

First quarter 2020 results

May 13, 2020 – 6.00 pm CEST

> Sales	€413 million	(-10.3% vs. Q1 2019)
> EBITDA	€16 million	(3.9% of sales)
> Operating cash flow	€69 million	

On May 13, 2020, the Board of Directors chaired by Eric Jacquet examined the consolidated financial statements for the period ended March 31, 2020.

€m	Q1 2020	Q1 2019 PF ¹
Sales	413	460
Gross margin	94	104
% of sales	22.8%	22.6%
EBITDA²	16	24
% of sales	3.9%	5.2%
Adjusted operating income²	7	17
% of sales	1.7%	3.7%
Net income (Group share)	0.2	11

¹ For the sake of comparison with Q1 2020 figures, the Q1 2019 financial statements have been restated by removing the results of the Abraservice group, sold on October 31, 2019 (proforma "PF" data).

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 www.jacquetmetalservice.com.

General comments

In the current environment, the Group's top priority is naturally the health and safety of its employees, and all necessary measures have been implemented in this regard.

Since mid-March 2020, the operations of all divisions have been affected to varying degrees. In the first quarter, Group sales amounted to €413 million, down 10% compared to Q1 2019, while EBITDA came to €16 million and operating cash flow totaled €69 million. As such, the Group has improved its financial structure and ended the quarter with a debt-to-equity ratio (gearing) of 35%.

The business of JACQUET and STAPPERT divisions, which specialize in the distribution of stainless steels, with technically and geographically diversified markets, held up well, respectively posting a decrease in sales of 3.2% and 1.1% compared to Q1 2019.

IMS group, the division specializing in the distribution of engineering steels, suffered both from the slowdown in the manufacturing sector since 2019, especially in Germany its main market, and from its strong foothold on Southern European markets particularly impacted by the COVID-19 crisis.

To date, all of the 103 Group's distribution centers in 25 countries are currently operating with an average utilization rate of 80%, in line with directives issued by authorities, demand, and flexible staff working arrangements implemented in accordance with local possibilities.

Market conditions are challenging, characterized by low demand, and the Group does not expect to see any improvement over the coming weeks and months.

In order to fully optimize the service offered to customers in countries where business is low in August, the Group takes measures to keep all of its distribution centers running over summer.

Meanwhile, all the required steps to limit the impact of the pandemic on operating income and cash position are taken, however without jeopardizing the Group's development.

First quarter 2020 sales and earnings

Sales amounted to €413 million, down 10.3% compared to Q1 2019, including the following effects:

> volumes sold: -9.8%,

> prices: -0.5% versus Q1 2019 (-3.2% versus Q4 2019).

Gross margin amounted to €94 million and represented 22.8% of sales compared to €104 million (22.6% of sales) in Q1 2019.

Current operating expenses (excluding depreciation and provisions) amounted to €78 million, down 2.6% compared to Q1 2019.

In this context, EBITDA came to €16 million (3.9% of sales) compared to €24 million (5.2% of sales) in Q1 2019.

Net income (Group share) amounted to €0.2 million, compared to €10 million (plus €1.5 million in net income from discontinued operations) in Q1 2019.

Financial position

At March 31, 2020, net debt amounted to €132 million, compared to €175 million at the end of December 2019.

This €43 million decrease was mainly due to the reduction in operating working capital (23.4% of sales at March 31, 2020, compared to 25.8% at the end of 2019), primarily linked to the decrease in inventories (down €38 million to €404 million at March 31, 2020).

With a net debt to equity ratio (gearing) of 35% (46% at the end of 2019), €273 million of cash and substantial lines of credit (€712 million, 57% of which has been drawn), the Group is in a solid financial position to weather the present situation.

The Board of Directors' meeting held on May 13, 2020 adopted the proposition put forward by the Chairman and Chief Executive Officer to reduce his compensation by 25%. It will also be proposed a dividend of €0.2 per share at the General Meeting scheduled for June 26, 2020, representing a 70% decrease compared to 2019.

Furthermore, the Group has not requested a payment extension for taxes and levies in France and has not taken out any loans guaranteed by the French state.

Q1 2020 earnings by division (excluding impacts of IFRS 16)

	JACQUET – Stainless steel quarto plates ³	STAPPERT – Stainless steel long products	IMS group – Engineering steels
€m	Q1 2020	Q1 2020	Q1 2020
Sales	87	132	198
Change vs 2019	-3.2%	-1.1%	-18.2%
Price effect	+3%	+0.7%	-2.5%
Volume effect	-6.2%	-1.8%	-15.7%
EBITDA^{1 2}	5	6	1
% of sales	5.6%	4.2%	0.4%
Adjusted operating income²	3	5	-0
% of sales	3.3%	3.8%	-0%

¹ Non-division operations and the application of IFRS 16 – Leases contributed €1 million and €4 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.

³ For the sake of comparison with Q1 2020 figures, the Q1 2019 figures of JACQUET have been restated by removing the results of the Abraservice group, sold on October 31, 2019.

JACQUET specializes in the distribution of stainless steel quarto plates. The division generates 68% of its business in Europe and 26% in North America.

Sales amounted to €87 million, down -3.2% from €90 million in Q1 2019:

> volumes: -6.2%;
> prices: +3% (+0.5% versus Q4 2019).

Gross margin amounted to €26 million and represented 29.9% of sales compared to €26 million (29.5% of sales) in Q1 2019.

EBITDA amounted to €5 million representing 5.6% of sales compared to €6 million (6.8% of sales) in Q1 2019.

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

Sales amounted to €132 million, down -1.1% from €133 million in Q1 2019:

> volumes: -1.8%;
> prices: +0.7% (-5.4% versus Q4 2019).

Gross margin amounted to €25 million and represented 19.2% of sales compared to €25 million (18.8% of sales) in Q1 2019.

EBITDA amounted to €6 million representing 4.2% of sales compared to €5 million (3.8% of sales) in Q1 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 €198 million, down -18.2% from €242 million in Q1 2019:

> volumes: -15.7%;
> prices: -2.5% (-3.9% versus Q4 2019).

Gross margin amounted to €43 million and represented 21.6% of sales compared to €52 million (21.7% of sales) in Q1 2019.

EBITDA amounted to €1 million representing 0.4% of sales compared to €7 million (3.1% of sales) in Q1 2019.

Key financial information

Income statement

€m	Q1 2020	Q1 2019 PF ¹
Sales	413	460
Gross margin	94	104
% of sales	22.8%	22.6%
EBITDA²	16	24
% of sales	3.9%	5.2%
Adjusted operating income²	7	17
% of sales	1.7%	3.7%
Operating income	6	19
Net financial expense	(4)	(3)
Corporate income tax	(2)	(5)
Net income from discontinued operations	-	2
Minority interests	(1)	(1)
Net income (Group share)	0.2	11

¹ For the sake of comparison with Q1 2020 figures, the Q1 2019 financial statements have been restated by removing the results of the Abraservice group, sold on October 31, 2019 (proforma "PF" data).

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 www.jacquetmetalservice.com.

Cash flow

€m	Q1 2020	Q1 2019 PF ¹
Operating cash flow before change in working capital	10	21
Change in working capital	59	(3)
Cash flow from operating activities	69	19
Capital expenditure	(14)	(5)
Asset disposals	0	0
Dividends paid to shareholders of Jacquet Metal Service SA	-	-
Interest paid	(3)	(3)
Other movements	(10)	24
Change in net debt	43	35
Net debt brought forward	175	215
Net debt carried forward	132	179

¹ For the sake of comparison with Q1 2020 figures, the Q1 2019 financial data have been restated by removing the results of Abraservice, sold on October 31, 2019, excluding the net debt carried forward as of March 31, 2019, stated as previously reported.

Balance sheet

€m	31.03.20	31.12.19
Goodwill	66	66
Net non-current assets	153	143
Right-of-use assets	80	85
Net inventory	404	442
Net trade receivables	190	152
Other assets	93	91
Cash & cash equivalents	273	206
Total assets	1,260	1,186
Shareholders' equity	373	379
Provisions (including provisions for employee benefit obligations)	100	99
Trade payables	227	178
Borrowings	405	381
Other liabilities	74	63
Lease liabilities	81	86
Total equity and liabilities	1,260	1,186

Activity report available at: www.jacquetmetalservice.com
H1 2020 results: September 9, 2020 after close of trading

Jacquet Metal Service is a European leader in the distribution of specialty steels. The Group operates and develops a portfolio currently consisting of three brands:

JACQUET (stainless steel quarto plates), STAPPERT (stainless steel long products) and IMS group (engineering steels).

With a headcount of 3,039 employees, Jacquet Metal Service has a network of 103 distribution centers in 25 countries in Europe, China and North America.