
Activity report

SEPTEMBER 30, 2020

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

— **Euronext Paris**
Compartment B



Press release dated November 18, 2020 – 6.00 pm CET

Results as of September 30, 2020

> 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.

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					
	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.

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
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 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.

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

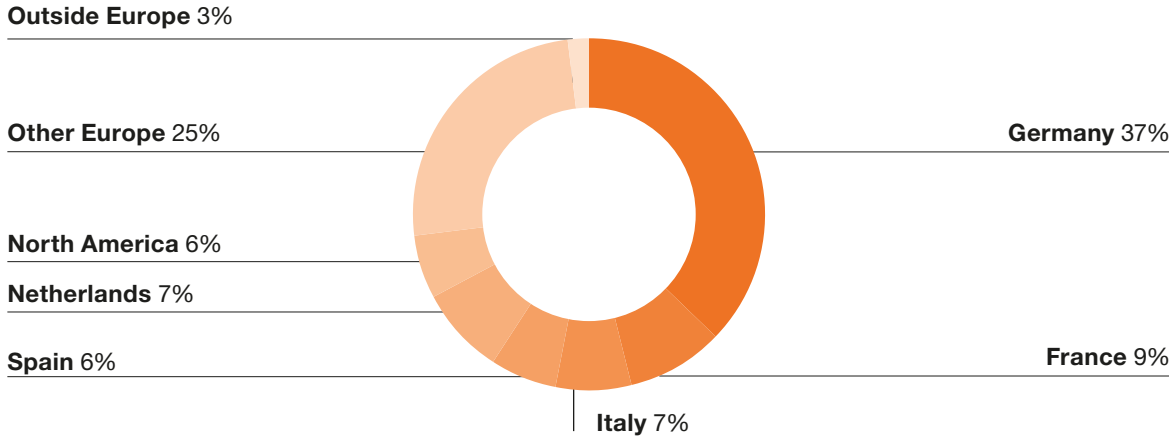
Balance sheet

€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

The Group	06
1 A leading distributor of specialty steels	06
2 Brand management	07
3 Stock market and shareholder structure	08
4 Financial communication schedule	09
Activity report - September 30, 2020	10
1 Group sales and earnings	10
2 Sales and earnings by division	13
3 Consolidated financial position	15

1 A leading distributor of specialty steels

Breakdown of sales



A global player

- > Countries of operation 25
- > Distribution centers 103
- > Employees 3,006



2 Brand management

Jacquet Metals markets its products through a portfolio spanning **three divisions**, each of which targets specific customers and markets.

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

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

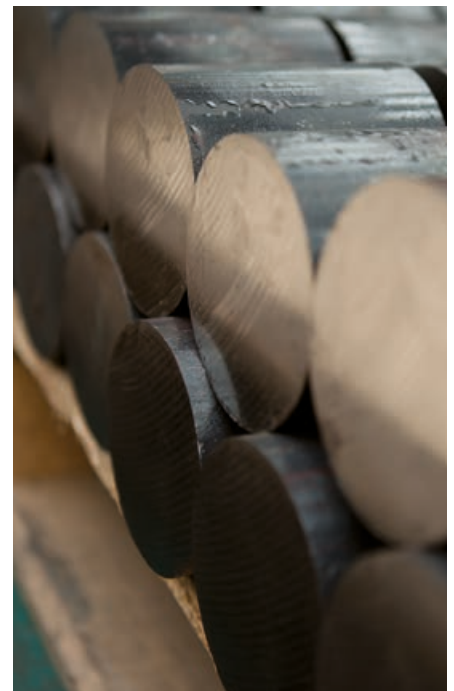
Stainless steel quarto plates



Stainless steel long products



Engineering steels



3 Stock market and shareholder structure

Stock information

> Indexes	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	FR0000033904
> Reuters	JCQ.PA
> Bloomberg	JCQ : FP

		30.09.20	31.12.19
Number of shares at end of period	Shares	23,461,313	24,028,438
Market capitalization at end of period	€k	194,729	370,519
High	€	15.86	18.46
Low	€	7.60	13.76
Price at end of period	€	8.30	15.42
Average daily trading volume	Shares	16,770	34,833
Average daily traded capital	€	178,927	562,702

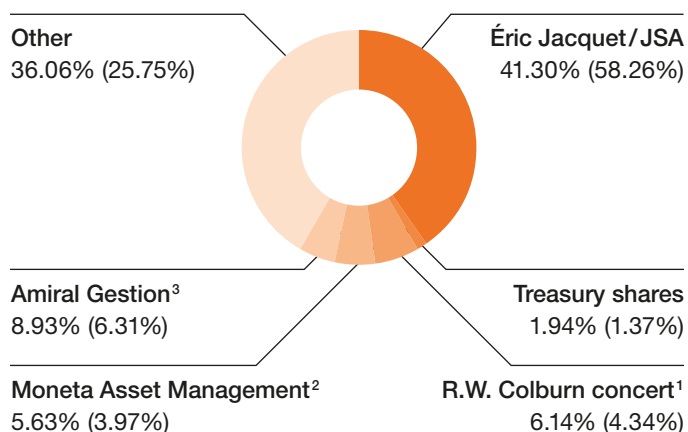
As of September 30, 2020, the Jacquet Metals (JCQ) share price was €8.30, down from the December 31, 2019 closing price. The share price was €11.52 on November 17, 2020.

Jacquet Metals shares are tracked by:

- > Société Générale SGCIB;
- > ODDO BHF Corporates & Markets;
- > Portzamparc of BNP Paribas Group;
- > GILBERT DUPONT of Société Générale Group.

Shareholder structure as of October 31, 2020

% share capital (% voting rights)



Éric Jacquet and JSA (which is controlled by Éric Jacquet) held 41.30% of the share capital and 58.26% of the voting rights in the Company as of October 31, 2020.

¹ Information dated March 12, 2014. The Company has not received any additional information since that date.

² Information dated August 27, 2019. The Company has not received any additional information since that date.

³ Information dated October 21, 2020. The Company has not received any additional information since that date.

4 Financial communication schedule

- > 2020 full-year results March 9, 2021

Investors and shareholders may obtain complete financial information from the Company's website at: corporate.jacquetmetals.com

Investor relations

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Activity report

September 30, 2020

1 Group sales and earnings

Results for the period ended September 30, 2020 are compared to the results for 2019, which may be consulted in the 2019 Universal Registration Document filed with the *Autorité des Marchés Financiers* (AMF, French financial market regulator) on April 3, 2020 (filing no. D.20-0242) and in the September 30, 2019 activity report. Data at September 30, 2019 has been restated for the impact related to the presentation of the Abraservice business in "discontinued operations" following application of IFRS 5 (sale on October 31, 2019). Net income from this business is presented on a separate line of the income statement, "Net income from discontinued operations".

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%.

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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.

€k	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	312,436	375,041	1,038,887	1,259,488
Gross margin	73,024	83,385	234,518	287,647
% of sales	23.4%	22.2%	22.6%	22.8%
Operating expenses	(59,996)	(68,048)	(202,390)	(227,212)
Net depreciation and amortization	(8,896)	(8,560)	(26,628)	(25,507)
Net provisions	(4,054)	363	(13,012)	3,605
Gains/(losses) on disposals of non-current assets	169	140	283	234
Operating income/(loss)	247	7,280	(7,229)	38,767
Net financial expense	(2,655)	(3,370)	(9,088)	(9,204)
Income before tax	(2,408)	3,910	(16,317)	29,563
Corporate income tax	(845)	(2,001)	(1,290)	(10,298)
Net income from discontinued operations	—	1,009	—	3,158
Consolidated net income/(loss)	(3,253)	2,918	(17,607)	22,423
Net income/(loss) (Group share)	(3,755)	2,110	(18,963)	19,771
Earnings per share in circulation (€)	(0.16)	0.09	(0.81)	0.82
Operating income/(loss)	247	7,280	(7,229)	38,767
Non-recurring items and gains/losses on disposals	(169)	(140)	4,317	445
Adjusted operating income/(loss)	78	7,140	(2,912)	39,212
% of sales	0.0%	1.9%	-0.3%	3.1%
Net depreciation and amortization	8,896	8,560	26,628	25,507
Net provisions	4,054	(363)	13,012	(3,605)
Non-recurring items	0	0	(4,600)	1,406
EBITDA	13,028	15,337	32,128	62,520

Sales

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.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	312	375	1,039	1,259
Change	-16.7%		-17.5%	
Price effect	-4.3%		-2.0%	
Volume effect	-12.4%		-15.5%	

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 as of September 30, 2020;
- > 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, 1st 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 the previous year until the date of disposal.

Gross margin

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

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	312.4	375.0	1,038.9	1,259.5
Cost of goods sold	(239.4)	(291.7)	(804.4)	(971.8)
Incl. purchases consumed	(239.8)	(289.7)	(802.3)	(972.8)
Incl. inventory impairment	0.4	(1.9)	(2.1)	1.0
Gross margin	73	83.4	234.5	287.6
% of sales	23.4%	22.2%	22.6%	22.8%

Operating income

Current operating expenses (excluding depreciation and provisions) amounted to €202 million, down €23 million (-10.1%) 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.

The Group recorded depreciation expenses totaling €27 million and provision charges of €15 million, related to savings plans and non recurring items (non cash items).

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

Net financial items

The net financial expense amounted to -€9.1 million as of September 30, 2020 compared to a -€9.2 million expense as of September 30, 2019.

The average gross debt ratio as of September 30, 2020 was 1.9%.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Net cost of debt	(2.9)	(2.2)	(8.0)	(6.7)
Other financial items	0.3	(1.2)	(1.0)	(2.5)
Net financial expense	(2.7)	(3.4)	(9.1)	(9.2)

Net income

The Group posted a net loss (Group share) of -€19 million, compared to a net income (Group share) of €20 million (including €3.2 million in net income from discontinued operations) as of September 30, 2019.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Income before tax	(2.4)	3.9	(16.3)	29.6
Corporate income tax	(0.8)	(2.0)	(1.3)	(10.3)
<i>Income tax rate</i>	-35.1%	51.2%	-7.9%	34.8%
Net income from discontinued operations	—	1.0	—	3.2
Consolidated net income/(loss)	(3.3)	2.9	(17.6)	22.4
Minority interests	(0.5)	(0.8)	(1.4)	(2.7)
Net income/(loss) (Group share)	(3.8)	2.1	(19.0)	19.8
% of sales	-1.2%	0.6%	-1.8%	1.6%

2 Sales and earnings by division excluding IFRS 16 impact

€m	JACQUET Stainless steel quarto plates		STAPPERT Stainless steel long products		IMS group 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.

JACQUET > Stainless steel quarto plates

The division 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.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	72.0	84.6	234.7	263.1
Change vs. 2019	-14.9%		-10.8%	
Price effect	-4.9%		-1.7%	
Volume effect	-10.0%		-9.1%	
Gross margin	19.6	25.4	64.2	79.4
% of sales	27.3%	30.1%	27.4%	30.2%
EBITDA	2.5	6.1	7.6	19.0
% of sales	3.5%	7.2%	3.2%	7.2%
Adjusted operating income/(loss)	0.6	4.4	0.8	13.5
% of sales	0.8%	5.2%	0.3%	5.1%

STAPPERT > Stainless steel long products

The division specializes in the distribution of stainless steel long products in Europe. 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.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	99.2	109.9	329.5	363.8
Change vs. 2019	-9.7%		-9.4%	
Price effect	-4.6%		-1.4%	
Volume effect	-5.1%		-8.0%	
Gross margin	20.6	19.4	65.8	69.6
% of sales	20.7 %	17.7%	20.0%	19.1%
EBITDA	3.8	2.0	12.2	12.4
% of sales	3.8%	1.8%	3.7%	3.4%
Adjusted operating income/(loss)	3.0	1.5	9.6	11.6
% of sales	3.0%	1.3%	2.9%	3.2%

IMS group > Engineering steels

The division 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.

€m	Q3 2020	Q3 2019	30.09.20 9 months	30.09.19 9 months
Sales	144.3	183.4	483.8	643.6
Change vs. 2019	-21.3%		-24.8%	
Price effect	-4.1%		-2.6%	
Volume effect	-17.2%		-22.3%	
Gross margin	32.8	38.5	104.5	138.7
% of sales	22.8%	21.0%	21.6%	21.6%
EBITDA	0.5	1.7	(4.7)	15.3
% of sales	0.3%	0.9%	-1.0%	2.4%
Adjusted operating income/(loss)	(3.6)	0.6	(12.8)	12.4
% of sales	-2.5%	0.3%	-2.7%	1.9%

3 Consolidated financial position

Summary 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

Working capital

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).

€m	30.09.20	31.12.19	Variations
Net inventory	369.2	442.5	-73.2
<i>Days sales inventory</i> ¹	167	154	
Net trade receivables	150.1	152.2	-2.1
<i>Days sales outstanding</i>	44	50	
Trade payables	(152.8)	(177.6)	+24.9
<i>Days payable outstanding</i>	60	62	
Net operating working capital	366.6	417.1	-50.5
<i>% of sales</i> ¹	26.3%	25.8%	
Other receivables or payables excluding taxes and financial items	(37.9)	(22.8)	-15.1
Working capital excluding taxes and financial items	328.8	394.3	-65.6
Consolidation and other changes		(4.1)	+4.1
Working capital before taxes and financial items and adjusted for other changes	328.8	390.2	-61.5
<i>% of sales</i> ¹	23.6%	24.2%	

¹ Rolling 12 months

Net debt

As of September 30, 2020, Group net debt stood at €147 million, compared to shareholders' equity of €345 million, resulting in a net debt to equity ratio (gearing) of 42.7% (46.1% at year-end 2019).

As of September 30, 2020, cash and cash equivalents amounted to €326 million including €263 million available immediately at Jacquet Metals SA.

€m	30.09.20	31.12.19
Fixed rate	81.9	59.2
Floating rate	391.8	321.7
Total borrowings	473.7	380.9
Cash and cash equivalents	326.3	206.0
Net debt	147.3	174.9
<i>Debt to equity ratio (gearing)</i>	<i>42.7%</i>	<i>46.1%</i>

Borrowings

The Group had €735 million in lines of credit as of September 30, 2020, 64% of which has been drawn:

€m	Authorized at 30.09.20	Used at 30.09.20	% used	Maturity			
				2020	2021-2022	2023-2024	2025 and beyond
Syndicated revolving loan 2023	125.0	15.0	12%	—	—	15.0	—
Schuldscheindarlehen 2023	150.0	150.0	100%	—	—	150.0	—
Schuldscheindarlehen 2024 – 2025	70.0	70.0	100%	—	—	36.0	34.0
Term loans	106.4	106.4	100%	4.5	48.5	44.8	8.5
Other lines of credit	97.5	50.4	52%	25.1	25.3	—	—
Jacquet Metals SA	548.8	391.8	71%	29.6	73.9	245.8	42.5
Operational lines of credit (letter of credit, etc.)	138.5	65.7	47%	49.5	16.2	—	—
Factoring	30.5	0.6	2%	0.6	—	—	—
Asset financing (term loans, etc.)	17.3	15.6	90%	1.4	8.6	4.0	1.5
Subsidiaries	186.3	81.9	44%	51.6	24.8	4.0	1.5
Total	735.2	473.7	64%	81.2	98.7	249.8	44.0

In addition to the financing presented in the table above, the Group also had €69 million in non-recourse receivable assignment facilities, €29 million of which had been used as of September 30, 2020.

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

All financing covenants were in compliance as of September 30, 2020.

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

- > date of signature: June 2019
- > maturity: June 2023
- > amount: €125 million
(€15 million of which used as of September 30, 2020)
- > guarantee: None
- > change of control clause:
JSA must hold at least 40% of Jacquet Metals SA's share capital and voting rights.
- > main covenants:
The Company must meet one of the following criteria:
 - > debt to equity ratio (gearing) less than 100% **or**
 - > leverage less than 2.

b | The main terms of the Schuldscheindarlehen signed in 2018 are as follows:

- > date of signature: February 2018
- > maturity: April 2023
- > amount: €150 million (fully used)
- > amortization: *in fine*
- > guarantee: None
- > change of control clause:
JSA must hold at least 37% of Jacquet Metals SA's share capital and voting rights.
- > main covenant:
debt to equity ratio (gearing) less than 100%.

- c | The main terms of the 2-tranche Schuldscheindarlehen signed in 2019 are as follows:
- > date of signature: December 2019
 - > maturity: December 2024 (tranche 1: €36 million) and January 2025 (tranche 2: €34 million)
 - > amount: €70 million (fully used)
 - > amortization: *in fine*
 - > guarantee: None
 - > change of control clause: JSA must hold at least 37% of Jacquet Metals SA's share capital and voting rights.
 - > main covenant: debt to equity ratio (gearing) less than 100%.

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

The Group generated operating cash flow of +€83 million as of September 30, 2020, compared to +€40 million as of September 30, 2019.

As of September 30, 2020 capital expenditure amounted to €22 million, including the acquisition of the main IMS group distribution center in Italy for €7.5 million.

The “Other movements” item includes €6 million linked to the share buyback program as well as €14 million pursuant to the application of *IFRS 16 – Leases*.

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.

Post balance sheet events

None.