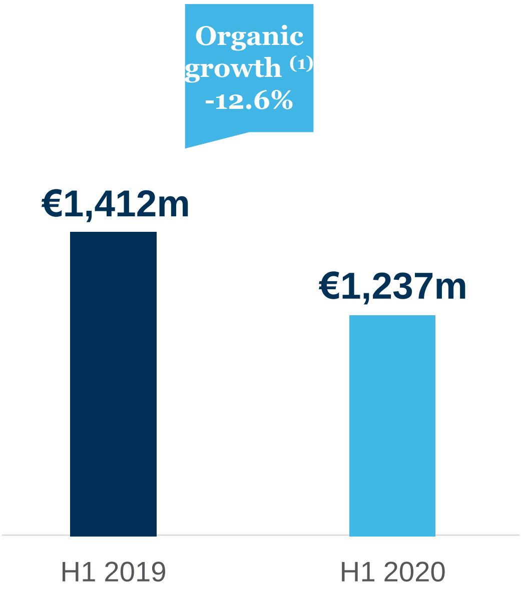
# H1 2020 Financial Results

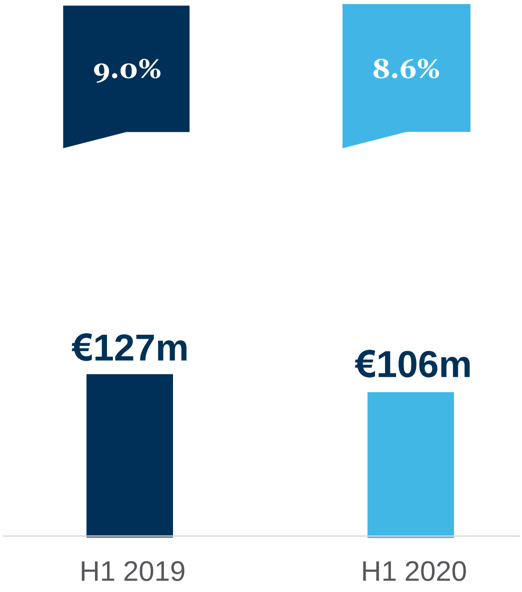
# H1 profitability preserved despite 12% revenue decline

## H1 2020 Results

### Net sales: -12.4%



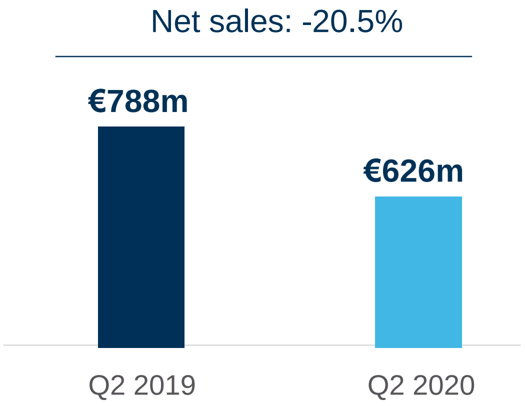

### Adjusted EBITDA[(2)] and margin

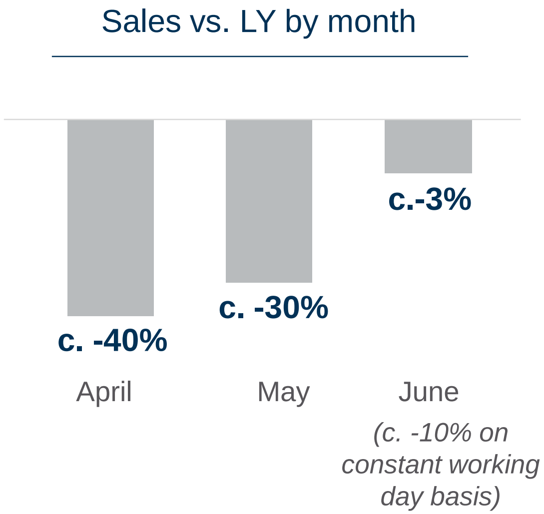


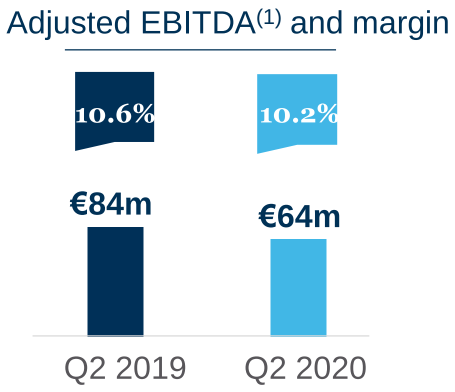

*(1) Organic growth or like-for-like revenue growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix).*
*(2) Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.*

# Early action on costs allowed to protect margins in Q2

## Sequential improvement over Q2



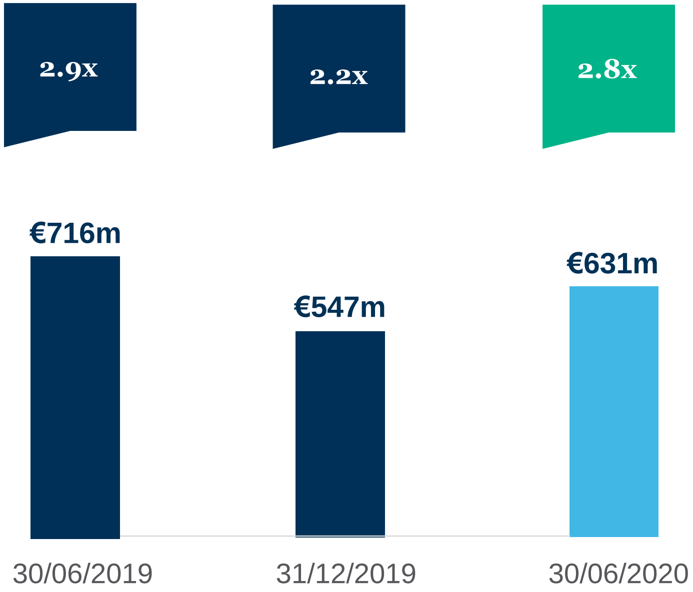




*(1) Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.*

# Leverage contained at 2.8x Adjusted EBITDA

## H1 2020 Results

### Leverage(1) and Net debt before IFRS 16




*(1) Net Debt to LTM pro forma Adjusted EBITDA before IFRS16 application (as per credit documentation)*

# Priorities since March

## Protect our employees

- Several plants stopped temporarily in March / April
- Remote working
- Offices now reopened, with specific safety measures
- International travels restricted

## Ensure business continuity

- Establish adequate procedures to serve our customers worldwide
- All sites running

## Protect profitability

- Flex all cost lines
- €51 million of cost savings generated in H1 2020
- o/w €29 million of Covid-19 measures

## Manage cash and preserve liquidity

- H1 free cash flow aligned with usual seasonality
- Liquidity of €945 million at end of June

# Successful cash preservation. Strong liquidity

**Vigorous set of actions**

- Close monitoring of customer receivables and inventory
- Suppliers paid on time
- Non critical capex postponed
  Annual target of **€80m** (versus €126 million in 2019)
- Cancellation of the dividend initially proposed in February 2020

**Free cash-flow in line with usual seasonality**

**Support from banking partners**

- €235 million of additional back up financing secured in Q2
- Covenant holiday obtained for 2020
- Extended maturity of the 2019 RCF (until 2025)

**Liquidity of €945m**

# Seizing new opportunities

## Change to Win in action

### Adapt our offering

Post-Covid19 workplace solutions developed before end of lockdown

### Leverage our Healthcare expertise

Training on Infection Control in Healthcare

### Differentiate our products

Assessment of new cleaning procedures

### Accelerate innovation

Refocus our Innovation Project portfolio on the most impactful projects, including recycling

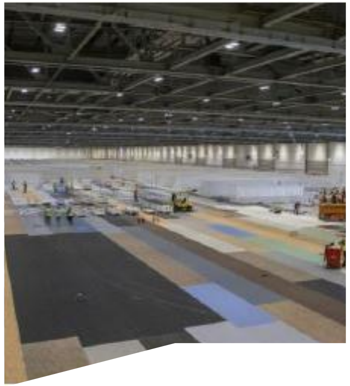
### Serve our customers on-line

Enriched on-line B2B portal in Russia with new functionalities

# Recognized leadership in Healthcare

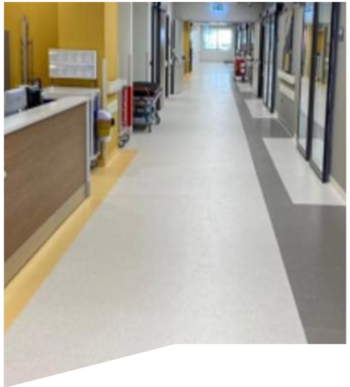
### 70 years of experience

- One hospital out of two in Europe is equipped with Tarkett flooring



### Covid-19 hospitals

- 18 Covid-19 field hospitals installed since February
- 345,000 sqm of flooring installed since crisis outbreak



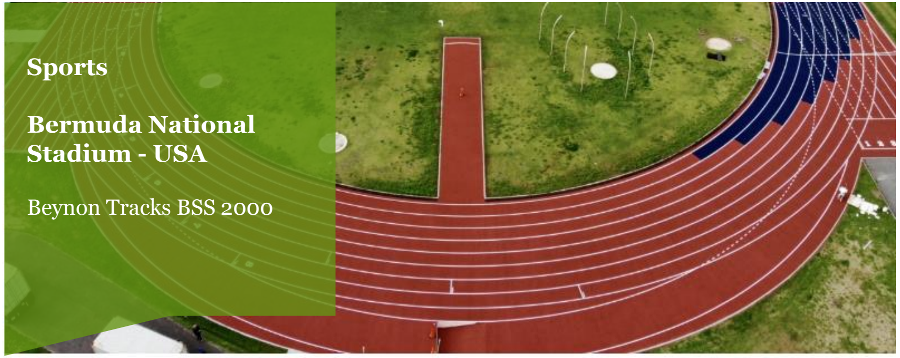
### Turkey - Başakşehir Çam and Sakura city hospital, Opening on May 21st

- One of the largest healthcare investment in Turkey
- 448,000 sqm of flooring

### Partnership with recognized network

- Clean Hospitals partnership signed on July 10th , 2020 to accelerate the adoption of efficient floor cleaning protocols

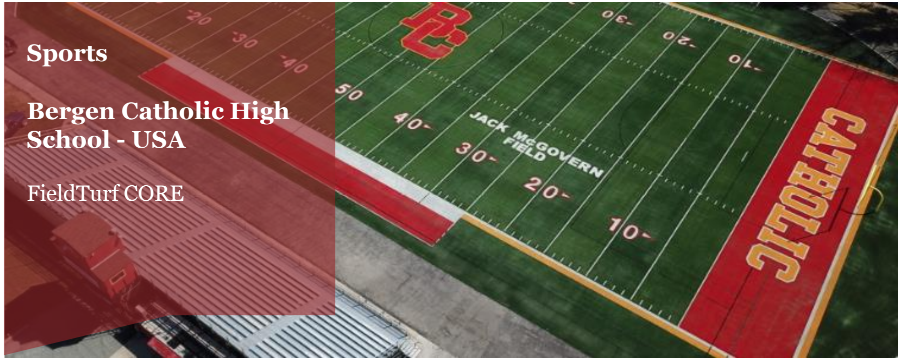
# Recent references - Sports



Sports

**Bermuda National Stadium - USA**

Beynon Tracks BSS 2000




Sports

**Bergen Catholic High School - USA**

FieldTurf CORE

Sports

**Mt. San Antonio College - USA**

Beynon Tracks BSS 2000


Sports

**United States Air Force Academy**

FieldTurf DoublePlay

# Recent references - workplace

**Workplace**
*Won project*

**Renault, France**
110,000 m² Carpet & LVT
next 4 years


**Workplace**
*Won project*

**Lazard Group, France**

17,000 m² Carpet


**Workplace**
*Recent installation*

**AON office, Milano**
10,000 m² Carpet & LVT


**Workplace**
*Recent installation & service*

**Gecina, France**

**Carpet & ReStart recycling program**
Target: 25,000 m² of carpet tiles take-back

# Accelerating deployment of Sustainability strategy

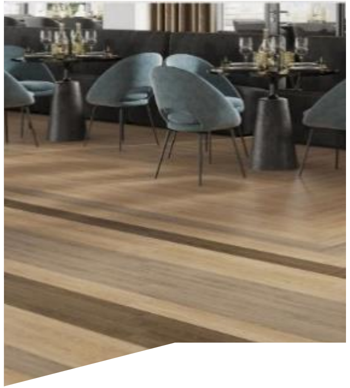
## At the forefront of a “green recovery”

- Arnaud Marquis appointed Group Sustainability Officer
- Circular economy to make the difference for our customers
- Intensify our climate change roadmap

### 2030 objectives confirmed

**Circular Economy:**
30% of recycled materials vs 12% in 2019

**Climate Change:**
-30% of GHG emissions vs. 2020



**Right set of products to address challenges**

- 100% recyclable Genius collection
- iD Latitude - Carbon neutral collection
- iQ Natural - Bio-plasticizer & Carbon neutral collection

### New frontiers

- Post-use collection and recycling
- Step-change in energy consumption (plants and non-plants)



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# Executive Committee

## A leadership fully aligned with Change to Win strategic roadmap

**Fabrice Barthélemy**
CEO

***Division Leadership***

**Eric Daliere**
North America & Sports

**Slavoljub Martinovic**
Eastern Europe

**Francesco Penne**
EMEA & LATAM

***Support Functions Leadership***

**Pierre Barrard**
EVP Strategic Marketing, Digital & Innovation

**Raphaël Bauer**
Chief Financial Officer

**Audrey Dauvet**
General Counsel

**Séverine Grosjean**
EVP Group Human Resources & Communications

**Arnaud Marquis**
Chief Sustainability Officer

**Carine Vinardi**
EVP Research & Development and Operations



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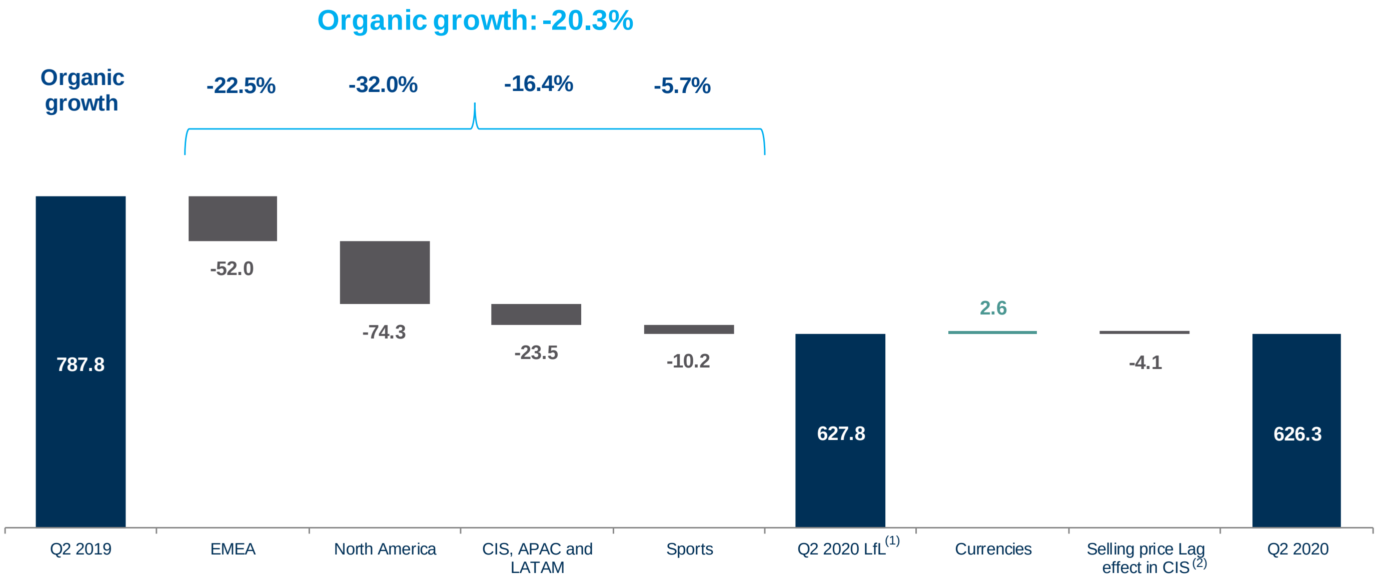
# Financials

Raphaël Bauer
CFO

# Q2 2020 revenues

in €m

- **Organic growth down 20%,** reflecting reduced demand in the wake of Covid-19 crisis
- **Flooring activities** (organic: -24.7%) **more affected than Sports** (-5.7%)
- Revenues also penalized by a cyber-attack (early May)
- **Sequential sales improvement over Q2**:
  - c. -40% in April
  - c. -30% in May
  - c. -3% in June (c. -10% on a constant working day basis)

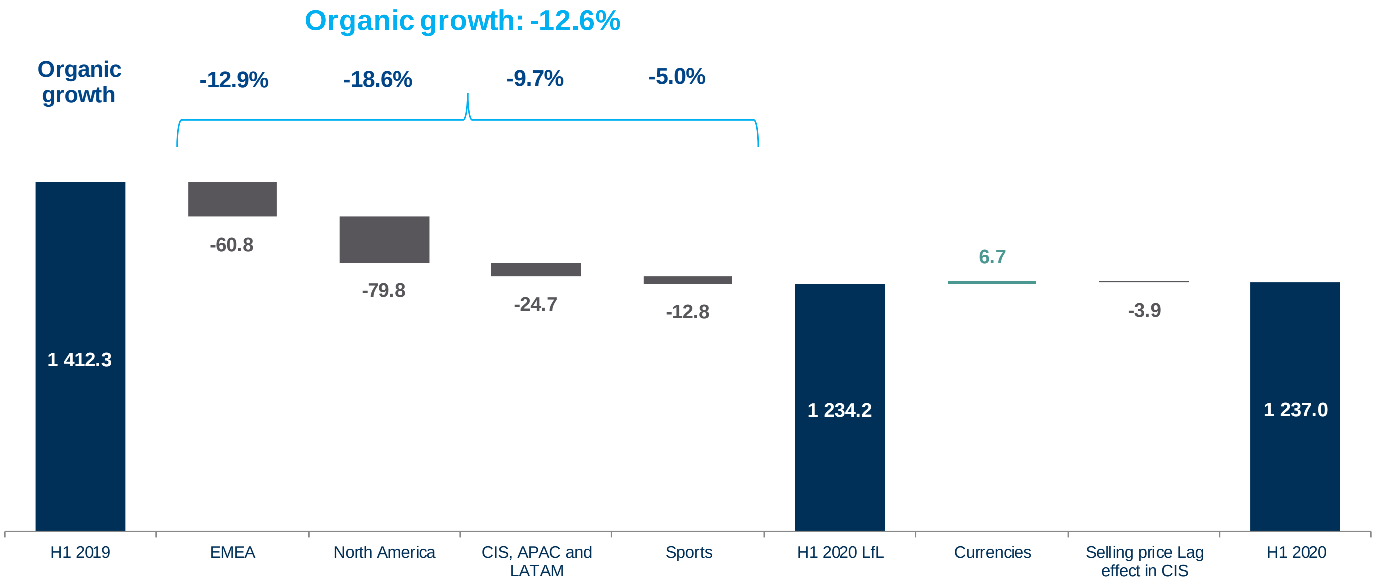



*(1) Like for Like: At same perimeter and exchange rates. (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).*
*(2) Lag effect: Net of currency impact and selling prices adjustments in the CIS countries*

# H1 2020 revenues

in €m

- **Good start of the year until mid-March**
- **Significant activity drop** following lockdown extension
- Revenues also penalized by a **cyber-attack in May**
- **Significant improvement in June** partly driven by completion of pre-Covid-19 projects
- **Higher resilience in Sports** as installation was possible in the US in Q2

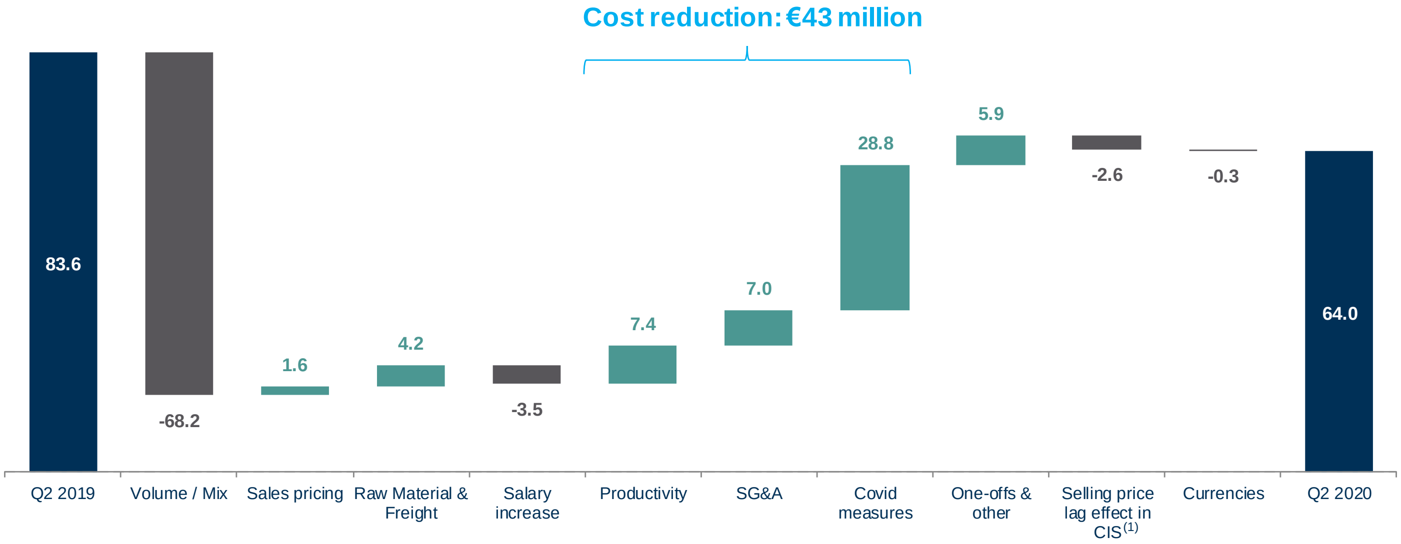


# Q2 Adjusted EBITDA year-over-year

in €m

| Adj. EBITDA margin | 10.6% | 10.2% |
|---|---|---|

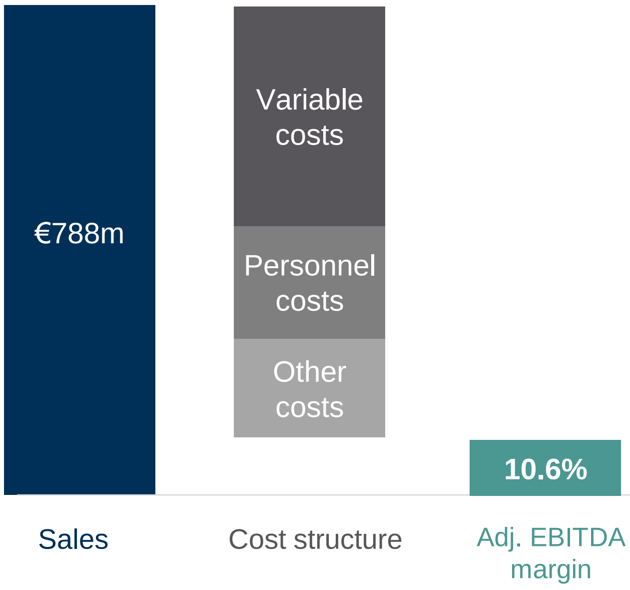
- **Well preserved profitability despite revenue drop**
- 60% of lower activity impact offset by strong achievements in flexing costs
- €29 million of costs savings generated by Covid-19 specific actions
- €11 million of structural savings in Q2



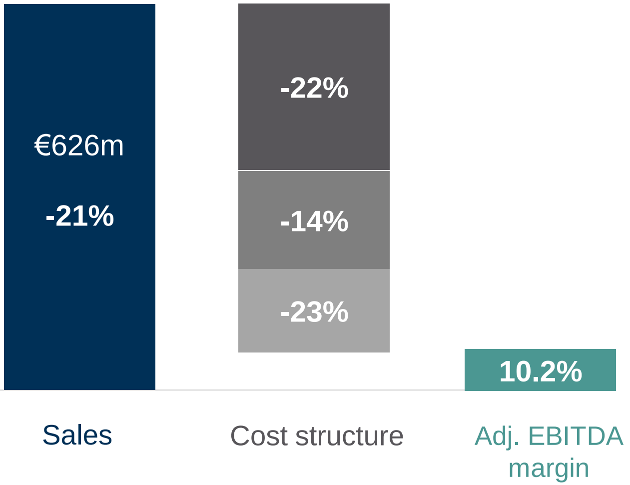

(1) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

# Successful at flexing costs in Q2

## Cost Structure in Q2 2019 (in % of sales)




## Q2 2020 versus Q2 2019 (change in %)

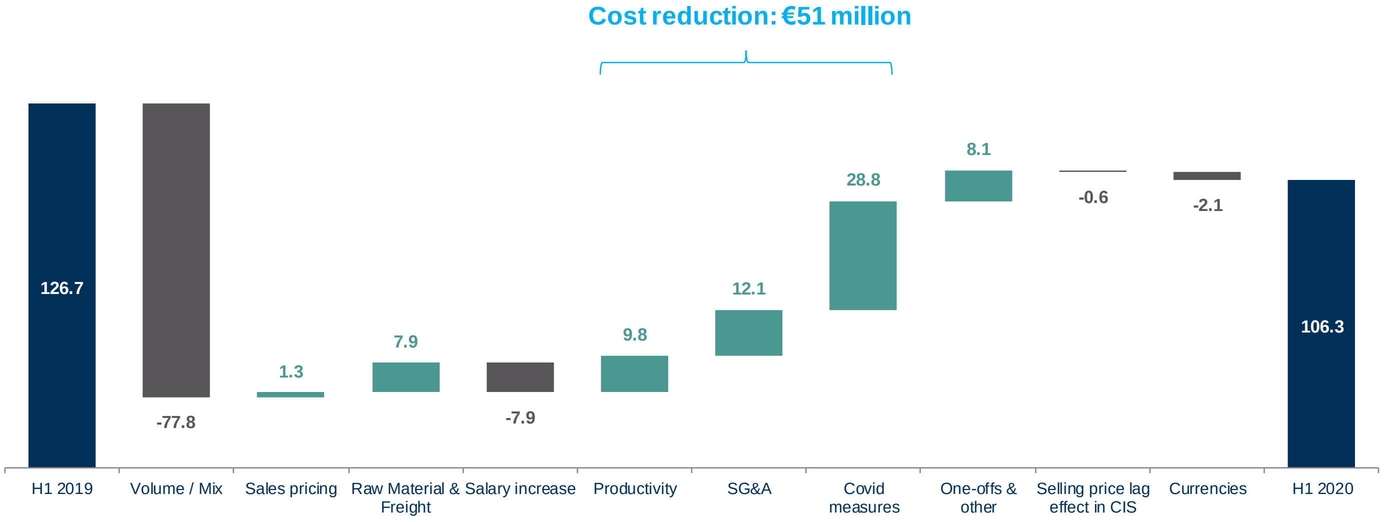


# H1 Adjusted EBITDA year-over-year

in €m

| Adj. EBITDA margin | 9.0% | 8.6% |
|---|---|---|

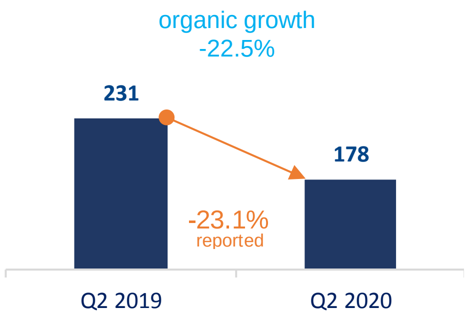
- **Negative volume / mix** effect mostly generated in Q2
- Partially offset by **significant cost reduction and lower purchasing costs**
- Cost reduction driven by a **combination of structural cost initiatives and specific Covid-19 measures**
- **Profitability preserved** : Adj. EBITDA margin down only 40bps

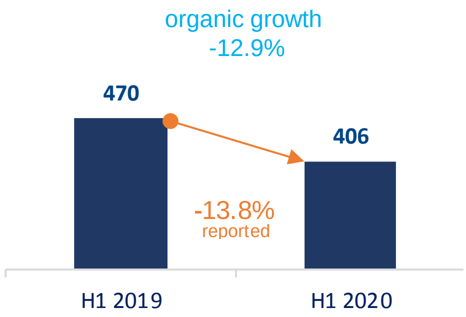


# EMEA H1 2020

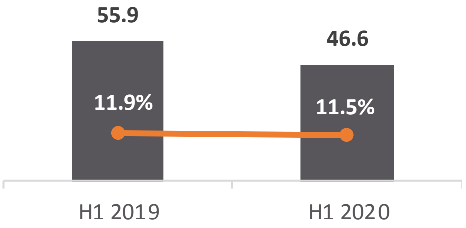
in €m

## Net Sales




## Adjusted EBITDA and Margin Evolution

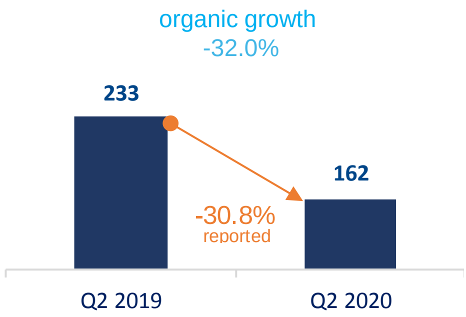


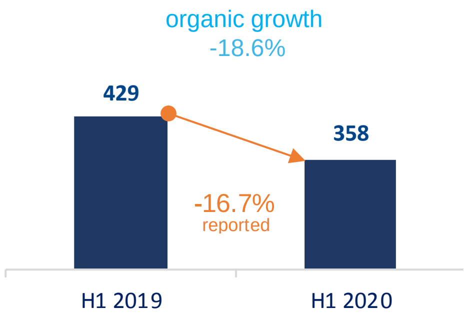

- Demand significantly reduced in April, particularly in **Southern Europe**
- Sales trends improved in May in most countries
- June performance partly reflected completion of existing projects
- **Resilient revenues in Nordic region,** with growth at the end of Q2
- **Germany less affected** than most European countries, **weak activity in France** and **UK significantly down** in Q2
- Strong achievements in flexing and cutting costs
- Lower purchasing costs compared to H1 2019

# North America H1 2020

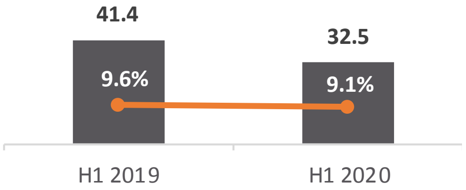
in €m

## Net Sales




## Adjusted EBITDA and Margin Evolution




- After a good start of the year, significant revenue decrease in Q2
- **Business trends improved in June** completion of existing projects
- **Commercial segments significantly hit in Q2,** mostly reflecting slowdown in hospitality and workplace
- **Profitability well preserved** thanks to significant cost reduction and improved purchasing costs
- Strategic cost initiatives related to **industrial footprint rationalization and G&A starting to pay back**



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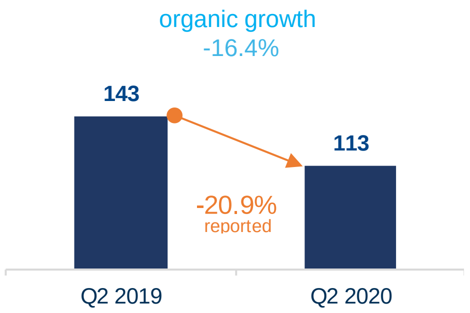
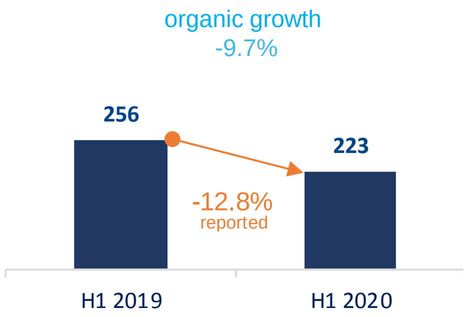
# CIS, APAC & Latin America H1 2020

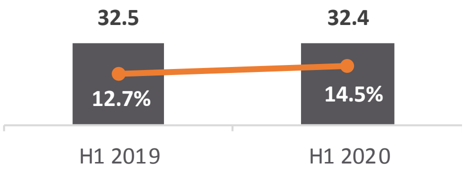
in €m

## Net Sales




## Adjusted EBITDA and Margin Evolution



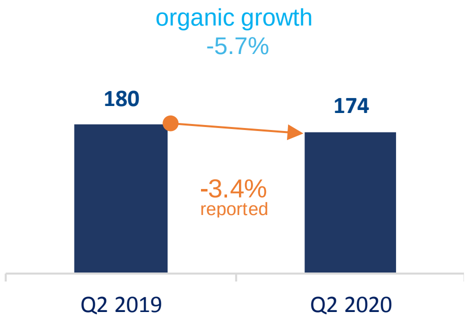

- **CIS**: stable Q1, revenue drop in Q2 following implementation of lockdown
- Revenue growth in June driven by volume and mix improvement
- Resilient selling prices partially offsetting ruble depreciation while purchasing costs improved
- **Latin America**: after a dynamic start of the year, revenues under pressure in Q2, particularly in Brazil
- **Asia-Pacific**: first region impacted by covid-19 crisis, Q2 recovery slowed by new confinement in China, Australia and India
- **Increased profitability**, thanks to strong productivity and significant SG&A cost reduction

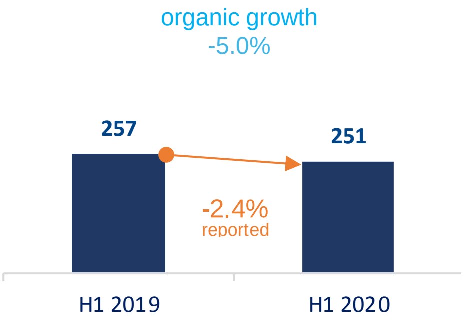
*NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only.*

# Sports H1 2020

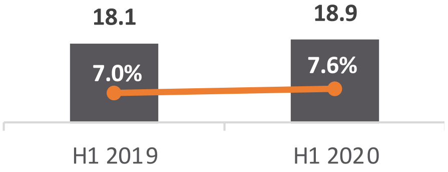
in €m

## Net Sales




## Adjusted EBITDA and Margin Evolution




- **Limited revenue decline despite challenging environment**
- **Sustained level of activity in North America,** as installation was possible over Q2
- **In EMEA, several projects halted from mid-March to mid-May**
- **Improved sales trends in June in Europe and Australia**, mostly driven by catch-up
- **Increased profitability** thanks to solid achievements in reducing SG&A costs and lower purchasing costs

# H1 2020 EBIT

in €m

| | H1 2020 | H1 2019 |
|---|---|---|
| **Net Sales** | **1,237.0** | **1,412.3** |
| **Adjusted EBITDA** | **106.3** | **126.7** |
| *% of net sales* | *8.6%* | *9.0%* |
| Depreciation and amortization | (81.1) | (76.6) |
| **Adjusted EBIT** | **25.1** | **50.0** |
| *% of net sales* | *2.0%* | *3.5%* |
| Adjustments to EBIT | (68.7) | (17.0) |
| **EBIT** | **(43.6)** | **33.1** |
| *% of Net Sales* | *-3.5%* | *2.3%* |

- **Restructuring charges** resulting from footprint optimization and SG&A savings initiatives
- **Non-cash charge for impairment of intangible assets of €54 million**, mostly reflecting weaker outlook of hospitality segment
- **Excluding impairment, EBIT at -€25m**

| | H1 2020 | H1 2019 |
|---|---|---|
| Restructuring | (10.9) | (13.3) |
| Gain/losses on asset sales/impairment | (54.1) | (0.4) |
| Business combinations | (0.4) | 0.1 |
| Shared-based compensation | (1.8) | (2.0) |
| Others | (1.5) | (1.5) |
| **TOTAL ADJUSTMENTS TO EBIT** | **(68.7)** | **(17.0)** |



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# H1 Net income

in €m

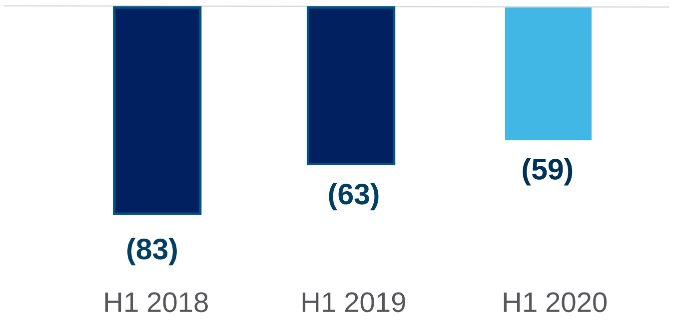
| | H1 2020 | H1 2019 |
|---|---|---|
| **EBIT** | **(43.6)** | **33.1** |
| *% net sales* | *-3.5%* | *2.3%* |
| **Financial income and expenses** | **(16.7)** | **(19.7)** |
| **Profit before income tax** | **(61.0)** | **11.9** |
| **Income tax** | **(3.9)** | **(3.8)** |
| **Net profit** | **(64.9)** | **8.2** |
| **Net profit attributable to owners of the Company** | **(64.9)** | **7.7** |
| Basic earnings per share | (1.00) | 0.12 |

- **Lower financial charges versus H1 2019**
  - Financial debt lower by €85 million
  - Lower LIBOR rates
- **Tax charge of -€3.9 million in H1 2020:**
  - effect of lower taxable result offset by €4m write-offs of deferred tax assets related to losses carried forward

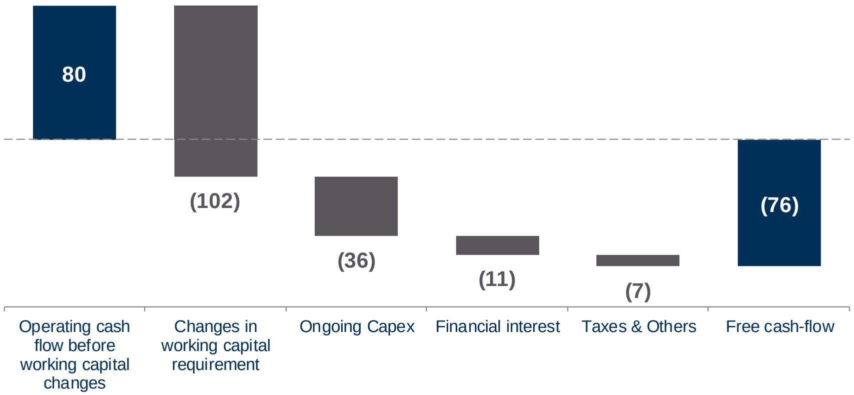
# Free Cash Flow in line with usual seasonality

in €m

## Free Cash Flow excl. factoring




## Free cash flow drivers




- Focus on **customer receivables and inventory** in Q2; no build-up of inventory in June 2020
- **Factoring programs** at €110 million, down -€17 million compared to December 2019
- **Capex well contained in H1** (€36 million vs. €58 million in H1 2019) ; on track to remain within target of **€80 million** for the year



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# Solid level of liquidity

in €m

## CREDIT LINES AS OF 30/06/2020:

| | Capacity | Utilisation |
|---|---|---|
| Syndicated Revolving Credit Facility | 875 | 191 |
| Private Placement Schuldschein | 612 | 612 |
| State Guaranteed loan | 70 | 70 |
| Other commited loans | 10 | 8 |
| Uncommitted credit lines | 91 | 9 |
| **Gross Debt** | **1,658** | **890** |
| Cash | | -259 |
| **Net Debt** | | **631** |

| | |
|---|---|
| **Unused credit capacity** | **768** |
| o/w confirmed credit lines | 686 |
| **Total Cash and confirmed lines** | **945** |

## PACKAGE OBTAINED FROM BANKING PARTNERS

- **Short term credit facility:** €175m
  - Club deal with 7 banks, incl. the 5 bookrunners of the RCF signed in 2019
  - One-year maturity, extendable by 6 months at the Group's discretion, then by another 6 months at the banks' discretion
- **PGE** ("Prêt garanti par l'Etat"): €70 million
  - One-year maturity with an extension option of 1 to 5 years
  - 7 banks of the Club deal and 90% guaranteed by the French State
- **Waiver of financial covenants** for June and December 2020, at no cost
- 2019 RCF maturity extended to **June 2025**
- No major debt repayment until **April 2022**

# Outlook

Fabrice Barthélemy
CEO

# Outlook

## H2 Outlook remains uncertain

- Pandemic is still active, new lockdowns
  → Economic recovery remains fragile
- Hospitality, Workplace and Sports likely to remain challenging in H2
- Further cost reduction initiatives being deployed
- Expected positive contribution of purchasing costs in H2: ~€15m

## 2022 objectives confirmed

- Organic CAGR[(1)] above GDP growth[(2)] in key regions
- Adjusted EBITDA margin>12%
- Financial leverage comprise between 1.6x and 2.6x
  (objective suspended in 2020)

*(1) Organic CAGR : Compounded annual growth rate*
*(2) GDP growth for Europe, North America and CIS, as measured by IMF*



# Intensify Change to Win deployment

## Strengthening key initiatives leveraging lessons learned in the past months

1. Increase focus on **healthcare, aged care, education**
2. Leverage expertise to answer demanding **cleansing requirements**
3. Intensify development of **digital channels**
4. **Focus on cost savings** through SG&A cost base reduction and additional footprint optimization
5. Ambitious **circular economy** program

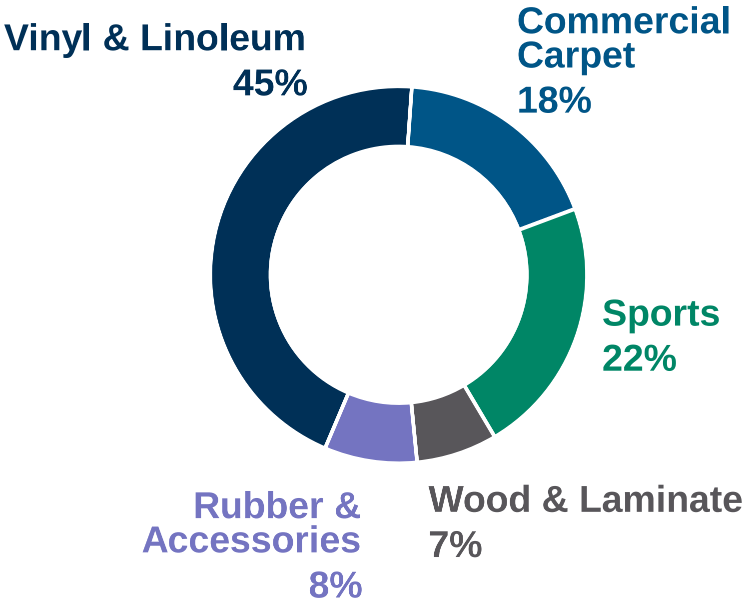
# Q&A Session

Fabrice Barthélemy
CEO

# Appendices

# Complementary products and attractive end-markets exposure

**2019 net sales by product categories**

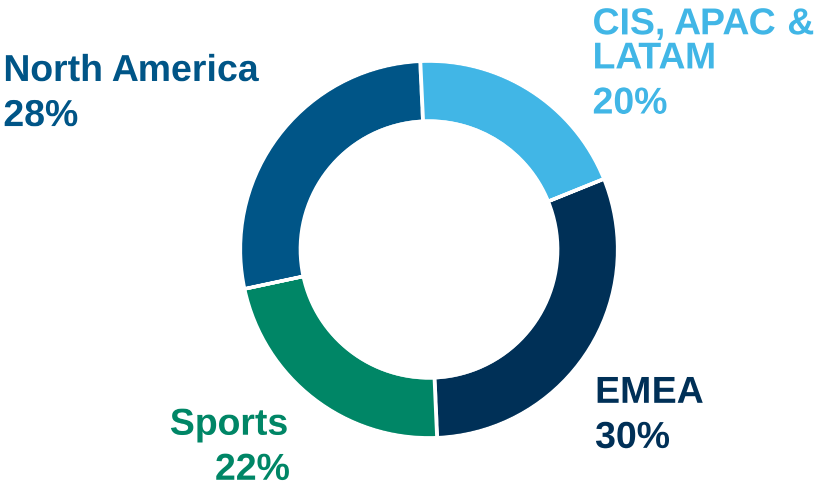



**2019 net sales by end-markets**


# Net sales by segment and geographies

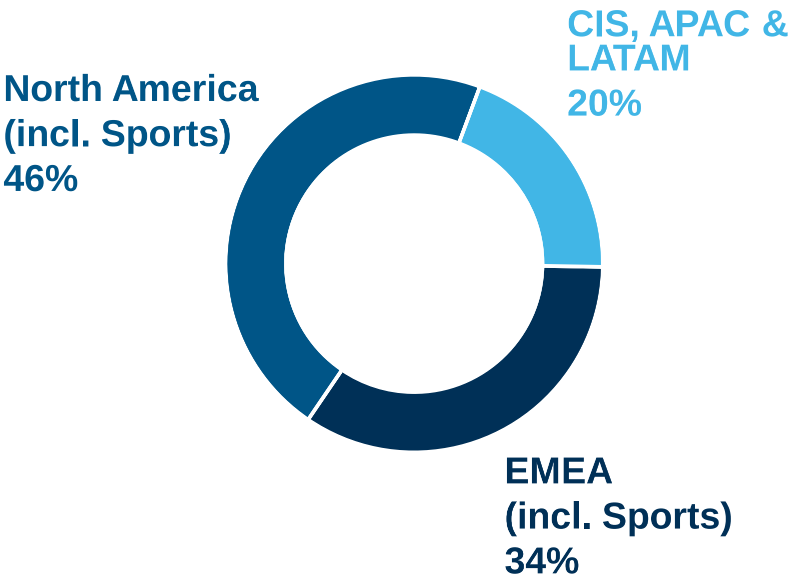
in % 2019 turn over

**Net sales
by reporting segments**




*80% in North America
20% in EMEA*

**Net sales
by geographies**



# Quarterly revenues

| Sales performance by Quarter | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Q1 2020 | Q1 2019 | % growth | Organic growth | Q2 2020 | Q2 2019 | % growth | Organic growth |
| EMEA | 227.7 | 239.0 | *-4.7%* | *-3.7%* | 177.9 | 231.5 | *-23.1%* | *-22.5%* |
| North America | 196.1 | 195.8 | *+0.2%* | *-2.8%* | 161.6 | 233.4 | *-30.8%* | *-32.0%* |
| CIS, APAC & LATAM | 109.7 | 112.5 | *-2.5%* | *-1.1%* | 113.1 | 143.1 | *-20.9%* | *-16.4%* |
| Sports | 77.1 | 77.2 | *-0.0%* | *-3.3%* | 173.6 | 179.8 | *-3.4%* | *-5.7%* |
| **TOTAL** | **610.7** | **624.5** | ***-2.2%*** | ***-2.9%*** | **626.3** | **787.8** | ***-20.5%*** | ***-20.3%*** |

# H1 operating impacts of Covid-19 crisis

| *in € million* | Covid-19 impact on revenues |
|---|---|
| EMEA | (66) |
| TNA | (78) |
| CIS, APAC, LATAM | (30) |
| Sport | (12) |
| **Total H1** | **(186)** |

| *in € million* | Covid-19 specific measures | *o/w governmental support* |
|---|---|---|
| Gross Profit | 10 | *6* |
| SG&A | 19 | *5* |
| **Total H1** | **29** | ***11*** |

- Impact on revenue would have represented a negative impact of around -€66 million on the Adjusted EBITDA without implementation of mitigation actions;
- Mitigation plan allowed to generate €29 million of savings in H1 2020 through specific Covid-19 measures or enabled by lockdown and travel restrictions;
- As a result, the negative impact of this revenue loss (excl. potential impacts of a weaker outlook on impairment, financing and deferred tax) affected Adjusted EBITDA by around -€37 million.
- Covid-19 crisis also led the Group to book a non-cash charge for impairment, mostly related to the impact of the crisis on hospitality segment -€54m and an associated deferred tax asset write-off of -€4m

# Consolidated Income Statement

in €m

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| Net sales | 1,237.0 | 1,412.3 |
| Cost of sales | (983.5) | (1,084.9) |
| **Gross profit** | **253.5** | **327.4** |
| Other operating income | 6.1 | 7.2 |
| Selling and distribution expenses (1) | (191.3) | (178.5) |
| Research and development expenses | (12.5) | (18.1) |
| General and administrative expenses | (89.1) | (93.3) |
| Other expenses | (10.1) | (11.6) |
| **Result from operating activities** | **(43.6)** | **33.1** |
| Financial income | 0.7 | 0.7 |
| Financial expenses | (17.5) | (20.4) |
| **Net finance costs** | **(16.7)** | **(19.7)** |
| Share of profit on equity accounted investees | (0.7) | (1.5) |
| **Profit before income tax** | **(61.0)** | **11.9** |
| Income tax expense | (3.9) | (3.8) |
| **Profit for the period** | **(64.9)** | **8.1** |
| Attributable to owner of the Company | (64.9) | 7.7 |
| Attributable to non-controlling interests | 0.0 | 0.4 |

*(1) Selling and distribution expenses included in H1 2020 a non-cash impairment of €36 million*

# Consolidated Balance Sheet (IFRS 16)

in €m

| Assets | 30 June 2020 | 31 Dec. 2019 |
|---|---|---|
| Goodwill | 651.2 | 650.6 |
| Intangible assets | 107.0 | 155.6 |
| Property, plant and equipment | 570.6 | 607.3 |
| Financial assets | 20.9 | 21.7 |
| Deferred tax assets | 110.3 | 91.1 |
| Other non-current assets | - | - |
| **Non-current assets** | **1,460.0** | **1,526.3** |
| Inventories | 429.4 | 417.5 |
| Trade receivables | 313.9 | 258.5 |
| Other receivables | 88.9 | 93.8 |
| Cash and cash equivalent | 258.9 | 137.7 |
| **Current assets** | **1,091.1** | **907.5** |
| **Total Assets** | **2,551.2** | **2,433.8** |

| Equity and liabilities | 30 June 2020 | 31 Dec. 2019 |
|---|---|---|
| Share capital | 327.8 | 327.8 |
| Share premium and reserves | 167.4 | 167.4 |
| Retained earnings | 323.4 | 299.5 |
| Net resul for the year | (64.9) | 39.6 |
| **Equity attributable to equity holders of the parent** | **753.7** | **834.2** |
| Minority interest | (0.0) | (0.0) |
| **Total equity** | **753.6** | **834.2** |
| Other liabilities non-current | 5.3 | 5.5 |
| Interest-bearing loans and borrowings | 884.2 | 740.2 |
| Other financial liabilities | 0.3 | 0.3 |
| Deferred tax liabilities | 36.0 | 26.4 |
| Employee benefits | 146.7 | 136.7 |
| Provision and other non-current liabilities | 41.4 | 40.5 |
| **Non-current Liabilities** | **1,114.0** | **949.7** |
| Trade payables | 297.8 | 324.0 |
| Other liabilities | 221.9 | 234.2 |
| Interest-bearing loans and borrowings | 102.6 | 34.2 |
| Other financial liabilities | 7.2 | 9.5 |
| Provision and other current liabilities | 53.9 | 48.0 |
| **Current liabilities** | **683.5** | **649.8** |
| **Total equity and liabilities** | **2,551.2** | **2,433.8** |

# Consolidated Cash Flow Statement

in €m

#page

| | 30 June 2020 | 30 June 2019 |
|---|---|---|
| Net profit before tax | (61.0) | 11.9 |
| Depreciation, financial expenses and other | 157.4 | 105.1 |
| **Operating profit before working capital changes** | **96.4** | **117.1** |
| Effects of changes in assets and liabilities | (102.2) | 35.4 |
| **Cash generated from operations** | **(5.8)** | **152.6** |
| Other operating items | (20.1) | (37.1) |
| **NET CASH FROM OPERATING ACTIVITIES** | **(25.9)** | **115.3** |
| Acquisition of subsidiairies net of cash acquired | - | (2.3) |
| Acquisition on perperty, plant and equipment | (35.6) | (58.0) |
| *o/w On-going Capex* | | |
| Disposal of treasury shares | - | - |
| Others | 1.9 | (0.5) |
| **NET CASH FROM INVESTING ACTIVITIES** | **(33.7)** | **(60.8)** |
| Acquisition of non-controlling interests | - | - |
| Proceeds from loans and borrowings | 458.6 | 477.8 |
| Repayment of loans and borrowings | (259.3) | (493.1) |
| Payment of finance lease liabilities | (16.4) | (15.3) |
| Acquisition of treasury shares | 0.0 | (0.0) |
| Dividends paid | - | 0.0 |
| **NET CASH FROM FINANCING ACTIVITIES** | **182.9** | **(30.4)** |
| **Net increase (decrease) in cash and cash equivalents** | **123.3** | **24.1** |
| Cash and cash equivalents, beginning of period | 137.7 | 95.7 |
| Effect of exchange rate fluctuations on cash held | (2.0) | 0.1 |
| **Cash and cash equivalents, end of period** | **258.9** | **119.9** |

# Free Cash Flow reconciliation

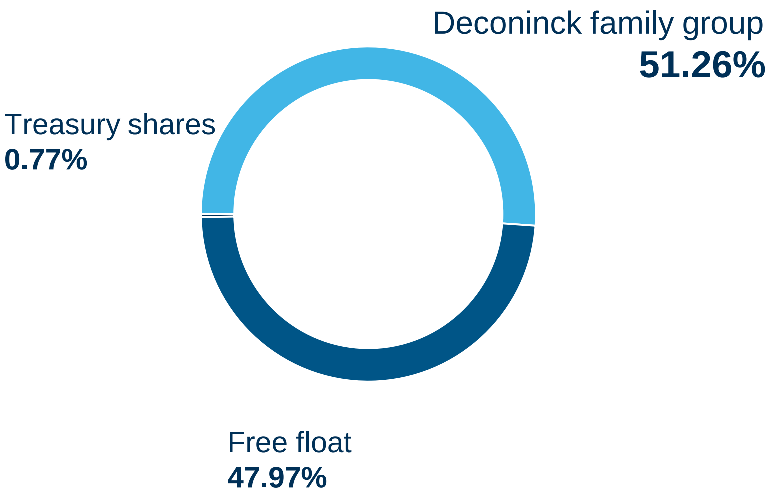
in €m

| | H1 2020 | H1 2019 |
|---|---|---|
| **Operating cash flow before working capital changes** | **80.0** | **101.8** |
| Change in working capital<br>*o/w change in factoring programs* | (102.2)<br>*(16.7)* | 35.4<br>*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** |

# Shareholder composition

## As of June 30, 2020

### SHAREHOLDING

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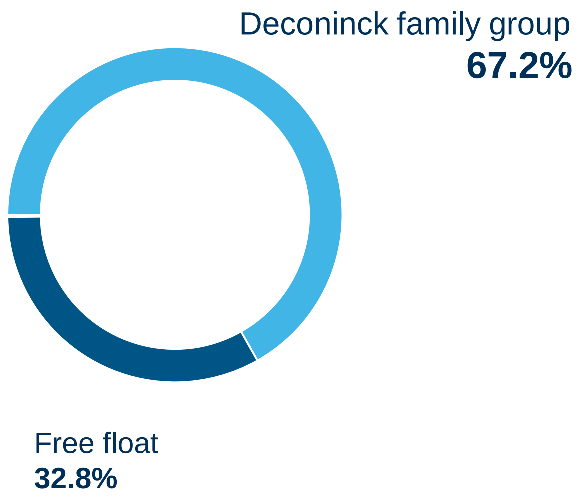

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