Tarkett

Press release

Tarkett Group

H1 2020 results:
Profitability preserved despite Q2 revenue drop
Financial leverage well contained at 2.8x

Q2 and Half Year 2020 Results

- **H1 2020 revenues down -12.4% at €1,237 million, following a -20.5% drop in Q2 revenues due to the Covid-19 spread and lockdown measures. Sequential improvement of sales over Q2;**
- **€51 million of cost savings in H1 2020, including €29 million of Covid-19 measures;**
- **Adjusted EBITDA at €106 million in H1 2020 with preserved margin at 8.6% versus 9.0% last year;**
- **Net income impacted by -€54 million non-cash charge for impairment mainly related to assets in the hospitality segment;**
- **Free cash-flow of -€76 million in H1 2020 in line with usual seasonality;**
- **Leverage of 2.8x at end of June 2020 (pre IFRS16 as per our credit documentation). Available confirmed liquidity of €945 million;**
- **Solid fundamentals to cope with uncertain economic conditions in H2 2020, confirmed Change to Win financial objectives for 2021 and 2022.**

Paris, July 29, 2020: The Supervisory Board of Tarkett (Euronext Paris: FR0004188670 TKTT) met today and reviewed the Group's consolidated results for the first half of 2020.

The Company uses alternative performance indicators (not defined by IFRS) described in details in appendix 1 (page 8):

€ million	H1 2020	H1 2019	Change
Net sales *Organic growth*	**1,237.0**	**1,412.3**	**-12.4%** *-12.6%*
Adjusted EBITDA *% net sales*	**106.3** *8.6%*	**126.7** *9.0%*	***-16.1%*** *-0.4pts*
Result from operations (EBIT) *% net sales*	**-43.6** *-3.5%*	**33.1** *2.3%*	**-**
Net profit attributable to owners of the Company *Fully diluted Earnings per share (€)*	**-64.9** -1.00	**7.7** 0.12	
Free cash-flow	**-75.9**	**41.5**	
Net Debt before IFRS 16 application *Net Debt to Adjusted EBITDA before IFRS16*	**630.8** *2.8x*	**715.8** *2.9x*	***-11.9%***
Net Debt	**728.0**	**810.0**	***-10.1%***

Commenting on these results, **CEO Fabrice Barthélemy** said: *"As anticipated, the second quarter has been significantly impacted by Covid-19, with lockdown measures implemented throughout most of our regions. While making safety our #1 priority and remaining fully engaged with customers, we managed to keep operations running and we rapidly launched numerous initiatives to flex our costs and prioritize our investments. Along with the exceptional dedication of our teams, this allowed us to maintain profitability, contain cash consumption and protect the financial structure. Although we saw some gradual improvements over the second quarter, we remain cautious about the second half of the year as some of our key regions, like North America, are still fighting the pandemic. "*

1. Q2 2020 financial highlights

Q2 2020 net revenues breakdown and Adjusted EBITDA available in appendix 3 and 4 (page 10 of this document).

Our primary focus in this sanitary crisis period was to protect the health and safety of employees. Tarkett immediately implemented social distancing on production sites and remote working to keep operations running. The Group had to temporary close some manufacturing sites in April, but only for short periods. In addition, a set of vigorous actions to reduce costs and protect cash flows was rapidly deployed. At the end of the second quarter when lockdown started to be lifted, offices reopened progressively with specific safety measures and most sites were running at normal capacity.

Sales at €626.3 million, down -20.5% in Q2 2020 as the strengthening of lockdown measures and extension to most countries early April affected Tarkett's activity:

- Flooring activities were organically down -24.6% compared to last year. Sports was less affected and down by only -5.7% on a like-for-like basis as installation was still possible in North America during the whole quarter. Sales were also disrupted by a cyber-attack which affected operations in the first two weeks of May.
- Gradual improvement in sales trends over Q2, reflecting pandemic and lockdown evolution:
    - Demand was particularly weak in April (c. -40% versus last year) and remained under pressure in May (c. -30% versus last year) although sales trends started improving in EMEA and CIS regions.
    - Sales trends improved in all regions in June (c. -3% versus last year, or c. -10% compared to last year on a constant working day basis), notably due to completion of existing projects in countries exiting lockdown.

Adjusted EBITDA at €64 million in Q2 2020 compared to €84m in Q2 2019. Margin well preserved at 10.2% (down only 40 basis points compared to last year) thanks to successful mitigation plan:

- Activity decrease weighting significantly on EBITDA: -€68m volume and mix impact (versus Q2 2019)
- Efficient mitigation plan generating €43 million of cost reduction compared to Q2 2019 and offsetting more than 60% of the volume and mix impact:

€ million	Productivity gains and SG&A	*o/w structural actions*	Covid-19 specific measures	*o/w governmental support*	Total cost reduction
Gross profit	7	*7*	10	*6*	**17**
SG&A	7	*4*	19	*5*	**26**
Total Q2	**15**	***11***	**29**	***11***	**43**

- Specific Covid-19 measures included temporary lay-offs, furlough and reduction in working time, drastic reduction of discretionary costs, deferral of expenses, cancellation of projects and savings enabled by lockdown and travel restrictions (no travel and event expenses, lower sampling costs,…).

Impairment

- Impairment of assets mostly reflecting the impact of the pandemic on hospitality segment in North America: -€54 million non-cash charge in Q2. This also led to a tax write-off of -€4 million.

Free cash flow in line with usual seasonality:

- Tight management of working capital with a specific focus on customer receivables and inventory. Change in working capital at -€102 million compared to December 2019, in line with usual seasonality;
- Around €110 million of receivables sold to non-recourse factoring programs in H1 2020, down -€17 million compared to December 2019;
- Capex containment (€36 million in H1 2020 versus €58 million in H1 2019) also helped to preserve cash.

Solid financial structure and reinforced liquidity:

- €245 million of additional credit lines secured in Q2 2020 with the Group's main banking partners, out of which a back-up short term credit line of €175 million (extendable by six months at the Group's discretion, then by another six months at the banks' discretion) which remains fully undrawn;
- Financial leverage of 2.8x at end of June, well below covenant limit (3.5x before IFRS 16);
- Overall, Tarkett has around €945 million of liquidity at end of June and no major debt repayment until April 2022.

2. Group half year 2020 results

Group net revenues amounted to €1,237 million in H1 2020, a decrease of -12.4% compared to H1 2019. The activity was impacted by lockdown measures at the end of March and in the second quarter, leading to negative organic growth in all regions and businesses in the first half. Furthermore, the aforementioned cyber-attack also disrupted revenues in the first half of May. Net revenues decreased by -13.8% in EMEA and by -16.7% in North America, while CIS, APAC and Latin America decreased by -12.8%. Net revenues in Sports remained at a solid level, only declining by -2.4% notwithstanding a challenging comparison basis (organic growth up +13.1% in H1 2019).

Adjusted EBITDA amounted to €106.3 million in H1 2020 compared to €126.7 million in H1 2019. Adjusted EBITDA margin was preserved thanks to significant cost reduction measures and reached 8.6% in H1 2020, down only 40 basis points compared to H1 2019.

Tarkett was negatively affected by the strong decrease in sales, which resulted in a negative volume and mix effect of -€77.8 million, mostly generated in Q2 2020. Selling prices were slightly up compared to H1 2019. Purchasing costs improved by €7.9 million in H1 2020 as raw material prices decrease effect accelerated at the end of the second quarter. Salary increases amounted to €7.9 million year-over-year, reflecting wage increases implemented in 2019 and early 2020. Wage inflation was lower in Q2 2020 than in Q1 2020 as some planned wage increases have been postponed.

Cost savings amounted to €50.7 million in H1 2020 compared to H1 2019. As stated above, it included €28.8 million of cost reduction generated by specific Covid-19 measures or generated by lockdown and travel restrictions. Around €11 million of these savings were achieved thanks to governmental support measures. Productivity gains and SG&A cost savings amounted to €21.9 million. Around €19 million of these savings were generated by structural actions implemented as part of the Change to Win strategic plan, including industrial footprint rationalization and the SG&A cost base reduction. The remaining savings (€2.9 million) was mostly generated by phasing and expenses' deferral.

Currencies (CIS countries excluded) had a negative effect amounting to -€2.1 million. The appreciation of the dollar versus the euro was fully offset by unfavorable fluctuations of the Norwegian krona and the Brazilian real.

Adjustments to EBIT represented -€68.7 million in H1 2020, compared to -€17.0 million in H1 2019, including restructuring costs of -€10.9 million mostly due to SG&A cost savings program and footprint rationalization in Europe. Tarkett also took a -€54 million non-cash charge for impairment of assets mostly reflecting the impact of the Covid-19 pandemic on hospitality in North America.

Financial expenses decreased by +€2.9 million to reach €16.7 million in H1 2020 as a result of lower financial debt by -€85 million and lower LIBOR rates compared to last year. Income tax charge remained stable at -€3.9 million. The effect of lower taxable result is offset by write-off of deferred tax assets related to losses carried forward (-€4 million).

Net income amounted to -€65 million, representing a fully diluted EPS of -€1.

3. Net sales and adjusted EBITDA by segment

H1	Net sales				Adjusted EBITDA			
€ million	H1 2020	H1 2019	Change	o/w LfL	H1 2020	H1 2020 margin	H1 2019	H1 2019 margin
EMEA	405.6	470.5	-13.8%	-12.9%	46.6	11.5%	55.9	11.9%
North America	357.7	429.2	-16.7%	-18.6%	32.5	9.1%	41.4	9.6%
CIS, APAC & LATAM	222.9	255.7	-12.8%	-9.7%	32.4	14.5%	32.5	12.7%
Sports	250.7	257.0	-2.4%	-5.0%	18.9	7.6%	18.1	7.0%
Central Costs	-	-	-	-	-24.1	-	-21.2	-
Total Group	**1,237.0**	**1,412.3**	**-12.4%**	**-12.6%**	**106.3**	**8.6%**	**126.7**	**9.0%**

The EMEA segment reported net revenues of €405.6 million, down -13.8% compared to H1 2019. The organic decline resulted from the coronavirus spread and lockdown measures which significantly reduced demand, particularly in April. The decline was particularly significant in Southern Europe and in the UK, but most countries recorded improved trends in May. The Nordic region demonstrated solid resilience over the course of the semester and was particularly dynamic in June. Sales significantly improved in June thanks to delivery of pre-covid projects and most countries were recovering except the UK. Several manufacturing sites were temporary closed between March and May and operated at reduced capacity during a large part of the second quarter.

The EMEA segment recorded an adjusted EBITDA margin of 11.5%, down 40 basis point compared to H1 2019. On top of the strategic initiatives to reduce the cost base launched late 2019, a vigorous mitigation plan was deployed at the end of March upon the crisis outbreak in Europe. Purchasing costs were also lower compared to last year.

The North American segment reported net revenues of €357.7 million, down -16.7% compared to H1 2019, reflecting organic decline of -18.6% and a positive forex impact related to the appreciation of the dollar versus the euro over the period. After a good start of the year, the level of activity was significantly down in Q2 2020 with the deployment of shelter-in-place measures and travel restrictions. As these measures eased in June, business trends improved. This improvement was partially driven by completion of existing projects in commercial activities. The hospitality segment was particularly affected in H1 2020 due to projects postponed or stopped as travel restrictions affected the industry. Workplace has also been significantly affected. Residential, however, improved and grew at the end of the quarter in line with market trends (increased refurbishment and new home construction). Several production sites have been temporary closed for short periods in Q2 and remote working for office work is still in place in most locations.

The adjusted EBITDA margin amounted to 9.1% in H1 2020 compared to 9.6% in H1 2019. Cost reduction initiatives launched in H2 2019 started to deliver in Q1. In addition, an efficient mitigation plan was rapidly implemented late March, including drastic cut in discretionary spending and furlough schemes. The profitability was also supported by lower purchasing costs.

Net revenues in **the CIS, APAC and Latin America segment** amounted to €222.9 million, down -12.8% in H1 2020, driven by a revenue decline of -9.7% on a like-for-like basis and unfavorable exchange rate fluctuations mainly due to the depreciation of the Brazilian real. In CIS countries, volumes started improving with some growth in June compared to last year in spite of a challenging macro environment. The lag effect (net effect of currency and selling price adjustments in the CIS countries) was slightly negative in H1 2020 as it deteriorated in Q2 due to the weakening of the ruble. Revenues in Latin America have been impacted since implementation of shelter-in-place measures at the end of March, particularly in Brazil. In Asia-Pacific, revenues were affected in Q1 by the Covid-19 outbreak. The activity was returning to normal in Q2, but new measures of partial confinement in China, Australia and India weighed on demand at the end of the quarter.

The CIS, APAC and Latin America segment recorded an adjusted EBITDA margin of 14.5%, up 180 basis points compared to last year. Profitability increased thanks to a strong productivity level and significant SG&A cost reduction. These savings are both structural and related to specific Covid-19 measures, including wage cost reduction, which were implemented in April and May. Raw material purchasing costs inflation decreased in H1 2020, also supporting the profitability during the period.

Net revenues of the **Sports segment** amounted to €250.7 million in H1 2020, only down -2.4% compared to last year reflecting organic decline of -5.0% and a positive currency impact related to the dollar appreciation versus the euro. The activity in North America remained sustained in April and May as installation was possible in most US States despite the shelter-in-place measures. There was a slowdown at the end of the second quarter in turf business with several projects postponed, while track and indoor activities continued to grow compared to last year. In Europe, several projects were halted until the exit of lockdown mid-May. Europe and Australia recorded solid improvement in June, partially driven by completion of existing projects. The cancellation of most of sports events and its impact on ticketing and advertising revenues will affect the overall industry, most likely leading to delays and cancellations of projects in H2 2020.

The Sports recorded a stable adjusted EBITDA in H1 2020 and increased its profitability with margin at 7.6% up 60 basis points compared to last year. This increase reflected solid achievements in reducing SG&A costs and lower purchasing costs. Profitability was also supported by a positive mix effect thanks to an increased contribution of tracks compared to last year.

4. Balance sheet and cash flow statement

In the first half of 2020, Tarkett pursued its tight management of **working capital** with specific focus on customer receivables and inventory. Around €110 million of receivables were transferred in H1 2020 to the non-recourse factoring and securitization programs, which were implemented last year. This represented a decrease of -€17 million compared to end December of 2019 and an equivalent negative impact on cash.

In H1 2020, **ongoing capex** amounted to €36 million, down €22 million compared to last year. This is aligned with the target of containing capex at €80 million on a full year basis, a significant reduction compared to previous years (€125 million in 2019).

Tarkett generated a negative **free cash-flow** of -€76 million in H1 2020 in line with its usual seasonality. This compares to a positive free cash flow of €42 million in H1 2019 that benefited from the implementation of factoring programs (positive contribution of €105 million at end of June 2019).

Reported net debt amounted to €728 million at the end of June 2020 including €97 million of lease contract liabilities recorded in debt as per IFRS16. The documentation of Tarkett's financing agreements provides that the effect of changes in accounting standards should be neutralized. **Accordingly, net debt and adjusted EBITDA are considered before IFRS 16**, representing **a leverage ratio of 2.8x at the end of June 2020,** which is significantly below June covenant of 3.5x.

5. H2 2020 Outlook

Uncertainty prevails as the pandemic is still active and second waves of lockdown are looming in other regions. The Group is cautious regarding the pace of the economic recovery as some regions are still fighting the pandemic, like North America. GDP growth expected in 2020 has been significantly revised downwards by the IMF in June for all the key regions (-8% for the US, -10% for the Euro zone, -6.6% for Russia). Overall the economic situation remains fragile and some key end-user markets will need time to recover both in flooring and in Sports. Moreover, some customers of the Group may face financial difficulties once governmental support measures are no longer available.

The step improvement recorded in June is partially relying on completion of existing projects. Tarkett is expecting sales trends to remain lower than last year in Q3 2020. Sports should see demand slowing down, as the financing of the sport industry may be challenged. While it is still difficult to assess the level of activity in Q4, the Group will benefit from a favorable comparison basis as sales were down c. -20% in North America in Q4 2019.

In this context, Tarkett is accelerating its strategic initiatives, including actions on the industrial footprint and on the SG&A cost base. Tarkett expects its structural actions to exceed €30 million of cost savings on a full year basis in 2020.

Purchasing costs decreased in H1 2020 and are expected to positively contribute by around €15 million in H2 2020. Cost savings and lower purchasing costs will mitigate the negative impact of lower activity on Tarkett's full year profitability.

Given the current level of uncertainty on activity, the Group suspended its leverage ratio target for 2020 (i.e. Net Debt to adjusted EBITDA comprised between 1.6x and 2.6x at the end of the year), as announced in the press release of the 8th of April 2020.

6. Change to Win mid-term financial objectives

Tarkett pursued its strategic initiatives during the first half in order to deliver on its mid-term financial objectives by 2022:

- Organic growth CAGR above GDP growth in key regions in 2021 and 2022;
- Adjusted EBITDA margin at least at 12% by 2022;
- Net debt to adjusted EBITDA comprised between 1.6x and 2.6x at each year end of 2021 and 2022.

These objectives are still valid in a more depressed environment. The group will accelerate the deployment of the Change to Win roadmap and strengthen its key initiatives:

- Foster sustainable growth by increasing focus on healthcare, aged care and education, end-user segments which should benefit from stimulus plans and public investment; leverage expertise and promote products; meeting demanding cleansing protocol standards; and accelerate digital channels' development;
- Continue deploying a strong customer-centric mindset and an organization driven by simplicity, agility and speed, as this allowed the Group to adapt quickly and keep serving customers during lockdowns;
- Accelerate our disciplined cost savings program by further reducing the SG&A cost base and through additional industrial footprint measures, while preserving cash and optimizing the financial structure;
- Accelerate deployment of our ambitious circular economy program to be at the forefront of a "green recovery"; Group Sustainability Officer appointed to the executive management committee with mission to further develop recycling solutions for our customers and intensify the deployment of climate change initiatives.

This press release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report registered in France with the French Autorité des Marchés financiers available on its website (www.tarkett.com). These statements do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates of these statements.

The audited consolidated financial statements for interim results of 2020 are available on Tarkett's website https://www.tarkett.com/en/content/financial-results. The analysts' conference will be held on Thursday July 30, 2020 at 11:00 am CET and an audio webcast service (live and playback) along with the results presentation will be available on https://www.tarkett.com/en/content/financial-results.

Financial calendar

- October 28, 2020: Q3 2020 financial results - *press release after close of trading on the Paris market and conference call the following morning*
- February 18, 2021: Q4 and Full Year 2020 financial results – *press release after close of trading on the Paris market and conference call the following morning*
- April 28, 2021: Q1 2021 financial results - *press release after close of trading on the Paris market and conference call the following morning*

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About Tarkett

With a history of 140 years, Tarkett is a worldwide leader in innovative flooring and sports surface solutions, with net sales of €3 billion in 2019. Offering a wide range of products including vinyl, linoleum, rubber, carpet, wood, laminate, artificial turf and athletics tracks, the Group serves customers in over 100 countries across the globe. Tarkett has 12,500 employees and 33 industrial sites, and sells 1.3 million square meters of flooring every day, for hospitals, schools, housing, hotels, offices, stores and sports fields. Committed to change the game with circular economy, the Group has implemented an eco-innovation strategy based on Cradle to Cradle® principles, with the ultimate goal of contributing to people's health and wellbeing, and preserving natural capital. Tarkett is listed on Euronext Paris (compartment B, ISIN: FR0004188670, ticker: TKTT) and is included in the following indices: SBF 120 and CAC Mid 60. www.tarkett.com.

Appendices

1/ Reconciliation table for alternative performance indicators (not defined by IFRS)

- Organic growth measures the change in net sales as compared with the same period in the previous year, at constant scope of consolidation and exchange rates. The exchange rate effect is calculated by applying the previous year's exchange rates to sales for the current year and calculating the difference as compared with sales for the current year. It also includes the impact of price adjustments in CIS countries intended to offset movements in local currencies against the euro. In H1 2020, -€3.9 million negative adjustment in selling prices was excluded from organic growth and included in currency effects.
- Scope effects reflect:
  - current-year sales for entities not included in the scope of consolidation in the same period in the previous year, up to the anniversary date of their consolidation;
  - the reduction in sales relating to discontinued operations that are not included in the scope of consolidation for the current year but were included in sales for the same period in the previous year, up to the anniversary date of their disposal.

€ million	H1 2020	H1 2019	% Change	o/w exchange rate effect	o/w scope effect	o/w organic growth
Total Group – Q1	610.7	624.5	-2.2%	0.7%	-	-2.9%
Total Group – Q2	626.3	787.8	-20.5%	-0.2%	-	-20.3%
Total Group – H1	**1,237.0**	**1,412.3**	**-12.4%**	**0.2%**	**-**	**-12.6%**

- Adjusted EBITDA is the operating income before depreciation, amortization and the following adjustments: restructuring costs, gains or losses on disposals of significant assets, provisions and reversals of provisions for impairment, costs related to business combinations and legal reorganizations, expenses related to share-based payments and other one-off expenses considered non-recurring by their nature.

€ million	H1 2020	Restructuring	Gains/losses on asset sales /impairment	Business combinations	Share-based payments	Other	H1 2020 Adjusted
Net revenue	**1 237.0**	**-**	**-**	**-**	**-**	**-**	**1 237.0**
Cost of sales	(983.5)	4.4	17.1	-	-	-	(961.9)
Gross profit	**253.5**	**4.4**	**17.1**	**-**	**-**	**-**	**275.0**
Selling and distribution expenses	(191.3)	2.2	37.3	-	-	0.3	(151.5)
Research and development	(12.5)	0.1	-	-	-	-	(12.4)
General and administrative expenses	(89.1)	4.2	-	0.4	1.8	1.2	(81.5)
Other operating expenses	(4.1)	-	(0.3)	-	-	-	(4.5)
Result from operating activities (EBIT)	**(43.6)**	**10.9**	**54.1**	**0.4**	**1.8**	**1.5**	**25.1**
Depreciation and amortization	137.4	(1.6)	(54.4)	-	-	(0.2)	81.2
EBITDA	**93.8**	**9.3**	**(0.3)**	**0.4**	**1.8**	**1.4**	**106.3**

- Free cash-flow is defined as cash generated from operations, plus or minus the following inflows and outflows: net capital expenditure (investments in property plant and equipment and intangible assets net from proceeds), net interest received (paid), net income taxes collected (paid), and miscellaneous operating items received (paid).

Free cash-flow reconciliation table (in € million)	H1 2020	H1 2019
Operating cash flow before working capital changes	**80.0**	**101.8**
Change in working capital *o/w change in factoring programs*	(102.2) *(16.7)*	35.4 *104.6*
Net interest paid	(11.1)	(21.0)
Net taxes paid	(4.1)	(11.6)
Miscellaneous operational items paid	(4.9)	(4.6)
Acquisitions of intangible assets and property. plant and equipment	(35.6)	(58.0)
Proceeds from sale of property. plant and equipment	1.9	(0.5)
Free cash-flow	**(75.9)**	**41.5**

- Leverage as per our debt documentation is the ratio net debt to adjusted EBITDA before IFRS 16.

2/ Bridges (€ million)

Net sales by segment

H1 2019	1.412.3
+/- EMEA	-60.8
+/- North America	-79.8
+/- CIS. APAC & LATAM	-24.7
+/- Sports	-12.8
H1 2019 Sales Like for Like	**1 234.2**
+/- Perimeter	0.0
+/- Currencies	6.7
+/- Selling price lag effect in CIS	-3.9
H1 2020	**1 237.0**

Adjusted EBITDA by nature

H1 2019	126.7
+/- Volume / Mix	-77.8
+/- Sales pricing	1.3
+/- Raw Material & Freight	7.9
+/- Salary increase	-7.9
+/- Productivity	9.8
+/- SG&A	12.1
+/- Covid-19 measures	28.8
+/- One-off and others	8.1
+/- Selling price lag effect in CIS	-0.6
+/- Currencies	-2.1
H1 2020	**106.3**

3/ Quarterly net revenues by segment

€ million	Q1 2020	Q1 2019	% change	o/w organic growth
EMEA	227.7	239.0	-4.7%	-3.7%
North America	196.1	195.8	+0.2%	-2.8%
CIS. APAC & LATAM	109.7	112.5	-2.5%	-1.1%
Sports	77.1	77.2	-0.0%	-3.3%
Group total	**610.7**	**624.5**	**-2.2%**	**-2.9%**
€ million	**Q2 2020**	**Q2 2019**	**% change**	**o/w organic growth**
EMEA	177.9	231.5	-23.1%	-22.5%
North America	161.6	233.4	-30.8%	-32.0%
CIS. APAC & LATAM	113.1	143.1	-20.9%	-16.4%
Sports	173.6	179.8	-3.4%	-5.7%
Group total	**626.3**	**787.8**	**-20.5%**	**-20.3%**

4/ Quarterly adjusted EBITDA

€ million	Adjusted EBITDA 2020	% margin 2020	Adjusted EBITDA 2019	% margin 2019
Total Group – Q1	42.4	6.9%	43.1	6.9%
Total Group – Q2	64.0	10.2%	83.6	10.6%
Total Group – H1	**106.3**	**8.6%**	**126.7**	**9.0%**

5/ Seasonality

The Group's business is significantly affected by seasonality. The first half of the year is structurally higher in terms of working capital requirements and lower than the second in terms of revenues and, due to weather conditions that are more favorable to the construction industry and exterior installations, as well as to the increased availability of certain buildings, such as schools and universities, for renovation.

Consequently, the operating results for the first half of 2020 are not necessarily indicative of results to be expected for the full year 2020.

It should be noted that the health crisis, which strongly impacted the Group's business, may change the seasonality effect on the current fiscal year.