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# Activity report

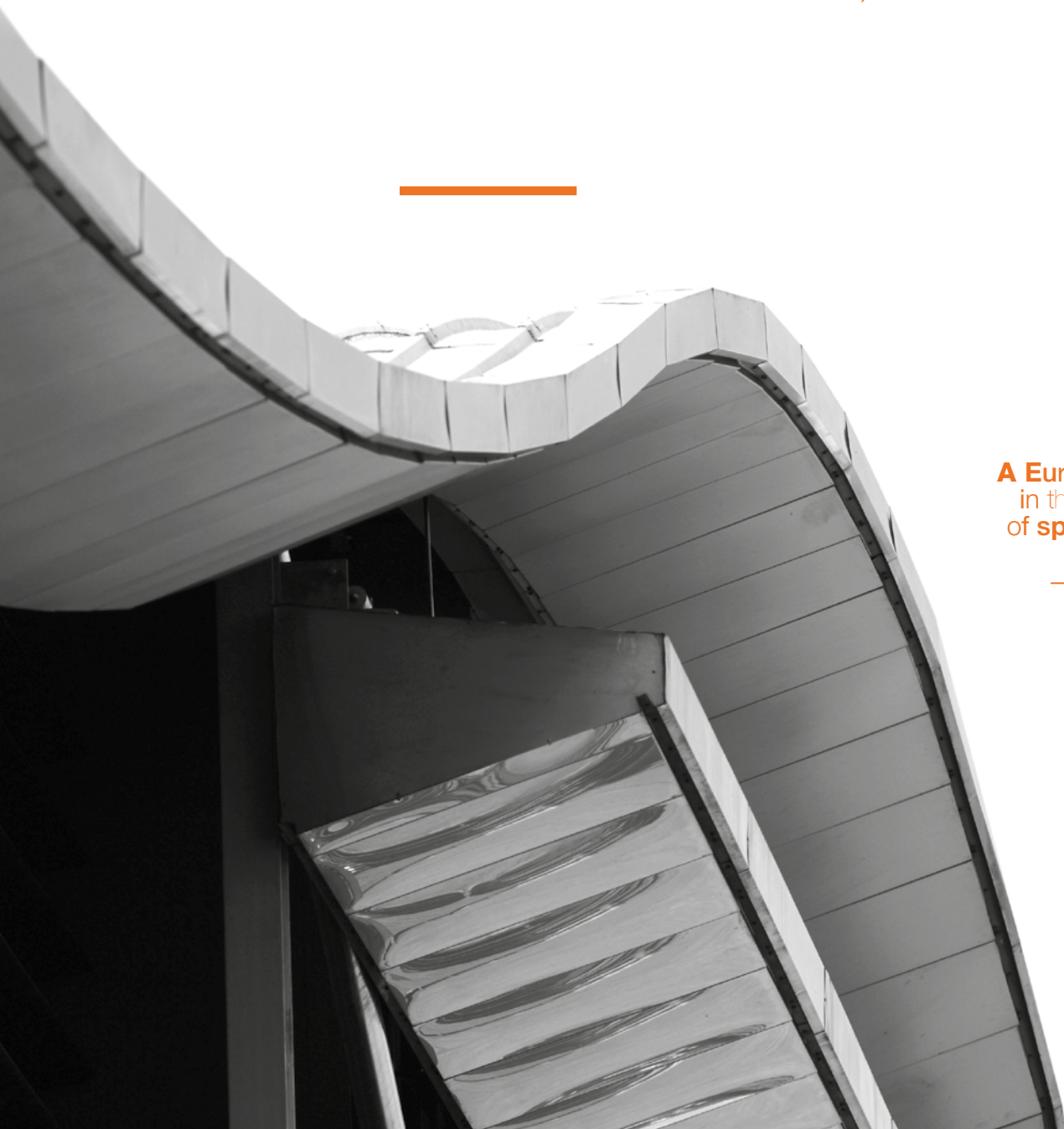
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JUNE 30, 2020

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

— **Euronext Paris**  
**Compartment B**



# Press release dated September 09, 2020 – 6.00 pm CEST

## First half 2020 results

> Sales	€726 m	(-17.9% vs. H1 2019)
> EBITDA	€19 m	(2.6% of sales)
> Operating cash flow	+€81 m	

On September 8, 2020, the Board of Directors chaired by Éric Jacquet examined the consolidated financial statements for the six months ended June 30, 2020, which were subject to a limited review by the Statutory Auditors.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>313</b>	<b>424</b>	<b>726</b>	<b>884</b>
<b>Gross margin</b>	<b>67</b>	<b>100</b>	<b>161</b>	<b>204</b>
% of sales	21.5%	23.7%	22.2%	23.1%
<b>EBITDA<sup>1</sup></b>	<b>3</b>	<b>23</b>	<b>19</b>	<b>47</b>
% of sales	0.9%	5.5%	2.6%	5.3%
<b>Adjusted operating income/(loss)<sup>1</sup></b>	<b>(10)</b>	<b>15</b>	<b>(3)</b>	<b>32</b>
% of sales	-3.2%	3.5%	-0.4%	3.6%
<b>Operating income/(loss)</b>	<b>(14)</b>	<b>13</b>	<b>(7)</b>	<b>31</b>
<b>Net income/(loss) (Group share)</b>	<b>(15)</b>	<b>6</b>	<b>(15)</b>	<b>18</b>

<sup>1</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. The report is available at [corporate.jacquetmetals.com](http://corporate.jacquetmetals.com).

### General comments

The first half of 2020 was marked by the COVID-19 epidemic, which disrupted the operations of all Group divisions to differing degrees.

Accordingly, Group sales amounted to €726 million, down -17.9% compared to H1 2019 (Q2: -26.1%), while EBITDA came to +€19 million (Q2: +€3 million) and operating cash flow totaled +€81 million.

As such, the Group has improved its financial structure compared to 2019 year-end and ended the period with a debt-to-equity ratio (gearing) of 38%.

IMS group, the division specializing in the distribution of engineering steels, suffered both from the slowdown in manufacturing since 2019, particularly in Germany, its main market, and from its strong foothold on Southern European markets particularly impacted by the COVID-19 crisis (this region accounts for 34% of IMS group sales compared to 25% for JACQUET and 6% for STAPPERT).

In this context, IMS group first half sales are down -26.2% (Q2: -35.1%) versus H1 2019.

More resilient in the first quarter, the JACQUET and STAPPERT divisions, which distribute stainless steels to technically and geographically diversified markets, posted first half sales down -8.8% (Q2: -14.5%) and -9.3% (Q2: -18.4%) respectively versus H1 2019.

In a still uncertain macroeconomic and health environment, current market conditions are still challenging, characterized by low demand, and the Group does not expect to see a significant improvement over the coming weeks and months.

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.

As far as possible, the Group is making use of existing short-time working arrangements or equivalent schemes in Europe and North America.

Meanwhile, savings plans have been implemented in all divisions. These plans should generate full-year savings of around €8 million.

## First half 2020 sales and earnings

Consolidated sales amounted to €726 million, down -17.9% compared to H1 2019, including the following effects:

- > volumes sold: -16.8% (Q1: -9.8%; Q2: -24.4%);
- > prices: -1.1% (Q1: -0.5%; Q2: -1.7%). Q2 2020 prices were stable compared to Q1 2020.

Gross margin amounted to €161 million (Q1: €94 million; Q2: €67 million) and represented 22.2% of sales (Q1: 22.8%; Q2: 21.5%) compared to 23.1% in H1 2019.

Current operating expenses (excluding depreciation and provisions) amounted to €142 million, down €15 million (-9.3%) compared to H1 2019.

This reduction is mainly due to the adjustment of variable expenses in connection with the slowdown in business and the implementation of flexible staff working arrangements. These measures resulted in a €4 million reduction in personnel expenses in the first half.

EBITDA came to €19 million (2.6% of sales) compared to €47 million (5.3% of sales) in H1 2019.

Lastly, in H1 2020 the Group recorded depreciation expenses totaling €17.7 million and provision charges of €11 million, mostly related to saving plans.

After recognition of these depreciation and provisions, the Group posted a first half operating loss of -€7.5 million (Q2: -€13.8 million) and a net loss (Group share) of -€15 million (Q2: -€15 million).

## Financial position

At June 30, 2020, net debt amounted to €132 million, compared to €175 million at the end of December 2019.

The €42 million decrease was mainly due to the reduction in operating working capital (25% of sales at June 30, 2020, compared to 25.8% at the end of 2019), mainly due to the adaptation of inventory levels to new market conditions (inventories down €56 million to €387 million at June 30, 2020).



Capital expenditure for the first half amounted to €19 million, namely comprising the acquisition of the main IMS group distribution center in Italy.

With a net debt to equity ratio (gearing) of 38% (46% at 2019 year-end and 57% at 2018 year-end), €397 million of cash and substantial lines of credit (€739 million, €210 million of which is undrawn), the Group is in a solid financial position to weather the present situation.

Furthermore, in June 2020 the maturity of the €125 million syndicated loan (€110 million undrawn) was extended by one year to June 2023.

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

## H1 2020 earnings by division excluding impacts of IFRS 16

€m	<b>JACQUET</b>					
	Stainless steel quarto plates		Stainless steel long products		Engineering steels	
	Q2 2020	H1 2020	Q2 2020	H1 2020	Q2 2020	H1 2020
<b>Sales</b>	<b>76</b>	<b>163</b>	<b>99</b>	<b>230</b>	<b>142</b>	<b>339</b>
<b>Change vs. 2019</b>	<b>-14.5%</b>	<b>-8.8%</b>	<b>-18.4%</b>	<b>-9.3%</b>	<b>-35.1%</b>	<b>-26.2%</b>
Price effect	-3.5%	-0.2%	-0.7%	-0.1%	-1.4%	-2.0%
Volume effect	-11.0%	-8.6%	-17.7%	-9.3%	-33.8%	-24.3%
<b>EBITDA<sup>1,2</sup></b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>(6)</b>	<b>(5)</b>
% of sales	0.2%	3.1%	3.0%	3.7%	-4.2%	-1.5%
<b>Adjusted operating income/(loss)<sup>2</sup></b>	<b>(3)</b>	<b>0</b>	<b>2</b>	<b>7</b>	<b>(9)</b>	<b>(9)</b>
% of sales	-3.5%	0.1%	1.7%	2.9%	-6.5%	-2.7%

<sup>1</sup> In H1 2020, non-division operations and the application of *IFRS 16 – Leases* contributed €2 million and €9 million to EBITDA respectively.

<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 and is available at [corporate.jacquetmetals.com](http://corporate.jacquetmetals.com).

**JACQUET** specializes in the distribution of stainless steel quarto plates. The division generates 69% of its business in Europe and 25% in North America.

Sales amounted to €163 million, down -8.8% from €179 million in H1 2019:

- > volumes: -8.6% (Q2: -11%);
- > prices: -0.2% (Q2: -3.5% vs. Q2 2019 and -4.1% vs. Q1 2020).

Gross margin amounted to €45 million and represented 27.4% of sales (Q2: 24.5%) compared to €54 million (30.2% of sales) in H1 2019.

EBITDA amounted to €5 million (Q2: €0.2 million) representing 3.1% of sales, compared to €13 million (7.2% of sales) in H1 2019.

**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.

Sales amounted to €230 million, down -9.3% from €254 million in H1 2019:

- > volumes: -9.3% (Q2: -17.7%);
- > prices: -0.1% (Q2: -0.7% vs. Q2 2019 and +0.4% vs. Q1 2020).

Gross margin amounted to €45 million and represented 19.6% of sales (Q2: 20.2%) compared to €50 million (19.8% of sales) in H1 2019.

EBITDA amounted to €8 million (Q2: €3 million) representing 3.7% of sales, compared to €10 million (4.1% of sales) in H1 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 €339 million, down -26.2% from €460 million in H1 2019:

- > volumes: -24.3% (Q2: -33.8%);
- > prices: -2.0% (Q2: -1.4% vs. Q2 2019 and +0.8% vs. Q1 2020).

Gross margin amounted to €72 million and represented 21.1% of sales (Q2: 20.5%) compared to €100 million (21.8% of sales) in H1 2019.

EBITDA amounted to -€5 million (Q2: -€6 million), representing -1.5% of sales, compared to €14 million (3.0% of sales) in H1 2019.

## Key financial information

### Income statement

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>313</b>	<b>424</b>	<b>726</b>	<b>884</b>
<b>Gross margin</b>	<b>67</b>	<b>100</b>	<b>161</b>	<b>204</b>
% of sales	21.5%	23.7%	22.2%	23.1%
<b>EBITDA<sup>1</sup></b>	<b>3</b>	<b>23</b>	<b>19</b>	<b>47</b>
% of sales	0.9%	5.5%	2.6%	5.3%
<b>Adjusted operating income/(loss)<sup>1</sup></b>	<b>(10)</b>	<b>15</b>	<b>(3)</b>	<b>32</b>
% of sales	-3.2%	3.5%	-0.4%	3.6%
<b>Operating income/(loss)</b>	<b>(14)</b>	<b>13</b>	<b>(7)</b>	<b>31</b>
Net financial expense	(3)	(3)	(6)	(6)
Corporate income tax	1	(4)	(0)	(8)
Net income from discontinued operations	—	1	—	2
Minority interests	(0)	(1)	(1)	(2)
<b>Net income/(loss) (Group share)</b>	<b>(15)</b>	<b>6</b>	<b>(15)</b>	<b>18</b>

<sup>1</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 and is available at [corporate.jacquetmetals.com](http://corporate.jacquetmetals.com).

### Cash flow

€m	H1 2020	H1 2019
Operating cash flow before change in working capital	11	41
Change in working capital	70	10
<b>Cash flow from operating activities</b>	<b>81</b>	<b>51</b>
Capital expenditure	(19)	(13)
Asset disposals	1	0
Dividends paid to shareholders of Jacquet Metals SA	—	—
Interest paid	(6)	(6)
Other movements	(15)	25
<b>Change in net debt</b>	<b>42</b>	<b>57</b>
<b>Net debt brought forward</b>	<b>175</b>	<b>215</b>
<b>Net debt carried forward</b>	<b>132</b>	<b>158</b>

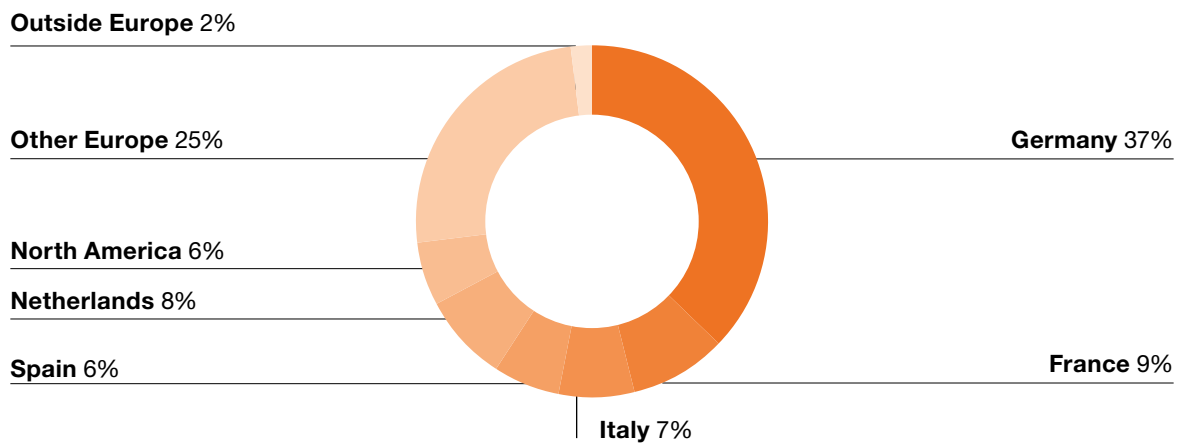
### Balance sheet

€m	30.06.20	31.12.19
Goodwill	66	66
Net non-current assets	152	143
Right-of-use assets	78	85
Net inventory	387	442
Net trade receivables	155	152
Other assets	88	91
Cash & cash equivalents	397	206
<b>Total assets</b>	<b>1,323</b>	<b>1,186</b>
Shareholders' equity	352	379
Provisions (including provisions for employee benefit obligations)	107	99
Trade payables	178	178
Borrowings	529	381
Other liabilities	79	63
Lease liabilities	78	86
<b>Total equity and liabilities</b>	<b>1,323</b>	<b>1,186</b>

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# 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 - Compartiment B
> Listed on	Euronext Paris
> Code or ticker	JCQ
> ISIN	FR0000033904
> Reuters	JCQ.PA
> Bloomberg	JCQ : FP

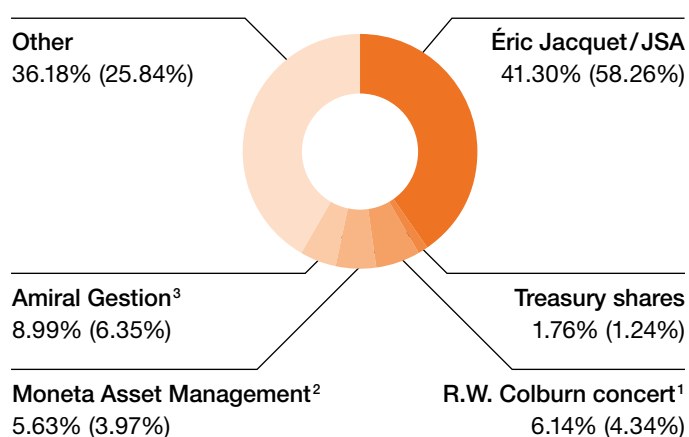
		30.06.20	31.12.19
Number of shares at end of period	Shares	23,461,313	24,028,438
<b>Market capitalization at end of period</b>	<b>€k</b>	<b>274,967</b>	<b>370,519</b>
High	€	15.86	18.46
Low	€	7.60	13.76
<b>Price at end of period</b>	<b>€</b>	<b>11.72</b>	<b>15.42</b>
Average daily trading volume	Shares	21,289	34,833
Average daily traded capital	€	230,000	562,702

As of June 30, 2020, the Jacquet Metals (JCQ) share price was €11.72, down from the December 31, 2019 closing price. The share price was €9.80 on September 8, 2020.

Jacquet Metals shares are tracked by Société Générale SGCIB, Oddo BHF Corporates & Markets and Portzamparc of BNP Paribas group.

### Shareholder structure at September 8, 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 at September 8, 2020.

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

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

<sup>3</sup> Information dated August 31, 2020. The Company has not received any additional information since that date.

## 4 Financial communication schedule

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- > Q3 2020 results November 18, 2020
- > 2020 full-year results March 2021

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

### Investor relations

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

# Activity report

## June 30, 2020

## 1 Group sales and earnings

Results for the period ended June 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 H1 2019 activity report. Data at June 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

The first half of 2020 was marked by the COVID-19 epidemic, which disrupted the operations of all Group divisions to differing degrees.

Accordingly, Group sales amounted to €726 million, down -17.9% compared to H1 2019 (Q2: -26.1%), while EBITDA came to +€19 million (Q2: +€3 million) and operating cash flow totaled +€81 million. As such, the Group has improved its financial structure compared to 2019 year-end and ended the period with a debt-to-equity ratio (gearing) of 38%.

IMS group, the division specializing in the distribution of engineering steels, suffered both from the slowdown in manufacturing since 2019, particularly in Germany, its main market, and from its strong foothold on Southern European markets particularly impacted by the COVID-19 crisis (this region accounts for 34% of IMS group sales compared to 25% for JACQUET and 6% for STAPPERT). In this context, IMS group first half sales are down -26.2% (Q2: -35.1%) versus H1 2019.

More resilient in the first quarter, the JACQUET and STAPPERT divisions, which distribute stainless steels to technically and geographically diversified markets, posted first half sales down -8.8% (Q2: -14.5%) and -9.3% (Q2: -18.4%) respectively versus H1 2019.

In a still uncertain macroeconomic and health environment, current market conditions are still challenging, characterized by low demand, and the Group does not expect to see a significant improvement over the coming weeks and months.

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.

As far as possible, the Group is making use of existing short-time working arrangements or equivalent schemes in Europe and North America.

Meanwhile, savings plans have been implemented in all divisions. These plans should generate full-year savings of around €8 million.

€k	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>313,479</b>	<b>424,267</b>	<b>726,451</b>	<b>884,447</b>
<b>Gross margin</b>	<b>67,489</b>	<b>100,390</b>	<b>161,494</b>	<b>204,262</b>
% of sales	21.5%	23.7%	22.2%	23.1%
Operating expenses	(64,541)	(79,267)	(142,394)	(159,164)
Net depreciation and amortization	(8,907)	(8,596)	(17,732)	(16,947)
Net provisions	(7,852)	422	(8,959)	3,243
Gains/(losses) on disposals of non-current assets	17	(7)	115	93
<b>Operating income/(loss)</b>	<b>(13,794)</b>	<b>12,942</b>	<b>(7,476)</b>	<b>31,487</b>
Net financial expense	(2,705)	(2,903)	(6,433)	(5,834)
<b>Income before tax</b>	<b>(16,499)</b>	<b>10,039</b>	<b>(13,909)</b>	<b>25,653</b>
Corporate income tax	1,393	(3,713)	(445)	(8,296)
Net income from discontinued operations	—	649	—	2,149
<b>Consolidated net income/(loss)</b>	<b>(15,106)</b>	<b>6,976</b>	<b>(14,354)</b>	<b>19,506</b>
<b>Net income/(loss) (Group share)</b>	<b>(15,380)</b>	<b>6,223</b>	<b>(15,208)</b>	<b>17,661</b>
<b>Earnings per share in circulation (€)</b>	<b>(0.66)</b>	<b>0.26</b>	<b>(0.65)</b>	<b>0.74</b>
<b>Operating income/(loss)</b>	<b>(13,794)</b>	<b>12,942</b>	<b>(7,476)</b>	<b>31,487</b>
Non-recurring items and gains/losses on disposals	3,883	2,092	4,485	586
<b>Adjusted operating income/(loss)</b>	<b>(9,911)</b>	<b>15,034</b>	<b>(2,991)</b>	<b>32,073</b>
% of sales	-3.2%	3.5%	-0.4%	3.6%
Net depreciation and amortization	8,907	8,596	17,732	16,947
Net provisions	7,852	(422)	8,959	(3,243)
Non-recurring items	(3,900)	—	(4,600)	1,406
<b>EBITDA</b>	<b>2,948</b>	<b>23,208</b>	<b>19,100</b>	<b>47,183</b>

## Sales

Consolidated sales amounted to €726 million, down 17.9% compared to H1 2019, including the following effects:

- > volumes sold: -16.8% (Q1: -9.8%; Q2: -24.4%);
  - > prices: -1.1% (Q1: -0.5%; Q2: -1.7%).
- Q2 2020 prices were stable compared to Q1 2020.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>313.5</b>	<b>424.3</b>	<b>726.5</b>	<b>884.4</b>
<b>Change</b>	<b>-26.1%</b>		<b>-17.9%</b>	
Price effect	-1.7%		-1.1%	
Volume effect	-24.4%		-16.8%	

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 the first six months of 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, 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 the previous year until the date of disposal.

## Gross margin

Gross margin amounted to €161 million (Q1: €94 million; Q2: €67 million) and represented 22.2% of sales (Q1: 22.8%; Q2: 21.5%) compared to 23.1% in H1 2019.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>313.5</b>	<b>424.3</b>	<b>726.5</b>	<b>884.4</b>
<b>Cost of goods sold</b>	<b>(246.0)</b>	<b>(323.9)</b>	<b>(565.0)</b>	<b>(680.2)</b>
Incl. purchases consumed	(241.6)	(325.9)	(562.5)	(683.1)
Incl. inventory impairment	(4.4)	2.1	(2.5)	2.9
<b>Gross margin</b>	<b>67.5</b>	<b>100.4</b>	<b>161.5</b>	<b>204.3</b>
% of sales	21.5%	23.7%	22.2%	23.1%

## Operating income

Current operating expenses (excluding depreciation and provisions) amounted to €142 million, down €15 million (-9.3%) compared to H1 2019.

This reduction is mainly due to the adjustment of variable expenses in connection with the slowdown in business and the implementation of flexible staff working arrangements. These measures resulted in a €4 million reduction in personnel expenses in the first half.

EBITDA amounted to €19 million (2.6% of sales) compared to €47 million (5.3% of sales) in H1 2019.

In H1 2020 the Group recorded depreciation expenses totaling €17.7 million and provision charges of €11 million, mostly related to savings plans.

After recognition of these depreciation and provisions, the Group posted a first half operating loss of -€7.5 million (Q2: -€13.8 million).

## Net financial items

The first half 2020 net financial expense came to -€6.4 million compared to a -€5.8 million expense in H1 2019. The average gross debt ratio as of June 30, 2020 was 1.8%.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Net cost of debt</b>	<b>(2.7)</b>	<b>(2.3)</b>	<b>(5.1)</b>	<b>(4.6)</b>
Other financial items	(0)	(0.6)	(1.3)	(1.3)
<b>Net financial expense</b>	<b>(2.7)</b>	<b>(2.9)</b>	<b>(6.4)</b>	<b>(5.8)</b>

## Net income

The Group posted a net loss (Group share) of -€15 million, compared to net income of €18 million (including €2 million in net income from discontinued operations) in H1 2019.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Income before tax</b>	<b>(16.5)</b>	<b>10.0</b>	<b>(13.9)</b>	<b>25.7</b>
Corporate income tax	1.4	(3.7)	(0.4)	(8.3)
<i>Income tax rate</i>	-8.4%	37.0%	3.2%	32.3%
Net income from discontinued operations	—	0.6	—	2.1
<b>Consolidated net income/(loss)</b>	<b>(15.1)</b>	<b>7</b>	<b>(14.4)</b>	<b>19.5</b>
Minority interests	(0.3)	(0.8)	(0.9)	(1.8)
<b>Net income/(loss) (Group share)</b>	<b>(15.4)</b>	<b>6.2</b>	<b>(15.2)</b>	<b>17.7</b>
% of sales	-4.9%	1.4%	-2.1%	2.0%

## 2 Sales and earnings by division

€m	JACQUET Stainless steel quarto plates		STAPPERT Stainless steel long products		IMS group Engineering steels	
	Q2 2020	H1 2020	Q2 2020	H1 2020	Q2 2020	H1 2020
<b>Sales</b>	<b>76</b>	<b>163</b>	<b>99</b>	<b>230</b>	<b>142</b>	<b>339</b>
<b>Change vs. 2019</b>	<b>-14.5%</b>	<b>-8.8%</b>	<b>-18.4%</b>	<b>-9.3%</b>	<b>-35.1%</b>	<b>-26.2%</b>
Price effect	-3.5%	-0.2%	-0.7%	-0.1%	-1.4%	-2.0%
Volume effect	-11.0%	-8.6%	-17.7%	-9.3%	-33.8%	-24.3%
<b>EBITDA<sup>1,2</sup></b>	<b>0</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>(6)</b>	<b>(5)</b>
% of sales	0.2%	3.1%	3.0%	3.7%	-4.2%	-1.5%
<b>Adjusted operating income/(loss)<sup>2</sup></b>	<b>(3)</b>	<b>0</b>	<b>2</b>	<b>7</b>	<b>(9)</b>	<b>(9)</b>
% of sales	-3.5%	0.1%	1.7%	2.9%	-6.5%	-2.7%

<sup>1</sup> In H1 2020, non-division operations and the application of IFRS 16 – Leases contributed €2 million and €9 million to EBITDA respectively.

<sup>2</sup> Adjusted for non-recurring items.

### JACQUET > Stainless steel quarto plates

The division specializes in the distribution of stainless steel quarto plates. The division generates 69% of its business in Europe and 25% in North America.

Sales amounted to €163 million, down -8.8% from €179 million in H1 2019:

- > volumes: -8.6% (Q2: -11%);
- > prices: -0.2% (Q2: -3.5% vs. Q2 2019 and -4.1% vs. Q1 2020).

Gross margin amounted to €45 million and represented 27.4% of sales (Q2: 24.5%) compared to €54 million (30.2% of sales) in H1 2019.

EBITDA amounted to €5 million (Q2: €0.2 million) representing 3.1% of sales, compared to €13 million (7.2% of sales) in H1 2019.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>75.9</b>	<b>88.8</b>	<b>162.8</b>	<b>178.5</b>
<b>Change</b>	<b>-14.5%</b>		<b>-8.8%</b>	
Price effect	-3.5%		-0.2%	
Volume effect	-11%		-8.6%	
<b>Gross margin</b>	<b>18.6</b>	<b>27.5</b>	<b>44.6</b>	<b>53.9</b>
% of sales	24.5%	31.0%	27.4%	30.2%
<b>EBITDA</b>	<b>0.2</b>	<b>6.7</b>	<b>5.0</b>	<b>12.8</b>
% of sales	0.2%	7.6%	3.1%	7.2%
<b>Adjusted operating income/(loss)</b>	<b>-2.7</b>	<b>4.9</b>	<b>0.2</b>	<b>9.1</b>
% of sales	-3.5%	5.5%	0.1%	5.1%

## STAPPERT > Stainless steel long products

This 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 €230 million, down -9.3% from €254 million in H1 2019:

- > volumes: -9.3% (Q2: -17.7%);
- > prices: -0.1% (Q2: -0.7% vs. Q2 2019 and +0.4% vs. Q1 2020).

Gross margin amounted to €45 million and represented 19.6% of sales (Q2: 20.2%) compared to €50 million (19.8% of sales) in H1 2019.

EBITDA amounted to €8.5 million (Q2: €3 million) representing 3.7% of sales, compared to €10 million (4.1% of sales) in H1 2019.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>98.6</b>	<b>120.8</b>	<b>230.2</b>	<b>253.9</b>
<b>Change</b>	<b>-18.4%</b>		<b>-9.3%</b>	
Price effect	-0.7%		-0.1%	
Volume effect	-17.7%		-9.3%	
<b>Gross margin</b>	<b>19.9</b>	<b>25.2</b>	<b>45.2</b>	<b>50.1</b>
% of sales	20.2%	20.8%	19.6%	19.8%
<b>EBITDA</b>	<b>3.0</b>	<b>5.4</b>	<b>8.5</b>	<b>10.5</b>
% of sales	3.0%	4.5%	3.7%	4.1%
<b>Adjusted operating income/(loss)</b>	<b>1.6</b>	<b>4.9</b>	<b>6.6</b>	<b>10.1</b>
% of sales	1.7%	4.1%	2.9%	4.0%

## 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 €339 million, down -26.2% from €460 million in H1 2019:

- > volumes: -24.3% (Q2: -33.8%);
- > prices: -2.0% (Q2: -1.4% vs. Q2 2019 and +0.8% vs. Q1 2020).

Gross margin amounted to €72 million and represented 21.1% of sales (Q2: 20.5%) compared to €100 million (21.8% of sales) in H1 2019.

EBITDA amounted to -€5 million (Q2: -€6 million), representing -1.5% of sales, compared to €14 million (3.0% of sales) in H1 2019.

€m	Q2 2020	Q2 2019	H1 2020	H1 2019
<b>Sales</b>	<b>141.7</b>	<b>218.4</b>	<b>339.5</b>	<b>460.2</b>
<b>Change</b>	<b>-35.1%</b>		<b>-26.2%</b>	
Price effect	-1.4%		-2.0%	
Volume effect	-33.8%		-24.3%	
<b>Gross margin</b>	<b>29.0</b>	<b>47.7</b>	<b>71.7</b>	<b>100.2</b>
% of sales	20.5%	21.9%	21.1%	21.8%
<b>EBITDA</b>	<b>(6.0)</b>	<b>6.2</b>	<b>(5.2)</b>	<b>13.6</b>
% of sales	-4.2%	2.8%	-1.5%	3.0%
<b>Adjusted operating income/(loss)</b>	<b>(9.2)</b>	<b>5.1</b>	<b>(9.3)</b>	<b>11.8</b>
% of sales	-6.5%	2.3%	-2.7%	2.6%

### 3 Consolidated financial position

#### Summary balance sheet

€m	30.06.20	31.12.19
Goodwill	66	66
Net non-current assets	152	143
Right of use assets	78	85
Net inventory	387	442
Net trade receivables	155	152
Other assets	88	91
Cash & cash equivalents	397	206
<b>Total assets</b>	<b>1,323</b>	<b>1,186</b>
Shareholders' equity	352	379
Provisions (including provisions for employee benefit obligations)	107	99
Trade payables	178	178
Borrowings	529	381
Other liabilities	79	63
Lease liabilities	78	86
<b>Total equity and liabilities</b>	<b>1,323</b>	<b>1,186</b>

#### Working capital

At June 30, 2020, operating working capital amounted to €364 million representing 25% of sales compared to 25.8% at the end of 2019 (operating working capital of €417 million). This €53 million reduction was mainly due to the adaptation of inventory levels (down €56 million to €387 million at June 30, 2020).

€m	30.06.20	31.12.19	Variations
Net inventory	386.7	442.5	-55.8
<i>Days sales inventory<sup>1</sup></i>	164	154	
Net trade receivables	155.0	152.2	+2.8
<i>Days sales outstanding</i>	47	50	
Trade payables	(178.0)	(177.6)	-0.4
<i>Days payable outstanding</i>	58	62	
<b>Net operating working capital</b>	<b>363.7</b>	<b>417.1</b>	<b>-53.4</b>
<i>% of sales<sup>1</sup></i>	25.0%	25.8%	
Other receivables or payables excluding taxes and financial items	(41.7)	(22.8)	-18.9
<b>Working capital excluding taxes and financial items</b>	<b>322.0</b>	<b>394.3</b>	<b>-72.3</b>
Consolidation and other changes		(2.4)	+2.4
<b>Working capital before taxes and financial items and adjusted for other changes</b>	<b>322.0</b>	<b>391.9</b>	<b>-69.9</b>
<i>% of sales<sup>1</sup></i>	22.1%	24.3%	

<sup>1</sup> Rolling 12 months



## Net debt

At June 30, 2020, Group net debt stood at €132 million, compared to shareholders' equity of €352 million, resulting in a net debt to equity ratio (gearing) of 37.6% (46.1% at year-end 2019).

€m	30.06.20	31.12.19
Fixed rate	77.0	59.2
Floating rate	452.3	321.7
Total borrowings	529.2	380.9
Cash and cash equivalents	396.8	206.0
<b>Net debt</b>	<b>132.4</b>	<b>174.9</b>
<i>Debt to equity ratio (gearing)</i>	<i>37.6%</i>	<i>46.1%</i>

## Borrowings

The Group had €739 million in lines of credit at June 30, 2020, 72% of which has been drawn:

€m	Authorized at 30.06.20	Used at 30.06.20	% 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	98.5	98.5	100%	8.1	43.6	39.4	7.3
Other lines of credit	107.4	89.8	84%	68.7	21.1	—	—
<b>Jacquet Metals SA</b>	<b>550.8</b>	<b>423.3</b>	<b>77%</b>	<b>76.8</b>	<b>64.7</b>	<b>240.4</b>	<b>41.3</b>
Operational lines of credit (letter of credit, etc.)	140.0	87.3	62%	83.5	3.9	—	—
Factoring	30.5	2.8	9%	2.8	—	—	—
Asset financing (term loans, etc.)	18.0	15.8	88%	2.9	8.1	3.6	1.3
<b>Subsidiaries</b>	<b>188.6</b>	<b>105.9</b>	<b>56%</b>	<b>89.1</b>	<b>11.9</b>	<b>3.6</b>	<b>1.3</b>
<b>Total</b>	<b>739.4</b>	<b>529.2</b>	<b>72%</b>	<b>165.9</b>	<b>76.7</b>	<b>244.0</b>	<b>42.6</b>

In addition to the financing presented in the table above, the Group also had €67.8 million in non-recourse receivable assignment facilities, €30.8 million of which had been used at June 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 at June 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 at June 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	H1 2020	H1 2019
Operating cash flow before change in working capital	11	41
Change in working capital	70	10
<b>Cash flow from operating activities</b>	<b>81</b>	<b>51</b>
Capital expenditure	(19)	(13)
Asset disposals	1	0
Dividends paid to shareholders of Jacquet Metals SA	—	—
Interest paid	(6)	(6)
Other movements	(15)	25
<b>Change in net debt</b>	<b>42</b>	<b>57</b>
<b>Net debt brought forward</b>	<b>175</b>	<b>215</b>
<b>Net debt carried forward</b>	<b>132</b>	<b>158</b>

The Group generated operating cash flow of +€81 million in H1 2020, compared to +€51 million in H1 2019.

In H1 2020 capital expenditure amounted to €19 million, namely relating to the purchase of a distribution center in Italy for the IMS group division, as well as new finishing capacities.

The “Other movements” item includes €5 million linked to the share buyback program as well as €9 million pursuant to the application of *IFRS 16 – Leases*.

## Post balance sheet events

None.

# 4 Summary interim consolidated financial statements

## Consolidated statement of comprehensive income

€k	Notes	30.06.2020	30.06.2019
<b>Sales</b>	<b>4.2.1</b>	<b>726,451</b>	<b>884,447</b>
Cost of goods sold	4.2.1	(564,957)	(680,185)
<b>Gross margin</b>	<b>4.2.1</b>	<b>161,494</b>	<b>204,262</b>
Operating expenses		(63,251)	(74,718)
Personnel expenses		(79,927)	(85,927)
Miscellaneous taxes		(2,154)	(2,107)
Other net expenses income		2,938	3,588
Net depreciation and amortization		(17,732)	(16,947)
Net provisions		(8,959)	3,243
Gains/(losses) on disposals of non-current assets		115	93
<b>Operating income</b>		<b>(7,476)</b>	<b>31,487</b>
% of sales		-1.0%	3.6%
Net cost of debt		(5,109)	(4,555)
Other financial income		–	85
Other financial expenses		(1,324)	(1,364)
<b>Net financial expense</b>		<b>(6,433)</b>	<b>(5,834)</b>
<b>Income/(loss) before tax</b>		<b>(13,909)</b>	<b>25,653</b>
Corporate income tax	4.2.2	(445)	(8,296)
<b>Net income/(loss) from continued current operations</b>		<b>(14,354)</b>	<b>17,357</b>
Net income from discontinued operations		–	2,149
<b>Total consolidated net income/(loss)</b>		<b>(14,354)</b>	<b>19,506</b>
% of sales		-2.0%	2.2%
Minority interests		(854)	(1,845)
Continuing operations		(854)	(1,578)
Discontinued operations		–	(267)
<b>Net income/(loss) (Group share)</b>	<b>4.2.3</b>	<b>(15,208)</b>	<b>17,661</b>
% of sales		-2.1%	2.0%
Continuing operations		(15,208)	15,779
Discontinued operations		–	1,882
<b>Items that may be reclassified to profit or loss</b>			
Translation differences		(2,767)	(294)
Other		(210)	(353)
<b>Items not reclassified to profit or loss</b>			
Actuarial gains/(losses)		–	(3,174)
<b>Total comprehensive net income/(loss) (Group share)</b>		<b>(18,185)</b>	<b>13,840</b>
Minority interests		798	1,880
<b>Total comprehensive net income/(loss)</b>		<b>(17,387)</b>	<b>15,720</b>
Basic earnings per share (€)	4.2.3	(0.66)	0.75
Diluted earnings per share (€)	4.2.3	(0.66)	0.75

Data at June 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".

## Statement of financial position

€k	Notes	30.06.2020			31.12.19	
		Gross.	Dep. amort. Prov.	Net		Net
<b>Assets</b>						
Goodwill	4.2.4	66,284	—	66,284		66,395
Intangible assets	4.2.5	30,269	25,265	5,004		5,630
Property, plant and equipment	4.2.5	434,288	286,891	147,397		137,821
Right-of-use assets	4.2.6	112,185	34,574	77,611		84,866
Other financial assets		18,132	1,219	16,913		17,605
Deferred tax	4.2.13	48,287	—	48,287		45,242
<b>Non-current assets</b>		<b>709,445</b>	<b>347,949</b>	<b>361,496</b>		<b>357,559</b>
Inventory and work-in-progress	4.2.1, 4.2.7	470,413	83,735	386,678		442,478
Trade receivables	4.2.1, 4.2.8	161,762	6,715	155,047		152,244
Tax assets receivable		4,741	—	4,741		3,736
Other assets		18,363	184	18,179		24,036
Derivatives		21	—	21		17
Cash and cash equivalents	4.2.9	396,784	—	396,784		206,007
<b>Current assets</b>		<b>1,052,084</b>	<b>90,634</b>	<b>961,450</b>		<b>828,518</b>
<b>Assets held for sale</b>		<b>—</b>	<b>—</b>	<b>—</b>		<b>—</b>
<b>Total assets</b>		<b>1,761,529</b>	<b>438,583</b>	<b>1,322,946</b>		<b>1,186,077</b>
<b>Equity and liabilities</b>						
Share capital				35,767		36,631
Consolidated reserves				300,793		327,944
<b>Shareholders' equity (Group share)</b>				<b>336,560</b>		<b>364,575</b>
Minority interests				15,297		14,834
<b>Shareholders' equity</b>	<b>4.2.10</b>			<b>351,857</b>		<b>379,409</b>
Deferred tax	4.2.13			6,124		6,071
Non-current provisions	4.2.11			4,740		4,921
Provisions for employee benefit obligations	4.2.12			60,104		61,161
Other non-current liabilities				4,573		4,459
Long-term borrowings	4.2.9			316,160		254,631
Long-term lease liabilities	4.2.6			59,936		67,100
<b>Non-current liabilities</b>				<b>451,637</b>		<b>398,343</b>
Short-term borrowings	4.2.9			213,068		126,298
Short-term lease liabilities	4.2.6			18,241		18,739
Trade payables	4.2.1			177,993		177,628
Current tax liabilities				2,349		4,591
Current provisions	4.2.11			42,205		33,386
Derivatives				1,101		881
Other liabilities				64,495		46,802
<b>Total current liabilities</b>				<b>519,452</b>		<b>408,325</b>
<b>Liabilities held for sale</b>				<b>—</b>		<b>—</b>
<b>Total equity and liabilities</b>				<b>1,322,946</b>		<b>1,186,077</b>

The notes are an integral part of the summary interim consolidated financial statements.

## Cash flow statement

€k	30.06.2020	30.06.2019
<b>Cash and cash equivalents at beginning of the period</b>	<b>206,007</b>	<b>119,420</b>
<b>Operating activities</b>		
<b>Net income</b>	<b>(14,354)</b>	<b>19,506</b>
Net income from discontinued operations	–	2,149
<b>Net income/(loss) from continued current operations</b>	<b>(14,354)</b>	<b>17,357</b>
Depreciation, amortization and provisions	25,225	14,051
Capital gains on asset disposals	(115)	(94)
Change in deferred taxes	(2,971)	1,670
Other non-cash income and expenses	18	20
<b>Operating cash flow after tax and cost of borrowings</b>	<b>7,803</b>	<b>33,004</b>
Cost of borrowings	6,230	5,907
Current income tax	3,415	6,628
Taxes paid	(6,644)	(4,796)
<b>Operating cash flow before change in working capital</b>	<b>10,804</b>	<b>40,743</b>
Change in inventory and work-in-progress	53,828	32,664
Change in trade receivables	(4,516)	(34,674)
Change in trade payables	1,624	9,304
Other changes	18,979	2,870
<b>Total change in working capital</b>	<b>69,915</b>	<b>10,164</b>
<b>Cash flow from continued current operating activities</b>	<b>80,719</b>	<b>50,907</b>
Cash flow from discontinued operating activities	–	5,794
<b>Cash flow from operating activities</b>	<b>80,719</b>	<b>56,701</b>
<b>Investing activities</b>		
Acquisitions of fixed assets	(18,738)	(12,747)
Disposal of assets	760	278
Acquisitions of subsidiaries	–	–
Changes in consolidation and other	511	9,620
<b>Cash flow from continued current investing activities</b>	<b>(17,467)</b>	<b>(2,849)</b>
Cash flow from discontinued investing activities	–	(166)
<b>Cash flow from investing activities</b>	<b>(17,467)</b>	<b>(3,015)</b>
<b>Financing activities</b>		
Dividends paid to parent company shareholders	–	–
Dividends paid to minority shareholders of consolidated companies	(335)	(21)
New borrowings	69,789	18,799
Lease liability payments	(9,767)	(9,424)
Lease receivables	332	–
Change in borrowings	78,747	(3,953)
Interest paid	(5,686)	(5,948)
Other changes	(5,090)	(31)
<b>Cash flow from continued current financing activities</b>	<b>127,990</b>	<b>(578)</b>
Cash flow from discontinued financing activities	–	183
<b>Cash flow from financing activities</b>	<b>127,990</b>	<b>(395)</b>
<b>Change in cash and cash equivalents</b>	<b>191,242</b>	<b>53,291</b>
Translation differences	(465)	(178)
<b>Cash and cash equivalents at end of period</b>	<b>396,784</b>	<b>172,533</b>

The notes are an integral part of the summary interim consolidated financial statements. Changes are shown at the net book value.

Bank overdrafts are used to finance both short and medium-term investments. Accordingly, they are analyzed as borrowing transactions and classified as such in the cash flow statement.

Data at June 30, 2019 has been restated for the impact of presenting the Abraservice business under "discontinued operations" following application of IFRS 5 (sale on October 31, 2019).

## Change in consolidated shareholders' equity

€k	Notes	Number of shares	Share capital	Reserves	Translation differences (Group share)	Shareholders' equity (Group share)	Minority interests	Shareholders' equity
<b>At 01.01.2019</b>	<b>4.2.9</b>	<b>24,028,438</b>	<b>36,631</b>	<b>327,496</b>	<b>(2,410)</b>	<b>361,717</b>	<b>15,042</b>	<b>376,759</b>
Net income				17,661	—	17,661	1,845	19,506
Translation differences				—	(294)	(294)	38	(256)
Actuarial gains/(losses)				(3,174)	—	(3,174)	(0)	(3,174)
Other				(353)	—	(353)	(3)	(356)
<b>Total comprehensive net income</b>				<b>14,134</b>	<b>(294)</b>	<b>13,840</b>	<b>1,880</b>	<b>15,720</b>
Change in consolidation scope				19	—	19	(72)	(53)
Dividend payments				(16,561)	—	(16,561)	(258)	(16,819)
Other				198	—	198	3	201
<b>At 30.06.2019</b>	<b>4.2.9</b>	<b>24,028,438</b>	<b>36,631</b>	<b>325,286</b>	<b>(2,704)</b>	<b>359,213</b>	<b>16,595</b>	<b>375,808</b>
<b>At 01.01.2020</b>	<b>4.2.9</b>	<b>24,028,438</b>	<b>36,631</b>	<b>329,086</b>	<b>(1,142)</b>	<b>364,575</b>	<b>14,834</b>	<b>379,409</b>
Net income/(loss)				(15,208)	—	(15,208)	854	(14,354)
Translation differences				—	(2,767)	(2,767)	(57)	(2,824)
Actuarial gains/(losses)				—	—	—	—	—
Other				(210)	—	(210)	1	(209)
<b>Total comprehensive net income/(loss)</b>				<b>(15,418)</b>	<b>(2,767)</b>	<b>(18,185)</b>	<b>798</b>	<b>(17,387)</b>
Change in consolidation scope				—	—	—	—	—
Dividend payments				(4,616)	—	(4,616)	(335)	(4,951)
Other		(567,125)	(864)	(4,350)	—	(5,214)	—	(5,214)
<b>At 30.06.2020</b>	<b>4.2.9</b>	<b>23,461,313</b>	<b>35,767</b>	<b>304,702</b>	<b>(3,909)</b>	<b>336,560</b>	<b>15,297</b>	<b>351,857</b>

The notes are an integral part of the summary interim consolidated financial statements.

## Notes to the consolidated financial statements

The Jacquet Metals Group consolidated financial statements for the six months ended June 30, 2020 were approved by the Board of Directors on September 8, 2020.

All figures are reported in thousands or millions of euros unless otherwise stated. Some totals may display differences in rounding.

### 4.1 Consolidation principles and methods

In accordance with European regulation 1606/2002 dated July 19, 2002 on international financial reporting standards, the Jacquet Metals Group summary interim consolidated financial statements for the six months ended June 30, 2020 and the 2019 comparative financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) in force as of June 30, 2020, as approved by the European Union.

The standards and interpretations applied are those published in the official Journal of the European Union (OJEU) before June 30, 2020 and of compulsory application from that date.

These guidelines cover all of the standards approved by the International Accounting Standards Board (IASB) and adopted by the EU, i.e. IFRS, International Accounting Standards (IAS), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Inter-

pretations Committee (SIC). These accounting standards can be consulted on the European Commission website at:

<https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/>

The summary interim consolidated financial statements have been prepared in accordance with *IAS 34 - Interim Financial Reporting*, which allows a condensed presentation of the notes to the financial statements. The financial statements should therefore be read with reference to the consolidated financial statements for the year ended December 31, 2019 and, in particular, note 2.1 "Consolidation principles and methods" and note 2.2 "Valuation methods" as contained in the Universal Registration Document filed with the *Autorité des Marchés Financiers* (AMF) on April 3, 2020 under number D.20-0242 and available for consultation on the company website at: [corporate.jacquetmetals.com](http://corporate.jacquetmetals.com).

With the exception of the points described in the paragraph below, the accounting principles applied are identical to those used in the audited consolidated financial statements for the year ended December 31, 2019.

New standards or amendments adopted by the European Union for compulsory application as from January 1, 2020 have been applied in the summary consolidated financial statements for the six months ended June 30, 2020. They comprise the following standards:

- > amendments to *IFRS 3 – “Definition of a Business”*;
- > amendments to *IAS 1 and IAS 8 – “Definition of Material”*;
- > amendments to *IFRS 9, IAS 39 and IFRS 7 related to Interest Rate Benchmark Reform*.

Application of these amendments had no material impact on the periods presented.

### Use of estimates

The preparation of IFRS-compliant consolidated financial statements requires management to take into account assumptions and estimates that have an impact on the assets and liabilities shown in the statement of financial position, and mentioned in the notes to the financial statements, as well as on the income and expenses recorded in the consolidated statement of comprehensive income. The estimates may be revised if the circumstances under which they were based change, or in accordance with new information obtained. Actual results may differ from these estimates.

In accordance with IAS 10, management’s estimates are based on the information available at the balance sheet date, taking post balance sheet events into account.

#### 4.1.1 Changes in consolidation scope

No change in consolidation scope occurred in H1 2020.

#### 4.1.2 Impacts of COVID-19

The Group foremost preoccupations in dealing with this unprecedented situation are the health and safety of all its employees, and all measures have been implemented to this end.

The first half of 2020 was marked by the COVID-19 epidemic, which disrupted the operations of all Group divisions to differing degrees:

- > in February, Group operations in China, which accounts for 1% of consolidated sales, were interrupted for several weeks;

The consolidated half-year financial statements have been established on the basis of rules applied for the 2019 annual financial statements. In this regard, it is appropriate to clarify the treatment of income taxes: for interim financial statements, the current and deferred tax charge is calculated by applying the estimated annual average tax rate for the current financial year to the six-month taxable income for each legal entity or tax group, as adjusted for non-recurring items allocated to the period.

The main estimates at June 30, 2020 involved:

- > assessment of the recoverability of deferred tax assets: the method followed is based on internal business plans, and takes into account the local legislation in effect at the balance sheet date;
- > the value of goodwill: tested for impairment at least once a year for the annual financial statements and whenever an indication of loss of value arises;
- > inventory valuation: the method followed to determine the net realizable value of inventory is based on the best estimate, as of the date of the preparation of the financial statements, of the future sale price in the normal course of business less any estimated selling costs;
- > measurement of right-of-use assets and lease liabilities following the adoption of IFRS 16;
- > impairment of receivables: reviewed on a case-by-case basis in light of the specific situation of particular customers;
- > employee benefit liabilities: measured based on actuarial assumptions;
- > current and non-current provisions: estimated to reflect the best estimate of the risks as of the balance sheet date.

- > since mid-March, the distribution centers in France, Italy and Portugal (18% of consolidated sales) have been gradually shut down following instructions issued by local authorities or due to logistical complications.

Some distribution centers in Spain and the USA also had to suspend their operations on a very temporary basis.

The other distribution centers continued to operate at different levels of activity.

- > from May onwards, all distribution centers (103 centers in 25 countries) were operating again at different levels of activity, depending on local instructions, market conditions (challenging and characterized by low demand) and short-time working arrangements implemented in accordance with local possibilities.

During this period,

- > the Group did not experience any significant disruption to its steel supply chain,

- > all the required initiatives are taken to limit the impact of the pandemic on operating income and cash position, including:
  - > short-time working arrangements or equivalent schemes in Europe and North America (leading to €4 million reduction in personnel expenses),
  - > reduction in non-essential expenditure,
  - > reduction or deferral of supply commitments.

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

## 4.2 Notes to the Consolidated Statement of Comprehensive Income

### 4.2.1 Operating segments

The Group is organized on the basis of three divisions:

- > JACQUET
- > STAPPERT
- > IMS group

The key indicators per operating segment at June 30, 2020 were as follows:

€m	Sales	Gross margin	Adjusted operating income <sup>2</sup>	Operating working capital	Operating working capital (% of sales)
JACQUET	162.8	44.6	0.2	116.3	35.5%
STAPPERT	230.2	45.2	6.6	86.5	19.5%
IMS Group	339.5	71.7	(9.3)	156.8	22.5%
Inter-division eliminations / Other <sup>1</sup>	(6.0)	(0.0)	(0.5)	4.1	n.a.
<b>Total</b>	<b>726.5</b>	<b>161.5</b>	<b>(3.0)</b>	<b>363.7</b>	<b>25.0%</b>

<sup>1</sup> Non-division activities (including Jacquet Metals SA)

<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. Adjusted operating income for the three divisions is presented excluding the impact of IFRS 16.  
n.a: not applicable.

At June 30, 2019, KPIs by operating segment, after reclassification of the Abraservice business to income from discontinued operations, are as follows:

€m	Sales	Gross margin	Adjusted operating income <sup>2</sup>	Operating working capital	Operating working capital (% of sales)
JACQUET	178.5	53.9	9.1	101.5	29.8%
STAPPERT	253.9	50.1	10.1	98.9	20.3%
IMS Group	460.2	100.2	11.8	218.5	24.4%
Inter-division eliminations / Other <sup>1</sup>	(8.2)	0.0	0.5	2.4	n.a.
<b>Total</b>	<b>884.4</b>	<b>204.3</b>	<b>32.1</b>	<b>421.3</b>	<b>24.6%</b>

<sup>1</sup> Non-division activities (including Jacquet Metals SA)

<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. Adjusted operating income for the three divisions is presented excluding the impact of IFRS 16.  
n.a: not applicable.



## 4.2.2 Corporate income tax

Net income includes a tax charge of €0.4 million. As a matter of prudence, new tax losses have not given rise to the recognition of deferred tax assets, except in France. It should also be noted that deferred taxes in France have been adjusted in line with future reductions in the tax rate.

## 4.2.3 Earnings per share

	30.06.2020	30.06.2019
<b>Net income/(loss) (Group share) (€k)</b>	<b>(15,208)</b>	<b>17,661</b>
Total number of shares	23,461,313	24,028,438
Treasury shares	385,144	368,636
Total number of shares excluding treasury shares	23,076,169	23,659,802
<b>Basic earnings per share (€)</b>	<b>(0.66)</b>	<b>0.75</b>
Bonus shares <sup>1</sup>	–	–
Total diluted number of shares excluding treasury shares	23,076,169	23,659,802
<b>Diluted earnings per share (€)</b>	<b>(0.66)</b>	<b>0.75</b>

<sup>1</sup> Average number of shares during the period

## 4.2.4 Goodwill - Business combinations

Goodwill amounted to €66.3m as of June 30, 2020 and breaks down as follows:

- > JACQUET CGU: €10.0 million;
- > STAPPERT CGU: €40.4 million;
- > IMS group CGU: €15.9 million.

In accordance with IAS 36 “Impairment of Assets”, goodwill, intangible assets and property, plant and equipment are subject to impairment testing where there is an indication of impairment.

The Group carried out impairment testing in view of the impact of the ongoing epidemic on the performance of the cash-generating units (CGU).

The main assumptions used to determine asset value-in-use based on the discounted future cash flow method are set out below for information purposes:

- > projection period: 5 years;

- > a perpetual growth rate of 1.51% was used to extrapolate the cash flow forecasts beyond the projection period. This rate is based on perpetual growth rates ranging between 0.65% (for companies operating in markets considered as mature and/or where the Group has traditionally operated) and 5.5% (for companies operating in developing markets and/or markets where the Group’s growth targets exceed expected market growth);
- > a discount rate of between 8.4% and 8.7%, depending on the division, is applied to the cash flow forecasts.

Sensitivity tests have been performed by varying:

- > the perpetual growth rate by ±0.5pp and the discount rate by ±1pp;
- > the gross margin rates, as expressed in euros, by ±1%.

These tests did not result in the identification of any impairment to be recognized as of June 30, 2020.

## 4.2.5 Change in PP&E and intangible assets

<b>Net book value at December 31, 2019</b>	<b>143.5</b>
Acquisitions	18.7
Net disposals and scrap	(0.6)
Net depreciation/impairment	(8.6)
Translation differences	(0.9)
Other	0.4
<b>Net book value at June 30, 2020</b>	<b>152.4</b>

## 4.2.6 Change in right-of-use assets and lease liabilities

<b>Net book value of right-of-use assets at December 31, 2019</b>	<b>84.9</b>
New right-of-use assets	1.7
Depreciations	(9.1)
Revaluation of right-of-use assets	0.8
Translation differences	(0.3)
Other	(0.3)
<b>Net book value of right-of-use assets at June 30, 2020</b>	<b>77.6</b>
<b>Lease liabilities at December 31, 2019</b>	<b>85.8</b>
New right-of-use assets	1.7
Repayments of lease liabilities	(9.8)
Revaluation of right-of-use assets	0.8
Translation differences	(0.2)
Other	(0.1)
<b>Lease liabilities at June 30, 2020</b>	<b>78.2</b>

## 4.2.7 Inventory and work-in-progress

€m	30.06.20	31.12.19
Gross value	470.4	524.1
Impairment	(83.7)	(81.6)
<b>Net value</b>	<b>386.7</b>	<b>442.5</b>

Inventory primarily consists of finished goods inventories (whole and cut plates, long products, etc.).

Inventory was adjusted to its net realizable value after a provision representing 17.8% of the gross value at June 30, 2020, compared to 15.6% at December 31, 2019.

## 4.2.8 Trade receivables

€m	30.06.20	31.12.19
Trade receivables	161.8	159.0
Impairment	(6.7)	(6.8)
<b>Gross value</b>	<b>155.0</b>	<b>152.2</b>

All receivables have a maturity of less than one year. The net value of the receivables does not include receivables assigned on a non-recourse basis, which amounted to €30.8 million in June 2020, compared to €35.7 million at year-end 2019.

## 4.2.9 Net cash and borrowings

€m	30.06.20	31.12.19
Cash	396.8	206.0
Cash equivalents	–	–
<b>Gross value</b>	<b>396.8</b>	<b>206.0</b>

Net borrowings break down as follows:

€m	30.06.20	31.12.19
Fixed rate borrowings	77.0	59.2
Floating rate borrowings	452.3	321.7
<b>Total borrowings</b>	<b>529.2</b>	<b>380.9</b>
<b>Cash and cash equivalents</b>	<b>396.8</b>	<b>206.0</b>
<b>Net borrowings</b>	<b>132.4</b>	<b>174.9</b>

## 4.2.10 Shareholders' equity

Pursuant to the delegation granted to the Board of Directors by the General Meeting of June 28, 2019, the Board of Directors resolved to cancel 567,125 shares at its meeting held on May 13, 2020. Following this cancellation, the share capital of Jacquet Metals SA comprised 23,461,313 shares and 33,213,612 attached voting rights.

In accordance with a resolution of the June 26, 2020 General Meeting, on July 3, 2020 the Group paid out a dividend of €0.20 per share amounting to €4.6 million in total. This amount is recognized under "Other liabilities" on the balance sheet.

## 4.2.11 Current and non-current provisions

€m	31.12.19	Change in consolidation scope	Additions	Reversals (unused)	Reversals (used) <sup>1</sup>	Translation differences	30.06.20
Non-current provisions	4.9	–	0.1	–	(0.2)	–	4.7
Current provisions	33.4	–	11.7	(0.4)	(2.5)	(0.0)	42.2
<b>Total</b>	<b>38.3</b>	<b>–</b>	<b>11.8</b>	<b>(0.4)</b>	<b>(2.7)</b>	<b>(0.0)</b>	<b>46.9</b>

<sup>1</sup> Including €2 million in reversals of provisions used, classified under personnel expenses in the consolidated statement of comprehensive income.

Current and non-current provisions correspond to disputes with employees, reorganization costs and disputes with customers and suppliers.

## 4.2.12 Provisions pour engagements sociaux

In accordance with IAS 34 – *Interim Financial Reporting*, the change in employee benefit obligations is based on the annual actuarial projection for December 31, 2020 as estimated at December 31, 2019 by external actuaries. The impact on income is accrued straight line over time.

No change in discount rates was recognized in the half-year financial statements.

## 4.2.13 Deferred tax

The origin of deferred tax is as follows:

€m	30.06.20	31.12.19
Temporary differences	17.7	17.5
Tax losses carried forward	6.1	5.2
Other IFRS restatements <sup>1</sup>	24.5	22.5
<b>Deferred tax assets</b>	<b>48.3</b>	<b>45.2</b>
Temporary differences	0.1	0.1
Tax losses carried forward	–	0.1
Other IFRS restatements <sup>1</sup>	(6.2)	(6.3)
<b>Deferred tax liabilities</b>	<b>(6.1)</b>	<b>(6.1)</b>

<sup>1</sup> These are primarily restatements relating to the rules for harmonizing the accounting process between the subsidiaries.

## 4.3 Bank covenants

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

**All financing covenants were in compliance at June 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)
  - > 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%.

## 4.4 Post balance sheet events

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None.

# 5 Statutory Auditors' Review Report on the Half-yearly Financial Information

## > GRANT THORNTON

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**Jacquet Metals (Formerly Jacquet Metal Service)**  
For the period from January 1 to June 30, 2020

To the Shareholders of Jacquet Metals,

In compliance with the assignment entrusted to us by your general assemblies and in accordance with the requirements of article L.451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- > the review of the accompanying (condensed) half-yearly consolidated financial statements of Jacquet Metals, for the period from January 1 to June 30, 2020,
- > the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors on September 8, 2020, on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

## 1 Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## 2 Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review prepared on September 8, 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Lyon, September 9, 2020

The Statutory Auditors French original signed by

## > GRANT THORNTON

French member of Grant Thornton International  
—  
Robert Dambo Partner

## > ERNST & YOUNG et Autres

—  
Lionel Denjean Partner

## 6 Statement by the person responsible for the half-year financial report

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I hereby certify that, to my knowledge, Jacquet Metals' summary interim consolidated financial statements for the first half of 2020 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and earnings of the company and all companies included in the consolidation scope, and that the activity report for the first half of 2020 gives a true and fair account of the important events that took place in the first six months of the year, their impact on the financial statements and the main transactions between related parties and includes a description of the main risks and uncertainties for the remaining six months of the year.

Saint-Priest, September 8, 2020

Éric Jacquet  
Chairman and CEO, Jacquet Metals