBITDA amounted to €32 million (3.1% of sales), compared to €63 million (5% of sales) as of September 30, 2019.

Lastly, the Group recorded depreciation expenses totaling €27 million and provision charges of €15 million, mostly related to savings plans.

After recognition of these depreciation expenses and provisions, the Group posted an operating loss of -€7.2 million (Q3: +€0.2 million) and a net loss (Group share) of -€19 million (Q3: -€4 million).

Financial position

As of September 30, 2020, the Group generated operating cash flow of +€83 million.

Operating working capital amounted to €367 million compared to €417 million at 2019 year-end. This decrease is mainly due to the adaptation of inventory levels to market conditions (inventories down -€73 million to €369 million).

Capital expenditure amounted to €22 million, including the acquisition of the main IMS group distribution center in Italy for €7.5 million.

After taking into account the dividend (€5 million paid in July) and share buyback program (€6 million purchased between February and September), net debt amounted to €147 million compared to €175 million as of December 31, 2019.

With a net debt to equity ratio (gearing) of 43% (46% at 2019 year-end), €326 million of cash and substantial lines of credit (€735 million, €262 million of which is undrawn), the Group is in a solid financial position to weather the present situation and its potential developments.

Earnings by division as of September 30, 2020 excluding impacts of IFRS 16

€m	JACQUET		 Stainless steel long products		 Engineering steels	
	Stainless steel quarto plates		Stainless steel long products		Engineering steels	
	Q3 2020	30.09.20 9 months	Q3 2020	30.09.20 9 months	Q3 2020	30.09.20 9 months
Sales	72	235	99	329	144	484
Change vs. 2019	-14.9%	-10.8%	-9.7%	-9.4%	-21.3%	-24.8%
Price effect	-4.9%	-1.7%	-4.6%	-1.4%	-4.1%	-2.6%
Volume effect	-10.0%	-9.1%	-5.1%	-8.0%	-17.2%	-22.3%
EBITDA^{1,2}	2.5	7.6	3.8	12.2	0.5	(4.7)
% of sales	3.5%	3.2%	3.8%	3.7%	0.3%	-1.0%
Adjusted operating income/(loss)²	0.6	0.8	3.0	9.6	(3.6)	(12.8)
% of sales	0.8%	0.3%	3.0%	2.9%	-2.5%	-2.7%

¹ As of September 30, 2020, non-division operations and the application of *IFRS 16 – Leases* contributed €4 million and €13 million to EBITDA respectively.
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. The report is available at corporate.jacquetmetals.com.

JACQUET specializes in the distribution of stainless steel quarto plates. The division generates 68% of its business in Europe and 25% in North America.

Sales amounted to €235 million, down -10.8% from €263 million as of September 30, 2019:

- > volumes: -9.1% (Q3: -10.0%);
- > prices: -1.7% (Q3: -4.9% vs. Q3.19 and -3.2% vs. Q2.20).

Gross margin amounted to €64 million and represented 27.4% of sales (Q3: 27.3%) compared to €79 million (30.2% of sales) as of September 30, 2019.

EBITDA amounted to €7.6 million (Q3: €2.5 million) representing 3.2% of sales, compared to €19 million (7.2% of sales) as of September 30, 2019.

STAPPERT specializes in the distribution of stainless steel long products. The division generates 41% of its sales in Germany, the largest European market.

Sales amounted to €329 million, down -9.4% from €364 million as of September 30, 2019:

- > volumes: -8.0% (Q3: -5.1%);
- > prices: -1.4% (Q3: -4.6% vs. Q3 2019 and -4.7% vs. Q2 2020).

Gross margin amounted to €66 million and represented 20.0% of sales (Q3: 20.7%) compared to €70 million (19.1% of sales) as of September 30, 2019.

EBITDA amounted to €12.2 million (Q3: €3.8 million), representing 3.7% of sales, compared to €12.4 million (3.4% of sales) as of September 30, 2019.

IMS group specializes in the distribution of engineering steels, mostly in the form of long products. The division generates 46% of its sales in Germany, the largest European market.

Sales amounted to €484 million, down -24.8% from €644 million as of September 30, 2019:

- > volumes: -22.3% (Q3: -17.2%);
- > prices: -2.6% (Q3: -4.1% vs. Q3 2019 and -2.2% vs. Q2 2020).

Gross margin amounted to €105 million and represented 21.6% of sales (Q3: 22.8%) compared to €139 million (21.6% of sales) as of September 30, 2019.

EBITDA amounted to -€4.7 million (Q3: €0.5 million), representing -1.0% of sales, compared to €15.3 million (2.4% of sales) as of September 30, 2019.

Key financial informations

Income statement

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	312	375	1,039	1,259
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% of sales	4.2%	4.1%	3.1%	5%
Adjusted operating income/(loss)¹	0.1	7	(3)	39
% of sales	0.0%	1.9%	-0.3%	3.1%
Operating income/(loss)	0.2	7	(7)	39
Net financial expense	(3)	(3)	(9)	(9)
Corporate income tax	(1)	(2)	(1)	(10)
Net income from discontinued operations	—	1	—	3
Minority interests	(1)	(1)	(1)	(3)
Net income/(loss) (Group share)	(4)	2	(19)	20

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. The report is available at corporate.jacquetmetals.com.

Cash flow

€m	30.09.20 9 months	30.09.19 9 months
Operating cash flow before change in working capital	22	50
Change in working capital	61	(10)
Cash flow from operating activities	83	40
Capital expenditure	(22)	(20)
Asset disposals	1	0
Dividends paid to shareholders of Jacquet Metals SA	(5)	(17)
Interest paid	(10)	(9)
Other movements	(20)	21
Change in net debt	28	15
Net debt brought forward	175	215
Net debt carried forward	147	199

Balance sheet

€m	30.09.20	31.12.19
Goodwill	66	66
Net non-current assets	150	143
Right-of-use assets	74	85
Net inventory	369	442
Net trade receivables	150	152
Other assets	89	91
Cash & cash equivalents	326	206
Total assets	1,226	1,186
Shareholders' equity	345	379
Provisions (including provisions for employee benefit obligations)	111	99
Trade payables	153	178
Borrowings	474	381
Other liabilities	68	63
Lease liabilities	75	86
Total equity and liabilities	1,226	1,186

Activity Report available: corporate.jacquetmetals.com — 2020 Results : March 9, 2021 after close of trading

Jacquet Metals is a European leader in the distribution of specialty steels. The Group operates and develops a portfolio which currently consists of three brands:

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

With a headcount of 3,006 employees, Jacquet Metals has a network of 103 distribution centers in 25 countries in Europe, China and North America.