



PRESS RELEASE

2020 annual results

09.03.2021 - 6.00pm CET

Sales: €1,365 million (-15.5% vs 2019)

EBITDA : €62 million (4.6% of sales)

Net income (Group share): €11 million

Operating cash-flow : €140 million

Solid 2020 performance in a challenging context

In a context of profound disruptions, JACQUET METALS succeeded in adapting to its market conditions and achieved a good overall performance.

Consolidated **sales** amounted to €1.4 billion, down 15.5% from 2019 (Q4: -8.3%), while **EBITDA** amounted to €62 million representing 4.6% of sales compared to 4.5% in 2019.

During this year, the Group paid particular attention to preserving health and safety of its employees as well as adapting to the economic environment its costs and steel inventories (down €75 million to €368 million at 2020 year-end).

Furthermore, the Group pursued a **sustained capital expenditure policy** (€27 million in 2020 after €30 million in 2019), despite the context, mainly aimed at strengthening Group's positioning on its key markets.

Having generated €140 million of **operating cash flow** in 2020, the Group strengthened its financial structure, posting a debt to equity ratio (gearing) of 28% at 2020 year-end compared to 46% at 2019 year-end.

Without returning to pre-crisis levels, **business at the start of 2021** benefited from the increase in raw material prices, fueling expectations of a Q1 2021 increase in gross margin level.

Nevertheless, the overall environment remains marked by a lack of visibility, exacerbated by still unstable health conditions.

In 2021 the Group will be aiming to improve its operating efficiency, particularly in the IMS group division in Germany, pursue the capital expenditure policy and seek out growth opportunities.



On March 9, 2021 the Board of Directors, chaired by Éric Jacquet, approved the consolidated financial statements for the year ended December 31, 2020, which have been audited by the Statutory Auditors.

€m	Q4 2020	Q4 2019	2020	2019
Sales	326	355	1,365	1,615
Gross margin	94	86	328	374
% of sales	28.8%	24.3%	24.0%	23.2%
EBITDA ¹	30	11	62	73
% of sales	9.2%	3%	4.6%	4.5%
Adjusted operating income ¹	27	4	24	43
% of sales	8.4%	1%	1.8%	2.7%
Operating income	35	1	28	40
Net income (Group share)	30	5	11	25

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 jacquetmetals.com.

Q4 2020

The Group posted highly contrasting performances between H1 and H2 2020:

- in H1 2020, Group's business was drastically slowed down by the COVID-19 crisis. Results were impacted by expenses of over €10 million related to the set-up of a savings plan and the impact of the economic slow-down on inventory valuation (leading the Group to record a provision representing 18% of the gross value of inventories at June 30, 2020 versus 15.6% at 2019 year-end).

- In H2 2020, Group's business picked up slightly towards the end of the year, particularly for IMS group. Moreover, inventory valuation benefited from the late 2020 increase in raw material prices. The inventory provisions rate at 2020 year-end reverted close to its 2019 year-end level. Under these conditions, the Group posted **positive net income of €30 million for Q4 2020**, after the recognition of €9 million of deferred taxes.

2020 results

Consolidated sales amounted to €1,365 million, down 15.5% versus 2019 (Q4: -8.3%), including the following effects:

- volumes sold: -12.4% (Q4: -1.6%);
- prices: -3.1% (Q4: -6.6%). Q4 2020 prices were down 1.6% from Q3 2020.

Gross margin amounted to €328 million (24% of sales) compared to €374 million (23.2% of sales) in 2019.

Current operating expenses* represented €266 million, down €35 million (-11.5%) from 2019. This decline is mainly due to the adjustment of variable expenses and the implementation of flexible staff working arrangements, which resulted in a temporary €9 million reduction in personnel expenses.

* excluding depreciation and amortization (€35) million and provisions €1 million.

EBITDA amounted to €62 million and represented 4.6% of sales compared to 4.5% in 2019.

Adjusted operating income amounted to €24 million (representing 1.8% of sales). Adjusted operating income includes over €10 million expenses related to the set-up of a savings plan across all divisions (€8 million annual savings expected, including €3 million effective as from 2020).

Under these conditions, **net income (Group share)** amounted to €11 million compared to €25 million in 2019 (2019 net income included a €9 million capital gains on the sale of Abraservice).



Financial position

As of December 31, 2020, the Group generated positive **operating cash flow** of €140 million.

Operating working capital amounted to €332 million (24.3% of sales) compared to €417 million at 2019 year-end (25.8% of sales), mainly due to the adaptation of inventory levels to market conditions (inventories down €75 million to €368 million).

Capital expenditure amounted to €27 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), **net debt** amounted to €106 million compared to €175 million as of December 31, 2019. The net debt to equity ratio (gearing) amounted to 28% compared to 46% at 2019 year-end.

The Group is in a **solid financial position** to weather the present situation and its potential developments: **cash and cash equivalents** amounted to €333 million at 2020 year-end, while lines of credit totaled €728 million (€289 million of which is unused).

2020 earnings by division excluding IFRS 16 impacts

€m	JACQUET Stainless steel quarto plates		STAPPERT Stainless steel long products		IMS Group Engineering steels	
	Q4 2020	2020	Q4 2020	2020	Q4 2020	2020
Sales	70	305	97	427	161	645
Change vs. 2019	-12.5%	-11.2%	-6.0%	-8.7%	-7.7%	-21.2%
Price effect	-4.7%	-2.7%	-9.6%	-3.2%	-6.2%	-3.3%
Volume effect	-7.8%	-8.4%	+3.6%	-5.5%	-1.5%	-17.8%
EBITDA^{1 2}	5.8	13.4	4.9	17.2	12.6	7.9
% of sales	8.2%	4.4%	5.1%	4.0%	7.8%	1.2%
Adjusted operating income²	4.5	5.3	5.3	14.9	13.7	0.8
% of sales	6.4%	1.7%	5.4%	3.5%	8.5%	0.1%

¹ In 2020, non-division operations and the application of IFRS 16 - Leases contributed €6.6 million and €17.2 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 jacquetmetals.com.

JACQUET: continued development

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

In 2020, the division pursued its **organic development** by launching the long products business in the USA, a market more severely impacted by the crisis than Europe, JACQUET Korea (South Korea) and JACQUET Tianjin (China). The division also invested in two new sites, in Italy and Hungary, due to start operating in 2021.

Sales amounted to €305 million, down 11.2% from €343 million in 2019 (Q4: -12.5%):

- volumes: -8.4% (Q4 -7.8%) ;
- prices: -2.7% (Q4 -4.7% vs Q4.19 et +0.1% vs. Q3.20).

Gross margin amounted to €89 million, representing 29.1% of sales, compared to €105 million in 2019 (30.6% of sales).

EBITDA amounted to €13 million, representing 4.4% of sales, compared to €23 million in 2019 (6.8% of sales).



STAPPERT: outstanding performance

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

In 2020, in a disrupted market subject to strong competitive pressure, particularly in Germany, STAPPERT succeeded in preserving margins and **improving earnings**. In particular, the division improved its operating performance in Western Europe (Netherlands, France, Belgium).

Sales amounted to €427 million, down 8.7% from €467 million in 2019 (Q4: -6%):

- volumes: -5.5% (Q4 +3.6%) ;
- prices: -3.2% (Q4 -9.6% vs Q4.19 et -1.6% vs. Q3.20).

Gross margin amounted to €88 million, representing 20.7% of sales, compared to €92 million in 2019 (19.6% of sales).

EBITDA amounted to €17 million, representing 4% of sales, compared to €14 million in 2019 (3% of sales).

IMS group: highly challenging market conditions

IMS group specializes in the distribution of **engineering steels**, mostly in the form of long products. The division generates **45% of its sales in Germany, the largest European market.**

In 2020, the division suffered from both a lasting slowdown in manufacturing since 2019, particularly in Germany, and from its strong foothold in Southern European markets particularly impacted by the health crisis (this region accounts for 35% of IMS group sales).

In this context, sales amounted to €645 million, down 21.2% from €818 million in 2019 (Q4: -7.7%):

- volumes: -17.8% (Q4 -1.5%) ;
- prices: -3.3% (Q4 -6.2% vs Q4.19 et -2.4% vs. Q3.20).

Gross margin amounted to €151 million, representing 23.4% of sales, compared to €177 million in 2019 (21.7% of sales).

EBITDA amounted to €8 million (Q4: €13 million), representing 1.2% of sales, compared to €14 million in 2019 (1.8% of sales).



Key financial informations

Income statement

€m	Q4 2020	Q4 2019	2020	2019
Sales	326	355	1,365	1,615
Gross margin	94	86	328	374
<i>% of sales</i>	28.8%	24.3%	24.0%	23.2%
EBITDA¹	30	11	62	73
<i>% of sales</i>	9.2%	3%	4.6%	4.5%
Adjusted operating income¹	27	4	24	43
<i>% of sales</i>	8.4%	1%	1.8%	2.7%
Operating income	35	1	28	40
Net financial expense	(2)	(2)	(11)	(11)
Corporate income tax	(2)	(3)	(4)	(13)
Net income from discontinued operations	-	9	-	12
Minority interests	(1)	(0)	(2)	(3)
Net income (Group share)	30	5	11	25

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 jacquetmetals.com.

Cash flow

€m	2020	2019
Operating cash flow before change in working capital	52	54
Change in working capital	88	4
Cash flow from operating activities	140	59
Capital expenditure	(27)	(30)
Asset disposals	1	25
Dividends paid to shareholders of JACQUET METALS SA	(5)	(17)
Interest paid	(13)	(12)
Other movements	(27)	14
Change in net debt	69	40
Net debt brought forward	175	215
Net debt carried forward	106	175

Balance sheet

€m	31.12.20	31.12.19
Goodwill	66	66
Net non-current assets	154	143
Right-of-use assets	70	85
Net inventory	368	442
Net trade receivables	135	152
Other assets	91	91
Cash & cash equivalents	333	206
Total assets	1,217	1,186
Shareholders' equity	373	379
Provisions (including provisions for employee benefit obligations)	96	99
Trade payables	171	178
Borrowings	439	381
Other liabilities	64	63
Lease liabilities	73	86
Total equity and liabilities	1,217	1,186



Activity report available: jacquetmetals.com
Q1 2021 earnings: May 5, 2021 6.00pm

JACQUET METALS is a European leader in the distribution of specialty steels.
The Group develops and operates a portfolio of three brands:

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

With a headcount of 2,857 employees, JACQUET METALS has a network of 106 distribution centers in 25 countries in Europe, China and North America.

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