FREE TRANSLATION

Tarkett

Limited Liability Corporation (*société anonyme*) with a share capital of €318,613,480

Registered office: 2, rue de l'Égalité, 92748 Nanterre Cedex, France

352 849 327 RCS Nanterre

REGISTRATION DOCUMENT

This Registration Document is a non-certified English version of Tarkett's French-language *document de référence,* which has been registered by the *Aurorité des Marchés Financiers* (the "AMF") under No. R-14-018. This English version has not been reviewed by the AMF.

This Registration Document is not an offer to sell or the solicitation of an offer to purchase securities of Tarkett. Any offer or sale of securities of Tarkett, if made, will be made only by a prospectus or other offering document that describes the terms of such offer or sale, and that will contain important information on restrictions that may apply in certain jurisdictions.

The annexes to the *document de référence* have not been translated into English. References made to such annexes in the Registration Document thus refer to French-language documents not part of this Registration Document. English versions of certain of these annexes may be found in English on Tarkett's website.

In case of any inconsistencies between statements contained in this Registration Document and the sections of the French-language *document de référence* that have been presented in translated version in this Registration Document, the text of the French document will prevail.

Any reference to the date of the Registration Document, such as "as of the date of this Registration Document", "as of the filing date of this Registration Document" or "at the date of the visa on this Registration Document" is a reference to the registration date of the official French-language *document de référence* mentioned above.

Copies of this Registration Document are available free of charge at Tarkett's offices at 2, rue de l'Égalité, 92748 Nanterre Cedex, France, as well as on Tarkett's website (www.tarkett.com).

In this Registration Document, the terms "Company" and "Tarkett" mean Tarkett S.A., and the "Group" means Tarkett and its consolidated subsidiaries taken as a whole.

Forward-looking Statements

This Registration Document contains statements regarding the prospects and growth strategies of the Group. These statements are sometimes identified by the use of the future or conditional tense, or by the use of forward-looking terms such as "considers", "envisages", "believes", "aims", "expects", "intends", "should", "anticipates", "estimates", "thinks", "wishes" and "might", or, if applicable, the negative form of such terms and similar expressions or similar terminology. Such information is not historical in nature and should not be interpreted as a guarantee of future performance. Such information is based on data, assumptions, and estimates that the Group considers reasonable. Such information is subject to change or modification based on uncertainties in the economic, financial, competitive or regulatory environments. This information is contained in several sections of this Registration Document and includes statements relating to the Group's intentions, estimates and targets with respect to its markets, strategies, growth, results of operations, financial situation and liquidity. The Group's forward-looking statements speak only as of the date of this Registration Document. Absent any applicable legal or regulatory requirements, the Group expressly disclaims any obligation to release any updates to any forward-looking statements contained in this Registration Document to reflect any change in its expectations or any change in events, conditions or circumstances, on which any forward looking statement contained in this Registration Document is based. The Group operates in a competitive and constantly evolving environment; it is therefore unable to anticipate all risks, uncertainties or other factors that may affect its business, their potential impact on its business or the extent to which the occurrence of a risk or combination of risks could have significantly different results from those set out in any forward-looking statements, it being noted that such forward-looking statements do not constitute a guarantee of actual results.

Information on the Market and Competition

This Registration Document contains, in particular in Chapter 6, "Business", information relating to the Group's markets and to its competitive position, including with respect to sales volumes of the various market participants in the regions where the Group does business, the Group's market share, product sales in various categories and the Group's share of those categories. Unless otherwise indicated, the information contained in this Registration Document related to market shares and the size of relevant markets are the Group's estimates and are provided for illustrative purposes only. To the best of the Group's knowledge, there are no authoritative external sources providing exhaustive and comprehensive coverage or analysis of the Group's markets or product categories in the regions where it does business. Consequently, the Group makes estimates based on a number of sources, including studies and statistics from independent third parties (in particular Freedonia, the European Federation of the Parquet Industry and the European Resilient Flooring Manufacturers' Institute), data published by other market participants and data from the Group's operating subsidiaries. These various studies, estimates, research and information, which the Group considers reliable, have not been verified by independent experts. The Group does not guarantee that a third party using other methods to analyze or compile the market data would obtain the same results. In addition, the Group's competitors may define their markets and categories differently.

Risk Factors

Investors should carefully consider the risk factors in Chapter 4, "Risk Factors", before making a decision to invest. The occurrence of all or any of these risks could have a negative effect on the Group's business, results of operation, financial position or prospects. Furthermore, additional risks that have not yet been identified or that are not considered material by the Group as of the date of this Registration Document could produce adverse effects.

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1. RESPONSIBILITY FOR THE FRENCH VERSION OF THE REGISTRATION DOCUMENT

1.1 NAME AND POSITION OF THE PERSON RESPONSIBLE FOR THE FRENCH VERSION OF THE REGISTRATION DOCUMENT

Mr. Michel Giannuzzi, Chairman of the Company's Management Board.

1.2 CERTIFICATION OF THE PERSON RESPONSIBLE FOR THE FRENCH VERSION OF THE REGISTRATION DOCUMENT

"I certify, having taken all reasonable care to ensure that such is the case, that the information contained in this registration document is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I obtained a completion letter from the statutory auditors indicating that they have verified the information relating to the financial condition and financial data included in this registration document and that they have read the entire registration document.

The 2013 consolidated financial statements presented in the registration document have been the subject of an auditors' report, which contains a note concerning the changes in accounting methods made as of January 1, 2013."

April 17, 2014

Michel Giannuzzi
Chairman of the Management Board

1.3 NAME AND POSITION OF THE PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Mr. Fabrice Barthélemy
Chief Financial Officer of the Group
2 rue de l'Égalité, 92748 Nanterre Cedex, France
Tel: +33 (0)1 41 20 40 40 Responsibility for Financial Information

1.4 TENTATIVE FINANCIAL DISCLOSURE SCHEDULE

The financial information that Tarkett discloses to the public will be available on Tarkett's website (www.tarkett.com).

For informational purposes only, Tarkett's financial disclosure schedule through December 31, 2014 is expected to be as follows:

First quarter results	April 17, 2014
Annual Shareholders' Meeting	May 13, 2014
First half results	July 31, 2014
Third quarter results	October 20, 2014

02
RESPONSIBILITY FOR STATUTORY AUDIT

2.1. Statutory Auditors

2.2. Alternate Statutory Auditors

2. RESPONSIBILITY FOR STATUTORY AUDIT

2.1 STATUTORY AUDITORS

KPMG Audit, a department of KPMG S.A.

Represented by Mr. Philippe Grandclerc

1, cours Valmy
92923 Paris La Défense

KPMG S.A. is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

KPMG S.A.'s term as statutory auditor was renewed at the Combined Shareholders' Meeting of the Company held on May 23, 2008, for a duration of six fiscal years.

Its term will therefore expire at the close of the annual shareholders' meeting convened to approve the financial statements as of and for the year ended December 31, 2013.

Praxor Audit

Represented by Mr. Florent Gesbert

23, rue Clapeyron
75008 Paris

Praxor Audit is a member of the *Compagnie Régionale des Commissaires aux Comptes de Paris* (the Regional Association of Auditors of Paris).

Praxor Audit's term as statutory auditor was renewed at the Combined Shareholders' Meeting of the Company held on May 23, 2008, for a duration of six fiscal years.

Its term will therefore expire at the close of the annual shareholders' meeting convened to approve the financial statements as of and for the year ended December 31, 2013.

2.2 ALTERNATE STATUTORY AUDITORS

Mr. Michel Seguin

1, cours Valmy
92923 Paris La Défense

Michel Seguin is a member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (the Regional Association of Auditors of Versailles).

Mr. Seguin's term as alternate statutory auditor was renewed at the Combined Shareholders' Meeting of the Company held on May 23, 2008, for a duration of six fiscal years.

His term will therefore expire at the close of the annual shareholders' meeting convened to approve the financial statements as of and for the year ended December 31, 2013.

Mr. Henri Grillet

23, rue Clapeyron
75008 Paris

Henri Grillet is a member of the *Compagnie Régionale des Commissaires aux Comptes de Paris* (the Regional Association of Auditors of Paris).

Mr. Grillet was appointed alternate statutory auditor at the ordinary shareholders' meeting of the Company held on October 2, 2013, for the remainder of his predecessor's term.

His term will therefore expire at the close of the annual shareholders' meeting convened to approve the financial statements as of and for the year ended December 31, 2013.

03
SELECTED FINANCIAL DATA

3. SELECTED FINANCIAL DATA

3.1 SELECTED FINANCIAL DATA FOR THE YEAR ENDED DECEMBER 31, 2013

The financial data presented below is derived from the Group's consolidated financial statements as of and for the fiscal year ended December 31, 2013, prepared in accordance with IFRS as adopted by the European Union, which are included in Section 20.1, "Group Consolidated Financial Statements". The consolidated financial statements as of and for the year ended December 31, 2013 have been audited by the Company's statutory auditors. The report of the Company's statutory auditors is included in Section 20.1.2, "Statutory Auditors' Report on the Consolidated Financial Statements as of and for the Year ended December 31, 2013".

The financial information shown below should be read in conjunction with (i) the Group's audited consolidated financial statements as of and for the year ended December 31, 2013; (ii) the analysis of the Group's financial condition and results presented in Chapter 9, "Management's Analysis of Financial Condition and Results of Operations"; and (iii) the analysis of the Group's cash position and equity capital presented in Chapter 10, "Liquidity and Capital Resources". The Group's consolidated financial statements as of and for the year ended December 31, 2013 were audited by KPMG and Praxor Audit, independent statutory auditors, as stated in their report dated February 17, 2014, included in Section 20.1.2, "Statutory Auditors' Report on the Group's Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

Selected Group Consolidated Income Statement Data

(in € millions)	**For the year ended December 31,**	
	2012 restated (1)	**2013**
Net revenues	2,291.5	2,516.4
Cost of sales	(1,765.8)	(1,892.8)
Gross profit	525.7	623.7
Other operating income	*7.6*	8.9
Selling expenses	*(213.5)*	(248.8)
Research and development expenses	*(19.8)*	*(25.8)*
General and administrative expenses	*(136.2)*	*(162.3)*
Other operating expenses	*(10.3)*	*(14.8)*
Operating income	153.5	180.9
Net finance costs	(24.0)	(31.4)
Share in net income (loss) of equity affiliates	(1.9)	(1.4)
Income tax expense	(42.3)	(47.9)
Net profit	85.2	100.3
Attributable to owners of the Company	*83.6*	*99.1*
Attributable to non-controlling interests	*1.6*	*1.2*

(1) Reflects impact of adoption of IFRS 11 on 2012 comparative information as well as different adjustments made in 2013.

Selected Group Consolidated Balance Sheet Data

(in € millions)	As of December 31, 2012 restated (1)	2013
Total assets	1,863.7	1,826.5
Shareholders' equity attributable to equity holders of the parent	683.6	690.2
Total non-current liabilities	528.1	680.2
Total current liabilities	641.9	450.0

(1) Reflects impact of adoption of IFRS 11 on 2012 comparative information as well as different adjustments made in 2013.

Selected Group Consolidated Cash Flow Statement Data

(in € millions)	For the year ended December 31, 2012 restated (1)	2013
Net cash from operating activities	230.7	205.6
Net cash used in investing activities	(343.3)	(103.1)
Net cash from financing activities	140.7	(83.8)
Increase/(decrease) in cash and cash equivalents	28.1	18.8

(1) Reflects impact of adoption of IFRS 11 on 2012 comparative information as well as different adjustments made in 2013.

Selected Financial and Operational Data by Segment

(in € millions)	For the year ended December 31, 2012 restated (1)	2013
Net Revenues	2,291.5	2,516.4
EMEA	*679.0*	*669.6*
North America	*477.4*	*673.6*
CIS & Others	*874.1*	*887.5*
Sports Surfaces	*260.9*	*285.8*
Adjusted EBITDA[2]	262.2	310.0
EMEA	*76.3*	*71.3*
North America	*30.1*	*74.0*
CIS & Others	*180.0*	*190.1*
Sports Surfaces	*10.1*	*15.0*
Central[5]	*(34.2)*	*(40.3)*
Return on capital employed (ROCE)[3]	14.4 %	17.7 %
Net debt[4] *End of Period*	441.8	429.0

(1) Reflects impact of adoption of IFRS 11 on 2012 comparative information.
(2) Adjusted EBITDA, which is not a standardized accounting term with a generally accepted definition, is equal to operating income before depreciation, amortization and adjustments. Adjustments include, among others, restructuring costs intended to grow the Group's future profits; gains or losses on significant asset sales; costs relating to corporate and legal restructuring, including legal fees and acquisition costs as well as the impact on margins of recording inventory of acquired companies in the Group's balance sheet at fair value; management fees invoiced by the shareholders of the Company; and expenses relating to share-based payments without any cash payment. Adjusted EBITDA is not a financial measure defined under IFRS. It should not be taken as a substitute for operating income, net

income or cash flows from operating activities, nor should it be treated as a measure of liquidity. Adjusted EBITDA may be calculated differently by other companies with businesses that are similar to or different from the Group's. Accordingly, the Group's EBITDA calculation may not be comparable to that calculated by other issuers. See Section 9.1.8.1, "Adjusted EBITDA", for a discussion of adjusted EBITDA and a reconciliation to the most comparable IFRS measure.

(3) ROCE corresponds to the ratio between (1) EBIT, which the Group defines as operating income before financial items and taxes and (2) capital employed (which corresponds to tangible and intangible assets (including goodwill), plus working capital). ROCE is not a standardized accounting term corresponding to a generally accepted definition. ROCE may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, the Group's ROCE calculation may not be comparable to that calculated by other issuers. See Section 10.8, "Return on Capital Employed", for a discussion of ROCE and a reconciliation to the most comparable IFRS measure.

(4)The Group defines net debt as the sum of non-current interest-bearing loans and borrowings and current interest-bearing loans and borrowings, minus cash and cash equivalents. For more information on how net financial debt is calculated, see Section 10.3.1, "Net Debt".

3.2 SELECTED FINANCIAL DATA FOR THE THREE MONTHS ENDED MARCH 31, 2014

The table below presents certain selected financial data as of the dates and for the periods indicated below. The selected financial data presented below has not been the subject of an audit or of a limited review by the Company's statutory auditors.

Selected Consolidated Income Statement Information

	Three Months Ended March 31,	
(in millions of euros)	**2013**	**2014**
Net Revenues	521.1	492.9
EMEA	*166.4*	*169.4*
North America	*14.0*	*140.8*
CIS & Others	*179.9*	*157.9*
Sports Surfaces	*25.7*	*24.8*
Adjusted EBITDA[1]	45.1	35.8

(1) See definition in Note 2 to the table "Selected Financial and Operational Data by Segment", above.

Tarkett's performance in the first three months of 2014 demonstrated the solidity of its economic model's balance among geographical markets and end-users. In the CIS countries, the Group's teams also showed their capacity to take advantage of the Group's leadership position and to react rapidly to a difficult environment

Net Revenues

Net sales were €492.9 million in the first quarter of 2014, a decrease of 5.4% as compared with the first quarter of 2013. The first quarter is structurally the weakest of the year for the Group, in particular in the Sports Surfaces segment and in the CIS region. In 2014, the first quarter was marked by difficult economic conditions and strong currency devaluations in the CIS countries. Despite these unfavorable circumstances, Tarkett was able to limit the organic decrease in revenues to 0.2%.

Adjusted EBITDA

The Group's adjusted EBITDA was €35.8 million in the first quarter of 2014, as compared with €45.1 million in the first quarter of 2013. Adjusted EBITDA margin decreased by 140 points to 7.3%. This decrease was primarily the result of a negative impact of €8.5 million from currency effects in the CIS countries. Moreover, the conversion effect of the U.S. dollar and other currencies decreased EBITDA by an additional €3.9 million. Costs of purchases and productivity plans were in line with expectations. In the CIS, the Group's teams took additional measures to reduce costs.

04
RISK FACTORS

4. RISK FACTORS

Investors should consider all of the information set forth in this Registration Document, including the following risk factors, before deciding whether to invest in Tarkett's shares. Such risks are, as of the date of this Registration Document, the risks that the Company believes, were they to occur, could have a material adverse effect on the Group, its business, financial results, financial condition and prospects. Additional risks that are not known at the date hereof, or that the Group currently considers immaterial based on the information available to it, may have a material adverse effect on the Group, its business, financial condition, financial results or prospects.

4.1 RISKS RELATING TO THE GROUP AND ITS INDUSTRY

4.1.1 Risks Relating to Economic Cycles

The flooring industry depends heavily on the commercial and residential renovation market, and, to a lesser extent, on the new construction market. While the renovation market is less cyclical than the new construction market, it can be affected by the cyclical nature of the general economy. The renovation business tends to be influenced, in particular, by changes in consumer confidence and disposable income, commercial and office occupancy rates, interest rates and the availability of credit. These factors can cause fluctuations in demand, and, as a result, in the Group's sales volumes and margins.

The recent global economic downturn, along with the downturn in the commercial and residential renovation and construction market, had a negative impact on the flooring industry and on the Group's business. The European crisis continues to have an unfavorable influence on the Group's level of activity in Europe, particularly in southern Europe, and on the profitability of some of its segments, mainly wood floors. Although economic conditions have improved in certain regions, new downturns could cause the industry to deteriorate again in the future and have a material adverse effect on the Group's business, financial condition, financial results and prospects.

4.1.2 Risks Relating to Public Spending

A significant portion of the Group's business consists of sales to public sector end-users, in particular educational and health care institutions and sports facilities. The Group's activities in these markets are significantly affected by public spending levels. In a budget-constrained environment, certain expenditures may be considered not to be priorities. For example, construction and renovation of sports infrastructure were significantly affected by the contraction of governmental budgets in North America and Europe over the last few years. Moreover, public institutions may decide to postpone certain renovation projects in order to concentrate on other budgetary priorities. A decrease in public spending could have a negative effect on demand for the Group's products and thus have a material adverse effect on its business, financial condition, financial results and prospects.

4.1.3 Risks Relating to the Group's Program for Optimization of Costs and Processes

In connection with its strategy of operational optimization, the Group has implemented a program called World Class Manufacturing ("WCM"), with the objective of increasing the Group's productivity and reducing production costs. Although the WCM program has enabled the Group to achieve significant cost savings over the last few years, there can be no assurance that the productivity efforts giving rise to such savings will be sustainable. Moreover, although the Group hopes to obtain additional savings in the future, it could encounter difficulties and, as a result, fail to achieve its objectives.

Moreover, certain of the Group's business segments (in particular wood floors in Western Europe and the VCT business in the United States) are undergoing turnaround plans, intended to improve their performance and to return them to profitability. The Group has incurred, and may in the future incur, restructuring and asset impairment costs in connection with the implementation of these turnaround plans. There can be no assurance that these programs will succeed. If the Group fails to return these business segments to profitability, it could be forced to recognize additional impairment charges or incur additional restructuring charges, which would have a negative impact on its financial results and financial condition.

4.1.4 Risks Relating to Fluctuations in Prices of Raw Materials and Energy

The Group's manufacturing processes use large quantities of raw materials and energy resources.

A significant portion of the cost of raw materials, especially petrochemical products such as polyvinyl chloride ("PVC") and plasticizers, as well as energy consumption and transportation expense, is indirectly tied to crude oil prices and is affected by volatility of those prices. The Group is also exposed to fluctuations in the prices of other raw materials essential to its business, such as wood.

In the event of a future increase in raw material prices, the Group's business, financial condition and financial results could be materially impacted if it is unable to pass these additional costs on to customers, in particular as a result of the magnitude of the cost increase, delays resulting from backlogs, competitive pressures or market conditions.

4.1.5 Risks Relating to the International Nature of the Group's Business and the Economic and Political Risks in the Countries in Which It Does Business

The Group does business and maintains production capacity throughout the world, including in countries outside of the European Union and the United States. In particular, it is present in Russia and in the other countries of the CIS. Furthermore, the Group is developing its business in Asia Pacific (in particular, in China), and in Latin America (in particular, in Brazil). These countries have greater economic and political instability, as well as greater exposure to social unrest and infrastructure complications, than more mature markets.

The Group's commercial and financial results may be directly or indirectly affected by any unfavorable change in the economic, political or regulatory environment in the countries where it manufactures or sells its products. Thus, the direct and indirect consequences of civil conflicts, terrorist activity, political instability, health risks, or instability in the economic and regulatory framework in countries where the Group does business could have a material adverse effect on the level of investment in renovation and new construction in such countries and, as a result, on the Group's business, financial condition, financial results and prospects. Such events could lead, for example, to delays or losses in the delivery of the Group's products or the supply of raw materials, to a significant decrease in sales, or to an increase in security costs, insurance premiums or other costs necessary to ensure continuity of operations.

The Group is especially exposed to the risk of deterioration in the economic, political or regulatory environment of Russia and the other CIS countries. Together, these countries represent approximately 84.6% of 2013 consolidated net revenues of the CIS & Others segment, or approximately 29.8% of the Group's total 2013 consolidated net revenues. Adjusted EBITDA for the CIS & Others segment was €190 million in 2013, or approximately 61.1% of the Group's adjusted EBITDA. As a result, a material adverse change in the CIS countries could have a material adverse effect on the Group's revenues and financial results.

The Group's international business exposes it to a multitude of local political and commercial risks, and its success depends on its capacity to adapt to economic, social and political changes in each of the countries where it is present. In addition, legislative or regulatory changes (including changes in tax law, capital controls, customs duties, import and export rules, employment law, intellectual property protection and health, safety and environmental rules) could significantly increase the Group's costs in the various countries where it is present or limit its capacity to freely transfer capital and could, as a result, adversely affect the Group's business, financial condition, financial results and prospects.

4.1.6 Risks Relating to External Growth

The Group's strategy relies in part on external growth. Such growth may include acquisitions of companies or assets, equity investments or the creation of alliances in its sector and in the geographic regions in which the Group hopes either to increase or reinforce its presence. However, the Group may be unable to identify attractive targets or enter into transactions at an opportune time or on satisfactory terms. Moreover, given the competitive environment, the Group may be unable to complete external growth transactions that meet its investment criteria, which could have a material adverse effect on the implementation of its strategy.

Furthermore, to obtain the necessary authorizations for acquisitions from competition authorities in one or more countries, the Group could be forced to accept certain conditions, such as the sale of certain assets or segments and/or undertakings restricting the conduct of its business.

External growth creates risks that include the following: (i) the business plan underlying the acquisition valuations may be based on assumptions that turn out not to be true, particularly with respect to synergies, expected savings and the evolution of the markets in question; (ii) the Group may fail to effectively integrate the acquired companies, their technologies, their product lines or their employees; (iii) the Group may be unable to retain certain key employees or customers of the acquired companies; (iv) the Group may increase its indebtedness in order to finance such acquisitions and (v) it may carry out acquisitions at a time that proves inopportune in the market in question. The anticipated benefits from future or past acquisitions may not materialize within the expected time periods or at the expected levels, which could affect the Group's financial condition, financial results and prospects.

4.1.7 Risks Relating to the Quality of the Group's Products

The success of the Group's business depends on the quality and reliability of its products and customer relations. In the event that the Group's products repeatedly fail to satisfy customer requirements, its reputation and sales volumes could suffer. For example, the Group was recently faced with customer claims based on defects in fibers used in manufacturing artificial grass. Following these claims, the Group decided to end its relationship with its fiber supplier and began internal production, which required significant investment. Moreover, certain of the Group's vinyl products manufactured in Western Europe have had problems with yellowing, a common defect in vinyl products, in particular when product formulations are changed. It is possible that customers will encounter quality or reliability problems with the Group's products that are significant enough to have a material adverse effect on its financial results, reputation, business, financial condition or prospects.

In addition, in the event that the Group markets defective products, the relevant subsidiaries could incur tort or contract liability, which could lead to adverse effects on the Group's financial results, business, financial condition and prospects.

4.1.8 Risks Relating to Obtaining Product Certification

To market its products, the Group is required to obtain and maintain certifications in certain markets. These may be required by law or by industry standards that the Group must meet under the terms and conditions applicable to its renovation or construction projects.

The process of obtaining product certification can be long and costly. There can be no assurance as to the Group's ability to obtain or maintain certifications, or as to the length of time it will take to obtain them. Moreover, certification requirements change continually and require constant monitoring. If the product certifications were delayed, refused, suspended or withdrawn, marketing of these products could be delayed or prohibited in the relevant countries. The Group could then run the risk of losing sales in important markets.

4.1.9 Risks Relating to Strong Competition in the Regions Where the Group Does Business

The flooring industry is highly competitive. The Group faces significant competition from a few large competitors, numerous local manufacturers and independent distributors. For a description of the Group's principal competitors, see Section 6.1.4.6, "Tarkett's Competitive Position". Certain of these competitors have greater resources and access to capital than does the Group. The arrival of new competitors, new products or new technologies developed by competitors could also affect the Group's competitive position. The Group can provide no assurance that it will be able to maintain its margins in the face of competition, particularly if new entrants gain access to one or more of its markets, or if competition intensifies for any other reason. Maintaining the Group's competitive position could require additional investments in new products, new manufacturing facilities or the development of the Group's distribution network, marketing and sales activities. These competitive pressures could lead to reduced demand for the Group's products or force it to lower its prices. Such events could have a material adverse effect on the Group's business, financial condition, financial results and prospects.

4.1.10 Risks Relating to the Group's Dependence on Certain Suppliers

The Group relies on a limited number of suppliers for certain essential raw materials. This is especially true for the manufacture of resilient flooring, for which the Group uses primarily raw materials derived from crude oil, like PVC and plasticizers, for which the suppliers are large chemical companies, which are limited in number. Supply contracts are periodically renewed or renegotiated. An adverse change in the Group's relationship with one of its suppliers, more onerous terms (in particular payment terms), non-compliance with undertakings under the contracts, non-renewal of these contracts or renewal on less favorable terms, the insolvency of a supplier or any increased concentration of suppliers (in particular after a merger between suppliers that strengthens their negotiating position) could have a material adverse effect on the Group's business, financial condition, financial results and prospects.

With respect to machines and equipment, although as of the date of this Registration Document the Group has not experienced significant problems with its suppliers, there can be no assurance that this will remain true in the future. In particular, if one of the Group's suppliers goes out of business or terminates a supply contract, and the Group is unable rapidly to find a substitute supplier under satisfactory terms, the Group could have difficulty obtaining the necessary replacement parts to repair its equipment or experience project delays. Such a situation could have an adverse effect on the Group's business, financial condition, financial results and prospects.

4.1.11 Risks Relating to Volumes and Production Capacity

In the past, there have been periods when high volumes ordered by customers have led to production capacity constraints. For example, the Group faced capacity constraints when the demand for flooring significantly increased in Russia. The Group recently made significant investments in Russia to respond to the growth in demand there. If such a situation were to recur, the Group might not be able to benefit from growth in the market in question and might be required to make significant investments to meet demand. If the Group were unable to make the necessary investments to meet customer demand, or if the costs of those investments proved significant and/or were not offset by order volumes, there could be an adverse effect on the Group's growth, financial condition, financial results or prospects.

4.1.12 Risks Relating to Interruption or Security Breach of Information Systems

The Group uses complex information systems, for example, in production management, sales, logistics, accounting and reporting, which are essential for conducting its commercial and industrial activities. Although the Group has back-up computer systems and infrastructure, a failure of one of them could have a material adverse effect on the Group's business, financial condition, financial results and prospects.

The Group could also be subject to attacks on its computer networks. A growing number of companies have recently been the victims of intrusions or attempted intrusions into their computer security systems. The techniques used for attacking, interrupting, degrading quality or sabotaging information systems are constantly evolving, and it is often impossible to identify them before an attack is launched. The Group might be unable to arm itself in advance against such techniques or rapidly mount an appropriate and effective response. Any breakdown or interruption of the Group's information systems as a result of such intrusions or attacks could have a material adverse effect on its business, financial condition, financial results and prospects.

4.1.13 Risks Relating to the Group's Retirement and Other Employee Benefit Commitments

The Group incurs significant obligations in connection with its retirement and health plans and other employee benefits, primarily in North America and Western Europe (in particular in Germany, the United Kingdom and Sweden). As of December 31, 2013, these retirement, health and other obligations totaled €205.2 million, of which €83.0 million was covered by dedicated assets.

The Group's financing requirements for these obligations depends on the future performance of the dedicated assets, the discount rates used to measure future obligations, actuarial forecasts, changes affecting retirement plans and applicable regulations. As a result of the large number of parameters that determine the Group's financial obligations for retirement and other employee benefits and the difficulty in predicting them, its future requirements to finance retirement, health and other employee benefit obligations could be larger than the amounts estimated as of December 31, 2013. In that event, these financial obligations could have a material adverse effect on the Group's financial condition and financial results. For more information, see Note 21, "Employee Benefits", to the financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013" and Section 9.1.8.2, "Estimates and Assumptions Used in Preparing Financial Statements".

4.1.14 Risks Relating to Goodwill and Deferred Tax Assets

As of December 31, 2013, the Group's goodwill totaled €425.6 million, of which €152.3 million related to the acquisition of the Tandus group. Future events could lead to an impairment of intangible fixed assets and/or goodwill. As a result of the substantial amount of intangible fixed assets and goodwill on the Group's balance sheet, any significant impairment or depreciation charges could have an adverse effect on its financial condition and financial results for the fiscal year in which such charges were recorded.

As of December 31, 2013, the Group's consolidated deferred tax assets totaled €92.7 million. These deferred tax assets are recorded on the Group's balance sheet in the amount that the Group believes it can use within a reasonable period of time (five years) and, in any event, before the expiration of any loss carry-forwards. Nevertheless, the Group may be unable to use the expected amount of deferred tax assets if its future taxable income and the related taxes are lower than expected. The Group also bases its projections for the use of deferred tax assets on its current understanding of tax regulations, which could vary either due to changes in tax and accounting regulations or due to audits or tax litigation that could affect the amount of these deferred tax assets. If the Group believed that it could not, in future years, use its deferred assets, it would be required to write these assets down on its balance sheet, which would have a material adverse effect on its net financial results and financial condition.

4.2 INDUSTRIAL RISKS

For a description of the principal safety and environmental regulations applicable to the Group, see Sections 6.1.9.3, "Standards Applicable to the Group's Products" and 6.1.10, "Environment and Sustainable Development".

4.2.1 Risks Relating to Compliance with Environmental and Safety Regulations

The environmental, health, hygiene and safety regulations with which the Group must comply relate primarily to industrial safety, emissions or discharge of chemicals or dangerous substances (including industrial waste); their use, production, traceability, handling, transport, storage and elimination or exposure to such substances; and the remediation of industrial sites and environmental clean-up. The Group is subject to strict requirements with respect to safety, particularly concerning fire-prevention standards applied to its products and manufacturing sites, as well as standards relating to the slip-resistance of the flooring it produces.

Complying with these regulations requires the Group regularly to incur significant expense. A violation of these rules could lead to fines or other civil, administrative or criminal sanctions, including the withdrawal of permits and licenses necessary to continue doing business. Changes to these laws and regulations or to their interpretation could lead to significant expense and/or investment, which could adversely affect the Group's business, financial results and prospects. Moreover, tightening regulations applicable to certain substances that the Group uses to manufacture its products, in particular PVC and certain glues, could force the Group to use more expensive substances, change its formulations and therefore decrease the profitability of its products, which could have a material adverse effect on its business, financial results and prospects.

4.2.2 Risks Relating to Industrial Accidents

Due to the toxicity and flammability of certain raw materials, the Group's finished products and manufacturing or supply processes present a number of safety, fire and pollution risks. In particular, manufacturing processes using flammable materials (chemical products and wood, for example) can create a significant risk of fire or explosion. The Group could be held liable in the event of accidents involving its business or products. In that event, the adverse consequences for the Group's business, financial condition, financial results or prospects could be significant.

4.2.3 Risk Relating to Exposure to Toxic or Dangerous Substances

In the past, the Group has used significant quantities of chemical, toxic or hazardous substances in manufacturing its products and has used various insulation materials (such as asbestos) in its industrial facilities. Although the Group has implemented safety and oversight procedures at the Group level as well as at the level of each production site, its employees and, on occasion, third parties may have been exposed to these substances or to equipment containing toxic or hazardous substances prior to their progressive removal and replacement with substitute products. Such individuals could develop diseases and seek to hold the Group liable (see Section 4.2.4, "Risks Relating to Asbestos Exposure"). If the Group is held liable in connection with these proceedings or other future proceedings, this liability may have a material adverse effect on its financial condition and financial results.

Moreover, some of the Group's products contain chemical substances that produce emissions during at least part of the product's life cycle. Although these emissions are lower than applicable thresholds under current regulations, they may be proven to have harmful effects on human health at lower levels than those currently believed to be safe. If the Group is held liable in that event, there could be a material adverse effect on the Group's financial results or financial condition.

4.2.4 Risks Relating to Asbestos Exposure

In the United States, the Group has been sued by third parties for past exposure to the asbestos contained in certain products manufactured at some of its sites until 1982. In the event that current or future lawsuits require the Group to pay amounts greater than those covered by the provisions it has recorded on its balance sheet, its insurance and the indemnification commitments provided by third parties, these proceedings could have a material adverse effect on the Group's financial condition and financial results.

For more information, see Section 20.4, "Legal Proceedings".

4.3 MARKET RISKS

4.3.1 Foreign Exchange Risk

As a result of the international nature of the Group's business, foreign exchange fluctuations have a direct accounting impact on its consolidated financial statements, which results in settlement risk impacting income and expenses incurred in foreign currencies and risks relating to the conversion into euros of the balance sheets and income statements of the Group's subsidiaries outside the euro zone.

In 2013, a significant portion of the Group's revenue was earned in currencies other than the euro, in particular the U.S. dollar (33% of consolidated net revenues in 2013), the Russian ruble (21%), the Swedish krona (7%), the pound sterling (3%), the Australian dollar (2%), the Ukrainian grivna (3%) and the Kazakh tenge (2%). The Group tries to reduce the impact on its income of such exchange rate variations in the short-term by developing its production capacities in the monetary zones where it sells its products, by invoicing certain internal services in foreign currency, and by centralizing risk management through the use of foreign-exchange derivatives to offset the exposure recorded on its balance sheet and its future exposure relating to cash-flow in foreign currencies that may be generated by purchases and sales in the succeeding six months. However, significant and sustained movements in exchange rates could adversely affect the Group's financial results, financial condition and prospects. With respect to the Russian ruble, the Group's policy is to reflect exchange rate fluctuations between the ruble and the euro in its product prices. The Group's exposure to the ruble depends on the Group's ability to maintain its pricing policy, which it may not be able to do systematically in the future.

For more information, see paragraph 1.2 of Note 24, "Financial Risks and Financial Instruments", to the financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013" and Section 9.1.4, "Exchange Rate Fluctuations".

4.3.2 Interest-Rate Risks

Interest-rate fluctuations have a direct impact on the Group's financial results. As of December 31, 2013, the Group's consolidated net debt (which is the sum of non-current interest-bearing loans and borrowings and current interest-bearing loans and borrowings, minus cash and cash equivalents) totaled €429 million, and its gross debt was €525.7 million, including €523.7 million in floating-rate debt and €2 million in fixed-rate debt or capped debt after taking into account interest-rate hedges. The Group uses a hedging policy intended to limit the impact of an increase in interest rates on its financial expenses. However, as of December 31, 2013, after hedging, a simultaneous increase of 1% in all interest rates would translate into an increase in net financial expense of €3.5 million per year, before taxes, whereas a simultaneous decrease of 1%, or to zero, in interest rates would result in a decrease in net financial expense before taxes of €0.7 million.

For more information, see paragraph 1.1 of Note 24, "Financial Risks and Financial Instruments", to the financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013" and Section 10.3 "Financial Debt".

4.3.3 Liquidity Risk

As of December 31, 2013, the Group's consolidated gross debt totaled €525.7 million and consolidated net debt totaled €429 million. In addition, the Group had €642.3 million in available credit lines as of the same date. The Group's debt repayment schedule is included in Section 10.3.3, "Gross Financial Debt". The Group's next significant maturity date is in the second quarter of 2016, when the €450 million syndicated credit facility will expire and the last payment under the €129 million term loan, for €77 million, will be due.

The Group's credit agreements (primarily its syndicated credit lines with a maximum available amount of €450 million and its term loans with maximum amounts of €129 million and €360 million) include certain covenants, including change of control provisions and financial ratios, in particular a net debt/EBITDA ratio of less than 3.0 over the preceding twelve months. These provisions are described in Section 10.4, “Revolving Syndicated Multi-Currency Credit Facility”. Breach of these covenants or ratios could cause the Group’s creditors to accelerate the amounts due under the credit agreements. In that event, the Group could be unable to repay these amounts, or could be forced to refinance the debt on less favorable terms. Moreover, such a situation would make it difficult to put new financing in place, or could make such financing significantly more expensive, which could constitute an obstacle to the Group’s growth strategy and to its ability to finance investments.

For more information, see paragraph 2 of Note 24, “Financial Risks and Financial Instruments”, to the financial statements included in Section 20.1.1, “Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013” and Section 10.4 “Revolving Syndicated Multi-Currency Credit Facility”.

4.4 LEGAL RISKS

4.4.1 Risks Relating to the Protection of Intellectual Property

The Group’s future growth depends on its ability to obtain, preserve and protect its patents, trademarks and other intellectual property rights.

Over the last several years, the Group has pursued an ambitious innovation policy, which necessitates protection to ensure that the Group retains the free use of its innovations and has the necessary legal tools to fight patent infringement and unfair competition.

As a result, the legal costs that the Group incurs to enforce compliance with its intellectual property rights could prove significant.

Conversely, the Group cannot guarantee that it will not infringe the rights of third parties. In that event, the Group could be ordered to pay significant damages, be forced to cease selling products that infringe the intellectual property rights in question and incur additional expenses to develop technology that respects the intellectual property rights of others, or be forced to enter into licenses permitting it to use the disputed technology.

Since the Group conducts part of its business in countries where the protection of intellectual property rights is less developed than in Europe and North America, it cannot guarantee the level of protection that will be given to its portfolio of patents and trademarks nor can it avoid the risk of infringement, appropriation or illegal use of its intellectual property rights.

4.4.2 Risks Relating to Legal and Administrative Proceedings

The Group is the subject of various legal proceedings described in Section 20.4, “Legal Proceedings”. In the ordinary course of business, the Group is exposed to litigation relating to its products, in particular sports flooring. Moreover, in March 2013, the *Autorité de la Concurrence* (the French Competition Authority) launched investigations against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices on the French market for vinyl flooring. Such litigation and investigations could have a material adverse effect on the Group’s business, financial results, financial condition and prospects.

The Group's policy for covering these risks is described in Section 4.6, "Insurance and Coverage of Risks".

4.4.3 Tax Risk

As an international group doing business in many countries, the Group is subject to multiple tax laws and various regulatory requirements, which affect its commercial, financial and tax objectives.

Because tax laws and regulations in effect in the various countries where the Group does business do not always provide clear or definitive guidelines, the Group's structure, the conduct of its business and the relevant tax regime are based on its interpretation of applicable tax laws and regulations. The Group cannot guarantee that these interpretations will not be questioned by the tax authorities, or that applicable laws and regulations in certain of these countries will not change, be interpreted differently or be applied inconsistently. More generally, any violation of tax laws and regulations in the countries where the Group or its subsidiaries are located or do business could lead to tax assessments or the payment of late fees, interest, fines and penalties. This could have a negative impact on the Group's effective tax rate and financial results.

Furthermore, the Group records deferred tax assets on its balance sheet to account for future tax savings resulting from differences between the tax values and accounting values of its assets and liabilities or tax loss carry forwards of Group entities. The effective use of these assets in future years depends on tax laws and regulations, the outcomes of current or future audits and litigation and the expected future financial results of the entities in question.

4.5 RISK MANAGEMENT

4.5.1 Organization of Internal Control and Risk Management

4.5.1.1 Objectives

The Group considers risk management and internal control to be closely linked. The Group's risk management and internal control process is discussed in Section 16.7, "Organizational of Internal Controls and Risk Management".

4.5.2 Management of Significant Risks

The table below sets forth the most significant risks to which the Group is exposed and how such risks are managed. For detailed information on the risks to which the Group is exposed, see Sections 4.1, "Risks Relating to the Group and Its Industry", through 4.4, "Legal Risks".

Risks	Risk Management
Risks related to economic cycles	The Group's policy is to diversify in order to achieve balance among the various markets where it does business. The Group is present in: • several geographic regions; • several product categories; • both the commercial and the residential markets; and • the renovation market, which is less sensitive to economic cycles than the new construction market.

Risks relating to raw materials	• The Group develops preferred and sustainable relationships with its suppliers. • The Group develops production processes that give it flexibility and reduce its dependence on certain types of PVC suppliers. • The Group tries to reflect increases in the price of raw materials in its product prices as rapidly as possible.
Foreign Exchange Risk	• The Group locates its production facilities close to the markets in which it sells its products, and it pays production costs in local currency. • The Group regularly adjusts product prices in certain markets to account for chances in exchange rates, in particular between the ruble and the euro. • Where possible, the Group uses short-term hedges for certain currencies.
Risk Relating to Defective Products	• The Group has put in place a testing and approval process for developing new products and changing the formulation of existing products, as well as process for the approval of new components. • This risk is covered by specific insurance.

4.5.3 Compliance Procedures

In order to comply with all applicable laws and regulations, the Group has developed compliance procedures with respect to antitrust and laws and corruption risk.

4.5.3.1 Compliance with Antitrust Laws

The Group’s goal is to preserve dynamic, healthy and honest competition.

To that effect, in 2011 the Group instituted an antitrust law compliance program, piloted by the Group’s Legal Department and outside experts. This program is intended to ensure strict compliance by the Group’s employees with competition laws, regulations and rules.

This program is deployed in a consistent and continuous manner, on a worldwide basis, through distribution of the antitrust policy and through numerous events promoting sensitivity to competition issues. It is applicable in all of the countries where the Group operates and covers all of its activities, including where such activities are carried out through joint ventures.

Local legal departments participate actively in verifying that local competition regulations are followed in each of the geographical regions where the Group operates.

4.5.3.2 Prevention of Corruption and Fraud

The prevention of corruption and fraud is one of the Group’s major priorities as it is for all of its employees. Given the diversity of contexts in the geographic regions in which the Group operates and the significance of investments made, the Group is particularly vigilant against the risks of corruption and fraud. Although the large majority of the Group’s customers in the most sensitive countries operate in the private sector, where corruption is less present than in the public sector, the Group is not immune from a potential instance of corruption.

In 2012, supervised by the Group’s Legal Department and with the cooperation of the local legal departments, the Group launched a specific action plan to fight corruption.

In connection with this action plan, the Group has put in place anti-corruption policies, presented in-person and electronic anti-corruption training and issued guidelines covering the delivery and receipt of gifts and relationships with intermediaries.

The fight against fraud is carried out as part of the Group's financial and internal control processes, and verifications are carried out by the Audit and Internal Control Department. To that effect, fraud prevention and detection guidelines have been distributed to raise awareness of these issues.

4.6 INSURANCE AND COVERAGE OF RISKS

The Group's policy with respect to insurance is coordinated by the Legal Department, which is responsible for identifying the main insurable risks and quantifying their potential consequences. This policy has the following objectives:

- limit certain risks by recommending preventive measures in cooperation with the Group's other departments; or

- choose to cover risks of an exceptional nature through insurance, including risks with high potential magnitude but low frequency.

In connection with the insurance program, the Group actively mitigates industrial risks, by collaborating with FM Global, its property and casualty insurer, which provides expertise in engineering and fire prevention.

Each of the Group's subsidiaries is responsible for providing the Group's Legal Department with the necessary information to identify and quantify insured or insurable risks at the Group level, and for implementing the proper methods to ensure business continuity if an event occurs. On these bases, the Legal Department negotiates with the major insurance and reinsurance providers to put in place optimal insurance coverage for its risk-coverage needs.

The Group's local subsidiaries also enter into local insurance policies to cover risks suited to local coverage, such as automobile insurance.

The Group purchases insurance based on reasonable estimates of probable liability resulting from tort, property-casualty and other risks. This evaluation takes into account the analyses of insurance companies as the risk subscribers. The Group does not insure against risks for which there is no coverage available on the insurance market, for which the cost of insurance is disproportionately high compared with the potential benefit or for which it believes the risk does not require insurance coverage.

The Group's insurance programs generally take the form of master policies. These are complemented by local policies in certain countries where having only master policies is not permitted. The master insurance policies apply to the Group's overall operations, complementing local policies (difference-in-conditions/difference in limits, or "DIC DIL"), if the coverage in question proves insufficient or does not cover the event. The local policies are also entered into to take into account local legislative specificities or constraints in the country or countries in question. The Group also has captive insurance companies, enabling it to reduce the premiums paid to insurers and thus to reduce its insurance costs.

The Group's insurance policies contain exclusions, caps and deductibles that could expose it to unfavorable consequences in the event of a significant event or legal action against it. Moreover, it may be required to pay indemnification that is not covered by its insurance policies or to incur significant expenses that may not be covered, or may be insufficiently covered, under its insurance policies.

The Group's primary insurance policies, entered into with insurance companies of international reputation, are the following:

- general liability insurance, which includes operational liability coverage and product liability coverage. The maximum coverage amount is €60 million. Professional liability insurance is also included in this policy, and is subject to a specific limit. General liability insurance covers all damages caused to third parties, such as bodily, tangible and intangible damages;

- property-casualty and business interruption insurance (maximum combined coverage of €400 million). All of the Group's facilities are covered by this policy if and to the extent that values of local sites exceed the contract deductibles;

- director and officer liability insurance;

- environmental liability insurance; and

- transport insurance, covering inventory and inventory in transit.

05 INFORMATION RELATING TO THE COMPANY AND THE GROUP

5. INFORMATION RELATING TO THE COMPANY AND THE GROUP

5.1 HISTORY AND DEVELOPMENT

5.1.1 Company Name

The Company's name is Tarkett.

5.1.2 Place of Registration and Registration Number

The Company is registered with the Nanterre Trade and Companies Register under number 352 849 327.

5.1.3 Date of Incorporation and Duration

The Company was incorporated on December 29, 1989 for a duration of ninety-nine years as from its registration with the Trade and Companies Register, or until December 29, 2088, unless dissolved earlier or extended.

5.1.4 Registered Office, Legal Form and Applicable Legislation

The Company's registered office is located at 2, rue de l'Égalité, 92748 Nanterre Cedex, France. The telephone number of the registered office is +33 (0)1 41 20 40 40.

The Company is a French limited liability corporation (*société anonyme*) with a Management Board and a Supervisory Board, governed by applicable French laws and regulations, including the provisions of Book II of the French Commercial Code, as well as by the Company's Bylaws.

5.1.5 History of the Group

The Group takes its name from Tarkett AB, its Swedish subsidiary that began its operations in the late 19th century.

The Group was formed in 1997 through the merger of the French company Sommer Allibert S.A. and Tarkett AG (which were at the time listed on the Paris and Frankfurt Stock Exchanges, respectively). Sommer Allibert S.A. was itself the result of the merger of two French companies created in the early 20th century. The members of the Deconinck family, who own SID (*Société d'Investissement Deconinck*), the majority shareholder of the Group, are the heirs of Mr. Allibert, the founder of one of these companies.

Beginning in 1997, the Group gradually sold off its non-flooring businesses, in particular Sommer Allibert S.A.'s automotive business in 2001, in order to focus its business exclusively on flooring.

At the same time, the Group began a strategy of dynamic growth in the flooring sector through a strategy of acquisitions and joint ventures. In 2002, the Group strengthened its business in Eastern Europe by forming a partnership with the Serbian company Sintelon AD (then listed on the Belgrade Stock Exchange), which had a particularly strong presence in Russia. The Group gradually acquired Sintelon AD's shares over time and bought out the remaining minority interests in 2009. In 2003, the Group delisted its Canadian subsidiary, Domco -Tarkett, from the Toronto Stock Exchange. In 2004, it acquired the English Company Marley Floors Limited, a specialist in commercial flooring, and took a minority interest in the Canadian company FieldTurf, a manufacturer of artificial grass, acquiring control of that company the following year.

In 2005, the Group continued to pursue its development strategy by entering into two joint ventures: one with the Aconcagua group, to develop the Group’s production of laminate flooring in North America, and another with Sonae Industria-SGPS, S.A., to develop the Group’s production of laminate flooring in Western Europe. The Group also acquired the U.S. company Johnsonite Inc., a manufacturer of resilient flooring and accessories, which strengthened its presence in North America.

In 2006, the Group finalized the delisting of its subsidiary Tarkett AG from the Frankfurt Stock Exchange.

In 2007, investment funds advised and managed by Kohlberg Kravis Roberts & Co. L.P. (“KKR”) indirectly acquired approximately 50% of the Company’s shares while the Deconinck family retained approximately 50% of the share capital, the remaining shares being held directly or indirectly by management. Also in 2007, Mr. Michel Giannuzzi was appointed as Chairman of the Management Board, and the Group began the process of overhauling its management team.

In the same year, the Group acquired the U.S. company Defargo, which specialized in manufacturing sports surfaces. It also began the process of selling its wood flooring business in North America, which was completed in 2009.

In 2008, the Group acquired the U.S. company Beynon Sports Surfaces, a specialist in manufacturing athletic tracks, bought out the remaining minority shareholders in FieldTurf and sold its share of the laminate-flooring joint venture in North America.

In 2009, to consolidate its leadership in sports surfaces in North America, the Group acquired Atlas Track, a U.S. company specialized in the manufacture of athletic tracks.

It also accelerated its international expansion in regions with strong growth potential. In order to strengthen its presence in Turkey, the Group created a distribution center through a joint venture with the company Aspen. In Brazil, the Group acquired Fademac, the leading Brazilian manufacturer of vinyl flooring.

The Group also applied to delist its subsidiary Sintelon from the Belgrade Stock Exchange in 2009.

In order to strengthen its positions in the residential market in Europe and to enrich its trademark portfolio, in 2010, the Group acquired some of Armstrong’s assets in the UK. Next, the Group acquired Centiva, a U.S. company specializing in the design of LVT. It also acquired control of the Spanish company Poligras Iberica, the Spanish leader in the manufacture and distribution of sports surfaces, and a specialist in the manufacture of artificial grass.

In the same year, the Group entered into two joint ventures. The first was with the U.S. company EasyTurf, a specialist in the distribution of artificial grass for the U.S. landscaping market. The second was with the German company Morton Extrusionstechnik, a specialist in producing fibers for artificial grass. These two partnerships reinforced the Group’s artificial grass business and allowed it to in-source fiber production for its artificial grass.

In 2011, the Group continued to reinforce its positions by acquiring Parquets Marty, a French wood flooring manufacturer, and creating two joint ventures: one with a Dutch distributor of artificial grass called AA SportSystems and the other with a Chinese distributor of resilient flooring, now called Tarkett Floor Covering (Shanghai).

In 2012, the Group acquired Tandus, a U.S. company that designs, manufactures and sells carpeting for the commercial market. This acquisition enabled the Group to establish itself as a major player in the North American commercial carpeting market.

In 2013, the Group carried out an internal reorganization in connection with Tarkett's initial public offering on Euronext Paris. The steps involved in this reorganization are described briefly below.

Société d'Investissement Familiale ("SIF") was merged into the Company, thus enabling SIF's shareholders–KKR International Flooring and the Deconinck family (previously grouped within *Société d'Investissement Deconinck* ("SID")–to become direct shareholders of the Company. Next, Partholdi was also merged into the Company. For a detailed description of these reorganization transactions, see Section 18.1.5, "Description of the November 21, 2013 Reorganization Transactions".

5.2 INVESTMENTS

5.2.1 Principal Investments in 2012 and 2013

Cash used in investing activities was €343.3 million in 2012 and €103.1 million in 2013.

The level of investment in tangible and intangible fixed assets remained relatively stable over the period. Investments in property, plant and equipment include acquiring, constructing new factories and manufacturing facilities. They also include "ongoing investments", which consist of all investments in property, plant and equipment other than those relating to new factories and acquisitions. The Group's objective is to maintain its ongoing investments on the order of approximately 3.5% of annual consolidated net revenues.

The table below shows the Group's principal investments in 2012 and 2013.

(in millions of euros)	**For the year ended December 31,**	
	2012 restated	**2013**
Acquisition of subsidiaries, net of cash acquired	259.2	3.5
Acquisition of property, plant and equipment	84.8	100.5
Ongoing investments	*84.4*	*87.8*
Long-term investments	*0.4*	*12.7*
Other	(0.7)	(0.9)
Net cash from investing activities	**343.3**	**103.1**

5.2.1.1 Principal Investments in 2013

The Group's principal investments in 2013 were continuations of projects begun in 2011 and 2012. They include:

- *CIS & Others*: Completion of a fifth production line at the Russian site of Otradny, for which construction had been launched in the second half of 2012 and which became operational in August 2013.

- *Deployment and standardization of SAP*: In 2013, the Group continued to roll out its standardized SAP platform in North America and launched rollout in the CIS & Others segment.

- *EMEA*: In 2013, the Group continued the restructuring of its wood floor business in Western Europe.

- *North America*: In 2013, the Group announced plans to consolidate the manufacture of vinyl tile flooring (VCT and LVT) at its Florence, Alabama site in order to optimize the use of its production capacity, improve efficiency and reduce costs. As a result, the Group announced the planned closure of its Houston, Texas site in 2014.

- *Luxury vinyl tiles (LVT)*: In 2013 The Group continued to invest in extending or acquiring production capacity for new product lines of luxury vinyl tiles in all of its geographic segments.

- *Tandus acquisition*: In 2013, the Group paid a purchase price adjustment relating to the September 2012 Tandus acquisition.

5.2.1.2 Principal Investments in 2012

The following represent the Group's principal investments in 2012:

- *Tandus acquisition*: The U.S. company Tandus specializes in the design, production and sale of commercial carpeting in North America and Asia. This acquisition enlarged the Group's commercial carpeting product line. See Chapter 9, "Management's Discussion and Analysis of Financial Condition and Results of Operations", in particular Sections 9.1.7, "Acquisitions" and 9.2.2.2.2, "North America".

- *Deployment and standardization of SAP*: In 2012, as in 2013, the Group continued the process, which it began in 2011, of rolling out a standardized SAP platform across the EMEA region and in North America.

- *Luxury vinyl tiles (LVT)*: In 2012, the Group invested in extending or acquiring production capacity for new product lines of luxury vinyl tiles in all of its geographic segments.

- *CIS & Others*: In 2012, the Group began construction on a fifth production line, which became operational in August 2013, and also continued adding capacity for additional finishing processes, such as calendaring, for resilient flooring.

- *North America*: In addition to acquiring Tandus, the Group continued to invest in its manufacturing capacity in the United States.

5.2.2 Principal Investments Underway

The principal investments underway as of the end of 2013 are the continuation of projects launched in previous years, primarily the continued rollout of the standardized SAP platform in North America and CIS & Others and the restructuring of the Group's wood flooring business in Western Europe.

These investments are financed by available cash as well as by drawdowns from the Group's credit facilities. For more information on the Group's credit facilities, see Chapter 10, "Liquidity and Capital Resources".

5.2.3 Principal Future Investments

The Group continually seeks new investment opportunities, rigorously analyzing the potential for a strong return on its investment. With respect to investments, the Group's main objectives are continually improving competitiveness, reinforcing operational excellence, and acquiring and modernizing equipment in order to support the Group's expected growth.

The Group intends to pursue a strategy of external growth based on two main objectives: geographical development and the expansion of its product lines. For more information, see Section 6.1.3, "Strategy".

As of the date of this Registration Document, the Group has entered into a preliminary agreement with the Polish group Gamrat S.A. to acquire Gamrat Flooring, Gamrat S.A.'s vinyl flooring subsidiary. Gamrat Flooring specializes in commercial vinyl flooring, in particular for the health care, educational and hotel sectors. The planned transaction would include the manufacture and distribution of existing product lines. Gamrat Flooring had revenues of €20 million in 2012.

06
BUSINESS

6. BUSINESS

6.1 BUSINESS OVERVIEW

6.1.1 Overview

6.1.1.1 Tarkett's Business

The Group is a leading global flooring and sports surfaces company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. Leveraging over 130 years of experience, the Group offers fully-integrated flooring solutions that it believes represent one of the widest and most innovative product ranges in the industry. The Group currently sells in the aggregate an average of 1.3 million square meters of flooring per day, and operates 30 manufacturing sites located around the world in each of its principal geographic regions. The Group has the most diversified geographical footprint in the industry, which enables it to capture growth opportunities wherever they arise. The Group holds leading positions in each of its principal product categories and geographic regions, built through robust organic development, as well as successful and profitable external growth.

In 2013, the Group generated net consolidated revenues of €2,516.4 million, adjusted EBITDA of €310 million and net profit attributable to owners of the Company of €99.1 million. The Group's segment reporting is based on four operational segments—three of which relate to its flooring products and their geographic regions (EMEA, North America and CIS & Others), and one of which relates to its sports surfaces products. For more information on the Group's segments, see Section 9.1.2, "Principal Factors Affecting the Group's Results of Operations" and Note 4, "Segment Information", to the consolidated financial statements included in this Registration Document.

6.1.1.2 Tarkett's Markets

The Group sells its products in more than 100 countries. With local sales forces and manufacturing facilities in each of its principal geographic regions, the Group is able to match its products to local and regional demands and tastes while minimizing manufacturing and transportation costs and customs duties. The Group's sales are well balanced geographically, with 26.6% of 2013 sales realized in EMEA, 26.8% in North America and 35.3% in CIS & Others. The remaining 11.4% was realized in the global sports surface segment.

The Group serves residential and commercial end-users in roughly equal proportions, mainly for renovation projects, which typically account for approximately 80% (in volume) of the Group's sales. The Group sells residential products in each of its geographic regions, with designs and styles that are adapted to each market that it serves. The Group's largest geographic region for residential products is the Commonwealth of Independent States (CIS), where it has realized robust and profitable growth through substantial investments made progressively over many years. The Group's products for commercial end-users are sold mainly in North America and Western Europe, although the Group's business is growing in the promising CIS, Asia Pacific and Latin American markets. The Group's commercial products benefit from its substantial research and innovation capacity, which is essential for meeting the technical specifications of commercial end-users such as schools, universities, hospitals, health care facilities, offices, hotels and retail establishments. The Group's capacity for innovation is also key to its success in the sports surface market, where it holds leading positions in artificial turf and athletic tracks in North America, as well as leading positions in artificial turf in key countries in Europe.

The Group has strong global and national brands that are recognized by end-users and professionals and adapted to the distribution strategy used in each market. The Group uses a diversified mix of distribution channels that include wholesalers, specialty chains, installers and contractors, independent retailers, DIY (do-it-yourself) retailers, direct key accounts and builders-merchants. The quality of the Group's products is recognized by architects, installers and contractors who are instrumental in specifying and choosing flooring solutions, particularly for commercial applications. The Group's distribution strategy is tailored to each market in which it operates, and includes service centers that put the Group close to its customers and training facilities that generate brand loyalty and ensure the highest quality installation services for the Group's products. The Group has a network of 60 sales and marketing offices with a local sales force in each of its main markets.

6.1.1.3 Tarkett's Products

The Group offers products with innovative designs and textures adapted to local tastes and demand in each of its markets. It designs, manufactures, markets and sells five key types of flooring:

- **Resilient Flooring (Vinyl and Linoleum)** ***(60% of 2013 revenues)***: The Group's resilient products include a broad range of flooring options, including vinyl sheet, vinyl tile, safety and static-control vinyl flooring, luxury vinyl tiles (LVT) that simulate wood, ceramic or stone flooring, and linoleum products. The Group's resilient products are offered to both residential and commercial end-users and have experienced strong growth in recent years. The Group's strength in design and innovation allows it to offer vinyl floors in a wide variety of styles and colors, providing end-users with ease of installation, durability and reduced maintenance. The Group is currently the leading supplier of resilient vinyl flooring solutions worldwide.

- **Carpet Flooring** ***(12% of 2013 revenues)***: The Group's carpet products include a wide range of modular, broadloom and hybrid products (such as Powerbond®) for commercial end-users such as offices, universities, schools, health care facilities and government facilities. The Group's presence in the carpet market was strengthened by the 2012 acquisition of Tandus, a leading designer and supplier of commercial carpets in North America.

- **Wood and Laminate Flooring** ***(10% of 2013 revenues)***: The Group's wood and laminate flooring products are used primarily in residential renovation projects and, to a lesser extent, in commercial applications such as retail, hospitality, offices and indoor sports facilities. The Group's wood product range includes high-quality engineered wood floors in a variety of wood species, colors, tones and finishes. The Group's laminate product range offers a functional alternative to wood flooring that is both stylish and affordable. The Group is a leading supplier of wood flooring in Europe and the CIS countries.

- **Rubber Flooring and Accessories** ***(7% of 2013 revenues)***: The Group's rubber flooring products and rubber and vinyl accessories are sold mainly to commercial end-users in North America, primarily in the healthcare, education, industrial and indoor sports sectors. They include rubber tiles and sheets, vinyl baseboards, stair nosing, stair borders, tactile warning strips, decorative wall skirting and other accessories. They are shock-absorbent and slip-resistant and offer natural acoustic properties with low maintenance requirements. The Group is currently the leading supplier of vinyl accessories in North America.

- **Sports Surfaces *(11% of 2013 revenues)***: The Group's sports products include innovative synthetic turf and track solutions for a wide range of sports venues ranging from community multi-purpose sports fields to professional football, soccer and rugby stadiums. The Group's sports product offering includes artificial grass and polyurethane athletic tracks, as well as products designed for indoor and landscaping applications. The Group has been recognized by the International Rugby Board and FIFA (*Fédération Internationale de Football Association*) for the quality of its patented FieldTurf technology. The Group is currently the leading global supplier of artificial turf for sports surfaces worldwide and the leading provider of athletic tracks in North America.

6.1.1.4 The Tarkett Group

Tarkett's business began in Sweden in 1886. In 1997, Tarkett was acquired by Sommer Allibert, a French company that was a leader in flooring and automotive interiors, which itself was formed through the combination of Sommer and Allibert, two French companies that merged in 1972. The automotive interiors business was subsequently divested in 2001, and the Group took the Tarkett name in 2003. The Deconinck family (heirs of the founder, Mr. Allibert) has supported the Group's growth for over a century and remains its principal shareholder today.

6.1.2 Competitive Strengths

The Group has realized significant growth in recent years, while maintaining a high level of profitability and a sound financial structure. Its success is the result of a number of factors that the Group believes make it unique in the international flooring market. The competitive strengths that have contributed to its profitable growth include the following:

- **Global Market Leadership**. The Group occupies leading positions in its core businesses and geographic regions. While the Group is the number three flooring company worldwide (based on 2013 sales), the Group's main competitors focus their operations either in North America or Europe and generally concentrate on a more limited number of products. Scale is essential in the Group's markets, providing raw material purchasing power (particularly for PVC, plasticizers and polyurethane) and allowing the Group to leverage research and innovation investments. The Group is the number one vinyl flooring company worldwide and the number one global supplier of sports surfaces. It is also the leading flooring company in Russia and more generally in the CIS, as well as in a number of major European countries, including France and Sweden. In each of the Group's principal geographic regions, it is one of the few flooring suppliers with the local scale and critical mass necessary to invest in design, innovation and marketing capabilities that give it an advantage in responding to local tastes and demand. The Group believes it has one of the broadest product offerings in the flooring industry, including vinyl, linoleum, wood and laminate, commercial carpet and rubber products, featuring one of the strongest brand portfolios, which is critical to the success of its multi-brand distribution strategy. The breadth of the Group's product range allows it to create fully integrated flooring solutions that companies with less diverse offerings cannot match. The Group believes its product and technology development capabilities and in-house research and innovation teams are best-in-class, allowing it to provide innovative products that are tailored to the needs and demands of each of its markets, while promoting environmentally responsible solutions that keep it ahead of regulatory and industry norms. The Group's intellectual property portfolio includes 162 patents, including 15 biomaterials patents filed since 2010.

- **Attractive Geographical Footprint with Substantial Growth Potential**. The Group has the widest geographical reach among its peers, with thousands of customers and end-users in over 100 countries and production and sales facilities close to one another in Europe, North America, the CIS countries, Latin America and Asia. It has built its geographical footprint through substantial investments realized over many years. Today, this is a unique differentiating factor and essential to the Group's lasting success, for the following reasons:

  - The Group is able to capture growth wherever it arises—it can take advantage of the budding economic recovery in the United States; the substantial stock of residential flooring that requires renovation in Russia; the most innovative market segments in Northern Europe, France and Germany (its presence in Southern Europe represents less than 2.3% of Group consolidated net sales); and the early stage markets for sophisticated commercial flooring products in China and Brazil.

  - The Group is intimately familiar with the local tastes and design and technical preferences that drive market demand, allowing it to tailor its product range and obtain a competitive advantage over suppliers who do not have the same scale and presence.

  - The Group's local manufacturing capacity in each of its principal regional markets allows it to enhance customer service by reducing lead times, while optimizing transportation costs, minimizing customs duties and limiting working capital requirements.

  The Group's success in Russia and the other countries of the CIS provides a stark example of these advantages. Over many years, the Group has developed marketing capabilities that provide it with close relationships with key distributors, retailers and installers. Its service centers allow it to cover the vast expanse of the region efficiently and with a high level of customer service. It has local manufacturing capacity, unique among international flooring suppliers, which gives it a competitive cost base and allows its products to satisfy stringent legal and regulatory requirements. Replicating these investments today would be difficult and require a substantial amount of time.

- **Balanced Geographic and End-Market Exposure Providing Resilience to Cycles**. The Group's broad product range allows it to offer flooring solutions that are adapted to meet varied technical specifications, budgets, safety and design requirements, opening up a broad range of attractive end-markets (housing, health care, education, offices, stores and shops, hospitality and sports). Approximately 80% of the Group's product sales, in terms of square meters, are for renovation projects, a market that is subject to less volatility than the new construction market. The Group serves residential and commercial end-users in roughly equal proportions and sells its products to vast numbers of customers worldwide, with little concentration risk; in 2013, no single customer represented more than 5% of the Group's consolidated net revenues. The Group believes its unique product range, diversified exposure to attractive end-markets, extensive customer base and global footprint reduce its dependence on any one industry, region or sector of the economy.

- **Scale and Execution Excellence Across the Value Chain Providing Strong Competitive Advantages**. The Group's global reach and size enable it to remain close to customers, leverage research and innovation and benchmark best practices across the Group's global operations. The Group seeks to leverage its scale through the following initiatives, among others:

    - Its three regional design teams continuously monitor local trends to adapt product designs and meet customer preferences. The Group's sales force of approximately 1,300 is in regular contact with distributors and retailers, providing them with the selection, quality, brands and service that make the Group's products an attractive choice for their end-user customers.

    - The Group maintains close long-term relationships with architects, designers, installers and contractors, who play an essential role in the choice of flooring solutions, particularly in the commercial market. The Group's training programs for building sector professionals and installers—"Tarkett Academies"—develop loyalty to its brands and ensure that end-users receive installation services commensurate with the quality of the Group's products.

    - The Group's World Class Manufacturing (WCM) program, managed by a dedicated team that regularly visits and benchmarks the Group's operating units, spreads expertise and best practices while ensuring quality, operational optimization, cost efficiency and best-in-class service.

- **Track Record of Profitable Growth, Strong Cash Flow Generation and Return on Capital Employed (ROCE)**. Building on the strengths described above, the Group has demonstrated a consistent ability to grow profitably, both organically and externally, even through periods of economic downturn. It has, for example, successfully integrated 12 acquisitions over the past five years. Since 2007, consolidated net revenues and adjusted EBITDA have grown at a compounded annual growth rate of 3.2% and 5.3%, respectively, with consolidated net revenues growing at a compounded annual growth rate of 10.2% since 2009 (including external growth). The Group has maintained an adjusted EBITDA margin in the range of 9.2% to 12.3% since 2007, which it believes is more stable than that of most of its key competitors. Over the 2007 to 2013 period, the diversification of the Group's business allowed it to limit the volatility of its adjusted EBITDA margin during the financial crisis. The Group's profitability has been enhanced by the productivity improvement aspects of the WCM program, which include reducing raw material costs and streamlining operations. As an example, the Group has reduced the number of PVC products that it purchases, which allows it more easily to substitute suppliers in order to negotiate prices, thereby limiting costs. The WCM program has generated approximately €40 million of incremental cost savings per year between 2010 and 2013 and has the potential to deliver significant additional benefits in the coming years. The Group's profitable operations, combined with disciplined asset management, have translated into strong cash generation and return on capital employed. The Group's cash flow generation ratio (which it defines as adjusted EBITDA, plus or minus changes in working capital, minus ongoing capital expenditures, divided by adjusted EBITDA) averaged 70% over the 2010 to 2013 period, and ROCE (which the Group defines as earnings before interest and tax divided by the sum of tangible and intangible assets (including goodwill) and working capital) has averaged 14.7% over the past six years, allowing the Group to maintain a strong financial structure and giving it the financial capacity to invest in future development.

- **Experienced and International Management Team Leading a Decentralized and Agile Organization**. The Group's internationally diverse management team is deep and has extensive experience, leading the Company in an entrepreneurial spirit. The current management team has been instrumental in the successful implementation of the Group's internal development strategy, while successfully managing several turnaround projects (such as the sports surface segment and European wood business), and acquiring and integrating 12 targets over the past five years. The management team includes a mix of experience in the flooring business as well as in other industries such as the automotive and chemicals sectors. The efforts of the Group's management team have received the strong backing of the Group's family shareholder, which has supported the Company as it has grown and remains its largest shareholder.

6.1.3 Strategy

The Group's vision is to be the global leader in innovative flooring and sports surface solutions that generate value for customers in a sustainable way. The Group creates safe and inspiring flooring and sports surfaces that enhance its customers' return on investment and quality of life. The Group's goal is to grow faster and be more profitable than its competitors in comparable geographies or market segments.

The Group intends to achieve these objectives by taking advantage of regional growth opportunities, expanding its offerings of innovative products and solutions, selectively seeking complementary acquisitions, and constantly optimizing operational performance.

- **Regional Growth**. The Group intends to take advantage of its strong positions in key markets to benefit from anticipated regional growth.

    - In North America, the Group's growth strategy is centered on taking advantage of the recovery underway to grow across the board in its residential, commercial and sports businesses. The Group has maintained a long-standing strategy of positioning itself with products that best enable it to realize the potential of this market. This was demonstrated most recently by the acquisition of Tandus, which has made the Group a leader in the North American commercial carpet market and provides it with future cross-sales synergy opportunities in the United States, with potential additional synergies in Europe and a manufacturing facility in China.

    - In the CIS region, the Group intends to take advantage of its leading position, brand recognition and unique local manufacturing capacity to tap growth in a market that is estimated to have approximately two billion square meters of residential flooring in need of refurbishing in Russia alone. As a large majority of Russian citizens own their own housing, home improvements represent one of the top uses of disposable income. The Group also believes that the commercial flooring market shows significant potential, as many commercial end-users that initially used residential products to cut costs have found those products ill-suited to the heavy traffic of commercial establishments. The ever more stringent regulatory norms and standards being applied in Russia should also favor a high-quality supplier such as the Group.

- In Europe, where the economic outlook is less certain, the Group believes that the industrial adaptation processes that it has put in place over the past few years position it well to benefit from medium-and long-term economic growth while maintaining strong market positions and good levels of profitability in the near-term. In this respect, Tarkett has made significant investments in its European design and manufacturing capabilities to fully capture the strong growth of the LVT market.

- In other high-potential markets such as Asia Pacific and Latin America, the Group is looking to take a disciplined and selective approach in order to capture profitable growth potential with increased penetration of resilient products. In particular, the Group believes there is potentially strong future demand in China and Brazil for high-quality commercial resilient products where its innovation and added value provide a differentiating factor that should serve it well as it develops in these markets. The Group also expects to take advantage of the Tandus manufacturing facility to expand its Asian business.

- **Expansion Through New Products and Collections**. The Group intends to build on its long history of innovation, which dates back to the 1940s, when it first introduced three-layer hardwood flooring, continuing into the 1950s, with its offering of durable vinyl flooring and a wide choice of decorations, and then into the 1990s, with the launch of the first infilled artificial turf for athletes, and into recent years, with the Group's creation of various ecologically sustainable flooring solutions. The Group currently maintains one international research and innovation center and numerous product and process development labs, and employs 150 individuals who are fully dedicated to research and innovation (R&I). The Group also has a scientific council that brings together its senior R&I officers with external scientists, professors and other experts to review and challenge its technology roadmap, and maintains formal partnerships with suppliers to involve them in the R&I process. The Group's future product innovation and development efforts are focused on renewing its offer with projects that it believes have significant market potential and ecologically sustainable qualities. Going forward, the Group is looking to expand its LVT capabilities to gain strong market positions worldwide, launch phthalate-free products for all European vinyl products in 2014, take advantage of the upcoming replacement market in artificial turf in North America and boost the Group's landscaping activities.

- **M&A Growth Potential and Integration Upside**. The Group plans to continue its strategy of complementing its internal development with targeted acquisitions, which it has successfully used to accelerate its profitable growth through a broader product portfolio of solutions, as well as through an expanded presence in fast-growing markets. The Group's acquisition strategy focuses on targets that allow for immediate leverage of their industrial and commercial strengths, taking advantage of the expertise of existing management whenever it is feasible and sensible to do so. Going forward, the Group will continue to apply its disciplined approach by targeting profitable, growth-oriented acquisitions that serve similar or complementary markets to its own, with a view to reinforcing its portfolio of products and solutions, expanding into new geographies, leveraging industry consolidation in its existing markets and seeking immediate synergies.

- **Constant Operational Optimization**. The Group focuses on operational optimization throughout its business. This strategy involves a constant effort to improve the

Group’s day-to-day operational processes, as well as the implementation of turnaround action plans where required.

- The Group’s ongoing optimization strategy involves constantly seeking ways to improve manufacturing efficiency, such as through continued implementation of the WCM program. The Group believes its WCM program has the potential to produce significant additional cost savings through initiatives such as geographical optimization of raw material sourcing. For example, the Group is seeking to take advantage of low petrochemical prices in the United States resulting from the shale gas boom to benchmark its PVC and plasticizer pricing in other markets, even if the Group currently continues to source PVC supplies in Europe. The Group also maintains a dedicated WCM team that compares methods and procedures between sites, helps local teams at each manufacturing site implement the program, adapts the program to local specificities and supervises the program’s process. The Group’s overall objective is to achieve savings from the WCM program of approximately 2% of cost of goods sold per year on average over the next few years, although of course the Group cannot guarantee that it will meet this objective. The Group is also implementing a comprehensive supply chain strategy in order to offer the best service and lead time in the most economical way. It is in the process of completing the rollout of its SAP system, with a goal of becoming the industry reference for supply chain management.

- The Group’s optimization strategy also includes taking affirmative measures where necessary to ensure that its existing businesses successfully weather changing economic and market conditions. The Group has largely achieved the turnaround of its Sports Surfaces segment, which went from negative adjusted EBITDA of €11 million in 2011 to positive adjusted EBITDA of €15 million in 2013. The Group is restructuring its European wood business through initiatives such as transferring parts of the manufacturing of wood products sold in Scandinavia to a site in Ukraine, which is closer to the source of the raw materials, allowing the Group to reduce its transportation costs (especially since raw wood carries substantial volumes of water) and manufacturing costs. The Group is also consolidating its U.S. production of vinyl tile products into its Florence, Alabama, facility in order to reduce overall costs, and expects to complete this process in mid-2014. Going forward, the Group expects to complete the efforts already underway and continue to implement restructuring initiatives such as these when necessary.

6.1.4 Market Description

Unless otherwise noted, the information included in this section is based on Group estimates for 2012 and is provided solely for informational purposes. The Group is currently in the process of updating its estimates for 2013. To the best of the Group’s knowledge, there are no authoritative external sources providing exhaustive and comprehensive coverage or analysis of the flooring market. Consequently, the Group makes estimates based on a number of sources, including studies and statistics from independent third parties (in particular Freedonia, the European Federation Parquet Industry Federation and the European Resilient Flooring Manufacturers’ Institute), data published by other market participants and data from the Group’s operating subsidiaries. These various studies, estimates, research and information, which the Group considers reliable, have not been verified by independent experts. The Group does not guarantee *that a third party using other methods to analyze or compile the market data would obtain the same results. In addition, the Group's competitors may define their economic and geographic regions differently.*

6.1.4.1 General Presentation of the Flooring Market

The Group estimates that approximately 12.2 billion square meters of flooring were sold globally in 2012, excluding sales of specialized products such as concrete, bamboo and metal flooring. The categories of products that the Group sells account for approximately 28% of the total global flooring market, or approximately 3.5 billion square meters in 2012.

The table below presents an estimated breakdown of the global flooring market in 2012 by product category, based on the number of square meters of product sold.

	Volume in millions of square meters	**Percent of global market**
Vinyl, linoleum and rubber	994	*8%*
Wood and laminate flooring	1,606	*13%*
Carpet (commercial)	873	*7%*
Total for product categories sold by the Group	**3,474**	***28%***
Carpet (residential)	2,620	*22%*
Ceramic	6,033	*49%*
Other	86	*1%*
Total	**12,212**	***100%***

The market segments in which the Group is present are resilient flooring (vinyl, linoleum and rubber), wood flooring, laminate flooring and carpeting products for the commercial market, an area that the Group strengthened with the 2012 acquisition of Tandus. The Group believes that its current product categories benefit from strong growth potential, but it may expand its portfolio to new categories if they present opportunities for profitable growth in line with the Group's strategy. For more information, see Section 6.1.3, "Strategy".

The flooring market is divided into residential and commercial end-users. In 2012, for the product categories in which the Group is present, the residential market represented approximately 60% of global sales in square meters, while the commercial market represented approximately 40% of sales volume. In these two primary market categories, the vast majority of sales (approximately 80%) are for renovation projects, while a minority is for new construction.

6.1.4.2 General Presentation of the Sports Surfaces Market

In 2012, global sales of the categories of sports surfaces that the Group offers represented approximately 27.9 million square meters in North America and Western Europe. The table below breaks down 2012 sales in the product categories and geographic regions in which the Group is present, as well as the Group's estimated market shares.

	Volume in millions of square meters	Estimated market share of the Group
North America		
Artificial Turf	6.8	*46%*
Athletic tracks..	3.0	*56%*
Indoor sports surfaces	1.6	*7%*
Western Europe		
Artificial Turf	16.5	*17%*

The Group’s sports surface products are generally intended for commercial use, primarily by universities, schools and in public facilities. The Group also sells artificial turf for residential end-users, particularly in the southern United States.

6.1.4.3 Flooring

The demand for a particular flooring product can vary significantly from one geographic region to another as a result of cultural differences, as well as differences in climate and regulatory requirements that can vary from region to region. (See Section 6.1.9.3, “Standards Applicable to the Group’s Products” for a description of the principal standards applicable in the geographic markets where the Group is present.)

The table below presents a breakdown of the global flooring market in 2012 by product category and geographic region, based on the number of square meters of product sold.

(in millions of square meters)	**EMEA**		**North America**	**CIS & Others**			**Total**
	Western Europe[(1)]	**Middle East/Africa**		**CIS and Balkans**	**Asia Pacific**	**Latin America**	
Vinyl, linoleum and rubber	256	36	235	208	236	23	994
Wood and laminate	340	186	162	154	678	86	1,606
Carpet (commercial)	178	49	318	14	260	55	873
Total for product categories sold by the Group	**774**	**270**	**714**	**376**	**1,174**	**165**	**3,474**
Carpet (residential)...................	533	146	953	42	781	165	2,620
				16	3,47		
Ceramic....................................	587	690	187	3	4	931	6,033
Other	56	2	2	0	25	0	86
Total	**1,949**	**1,109**	**1,857**	**582**	**5,455**	**1,261**	**12,212**

(1) The countries included in Western Europe are Germany, Austria, Belgium, Luxembourg, Denmark, Finland, France, Italy, the Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, the United Kingdom and other Central and Southern European countries.

The information below presents the principal characteristics of the geographic regions in which the Group sells its products.

6.1.4.3.1 Flooring in Western Europe (EMEA Segment)

In 2012, demand for flooring in Western Europe was 1.9 billion square meters, representing 16.0% of global demand for flooring. The categories of products that the Group sells accounted for 774.0 million square meters in 2012, or approximately 39.7% of flooring products sold in

Western Europe, including 17.4% of sales for wood and laminate products and 13.1% for resilient flooring. Products in these categories are used in both the residential and commercial markets.

In Western Europe, demand for different categories of flooring products varies significantly from country to country, especially between Northern and Southern Europe. For example, carpet is frequently used in the United Kingdom, whereas wood floors are more popular in Scandinavian countries and ceramic is more in demand in the South. Sales of wood and laminate flooring in Norway, Sweden and Finland represent, respectively, 60%, 40% and 48% of total flooring sales in those countries. Ceramic is a very popular product in Southern Europe, representing 52%, 51% and 66% of demand in Italy, Spain and Portugal, respectively. In Germany and France, the breakdown by product category is more balanced.

The Group sells primarily vinyl resilient flooring, wood flooring and laminate flooring in Western Europe, mainly in France, Sweden, Germany and the United Kingdom. Most of the Group's sales of resilient flooring are in France, Germany and the United Kingdom, while the majority of its wood and laminate flooring sales are in Scandinavia.

6.1.4.3.2 Flooring in North America

In 2012, demand for flooring in North America was 1.9 billion square meters, representing 15.2% of global demand for flooring products. Demand in North America is dominated by carpet, which represented 68.4% total volumes sold in 2012. The categories of products that the Group sells represented 714.0 million square meters in 2012, or approximately 38.5% of the total volume of flooring sold in North America, including 8.7% of total flooring sales for wood and laminate products and 12.7% of sales for resilient flooring. In North America, the Group sells products primarily to commercial end-users and, to a lesser extent, to residential end-users. Commercial carpet represents 17.1% of total North American demand.

The Group's flooring sales in North America are divided fairly evenly among commercial carpet, resilient, rubber flooring, and vinyl and rubber accessories, with wood and laminate flooring accounting for a smaller portion of sales. The Group sells its products primarily in the United States (86%), with the remaining 14% being sold in Canada. The Mexican market is considered to be part of Latin America, in the CIS & Others segment.

6.1.4.3.3 Flooring in the CIS and the Balkans (CIS & Others Segment)

In 2012, the demand for flooring in Russia, the other CIS countries and the Balkans (the former Yugoslavia) was 582 million square meters, representing 4.8% of global flooring demand. In these countries, resilient flooring is most popular, representing 35.8% of total flooring demand, as compared with 8.1% for the global market as a whole. Other than resilient flooring, the main products sold are ceramic tiles (28.0% of total flooring demand), wood and laminate flooring (approximately 26.5%) and carpet (9.6%).

Unlike Western Europe and North America, resilient flooring is used primarily by the residential market in the CIS countries. Most of the residents of these countries became the owners of their homes following the dissolution of the Soviet Union. For these new homeowners, renovation is a high priority, and resilient flooring is both well suited to local tastes and attractive for household budgets.

The commercial market in this region has been slower to develop, but shows strong growth potential. Commercial end-users initially chose residential resilient flooring for their first renovation projects. These floors are not well adapted to high-traffic commercial premises. Moreover, Russia has adopted stringent fire regulations for commercial products. As a result of these factors, the resilient flooring market has shown moderate growth in recent years, although its size remains modest compared to the residential market.

In Russia and the other CIS countries, the Group sells primarily vinyl flooring to residential end-users, and to a lesser extent wood and laminate flooring.

6.1.4.3.4 Flooring in Latin America and Asia Pacific (CIS & Others Segment)

In 2012, demand for flooring in Latin America and the Asia Pacific region reached 1,261 million and 5,455 million square meters, respectively, representing 10.3% and 44.7% of global flooring demand. Ceramic is the most frequently used material in Latin America and Asia Pacific, as a result of local climate, ease of manufacture and the multiplicity of local suppliers.

In Latin America, the Group does business principally in Brazil, where most of its sales are vinyl products for commercial end-users. In Asia, the Group sells primarily carpet and vinyl flooring to commercial users in Australia and China.

6.1.4.4 Sports surfaces

In 2012, demand for the three principal categories of sports surfaces in North America (artificial turf, athletic tracks and indoor sport surfaces) was approximately 11.4 million square meters. Demand for artificial turf in Western Europe in 2012 was approximately 16.5 million square meters.

The Group's sports surfaces are sold primarily for commercial applications (95%), while the remainder (5%) is sold for residential applications. Within the sports surfaces segment, the Group primarily sells artificial turf, athletic tracks and indoor sports flooring. The Group sells sports surfaces mainly in the United States and Canada, but also sells elsewhere, particularly in European countries (France, Spain and the Netherlands).

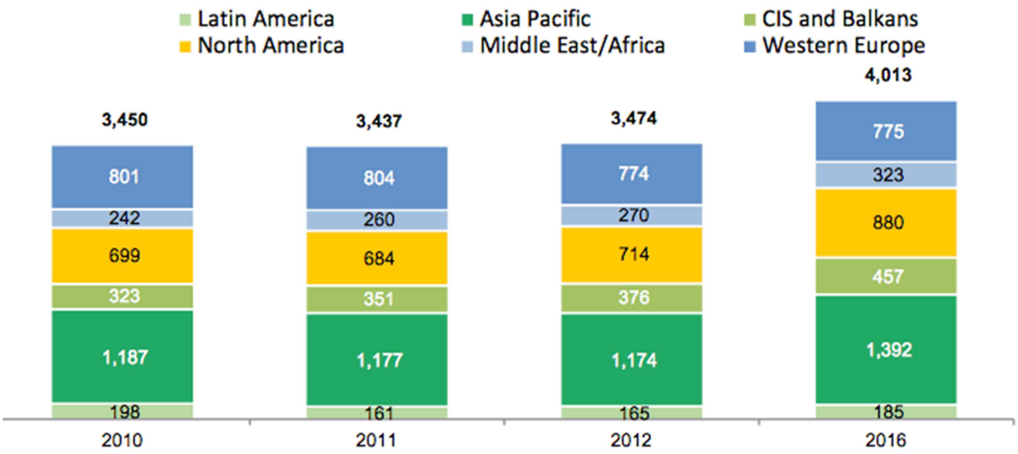
6.1.4.5 Growth Drivers and Future Prospects

The Group uses many sources to analyze growth drivers and future prospects for the market. This analysis is performed annually, most recently in March 2013. The Group uses the trends shown by these analyses in preparing its budgets and strategic plans, as well as for internal allocation of resources. These prospects are based on data, assumptions and estimates that the Group considers reasonable, but they could evolve or be modified as a result of uncertainties relating to the economic, financial, competitive and regulatory environment, among others. The Group can provide no assurance or give any guarantee as to the likelihood that the prospects described below will prove to be accurate.

6.1.4.5.1 Growth Drivers and Principal Market Trends in the Flooring Market

Since 2010, global sales volumes in the Group's product categories have remained stable, with varying trends in each geographical segment. There has been significant growth in the CIS and, in 2012, in North America. Volumes have decreased in Asia Pacific and Latin America, as well as in Western Europe in 2012. Tarkett's management believes that global sales of the product categories in which the Group is present could grow from approximately 3.5 billion square meters to approximately 4.0 billion square meters between 2012 and 2016. This estimate reflects the trends in each of the markets described in this section. These estimates could prove inaccurate, particularly in the event that growth in gross domestic product in one or more regions is weaker than expected.

The graph below presents the evolution of sales (in square meters) of the product categories shown between 2010 and 2012, as well as the estimations used in preparing the Group's strategic plan for 2016.



The table below presents the estimated annual average growth rates in each geographic region between 2012 and 2016, calculated on the basis of the 2016 volumes shown in the above graph.

(in square meters)	EMEA		North America	CIS & Others			Total
	Western Europe	**Middle East/Africa**		**CIS and Balkans**	**Asia Pacific**	**Latin America**	
Vinyl, linoleum and rubber	1%	5%	5%	4%	6%	5%	4%
Wood and laminate flooring ...	(1)%	5%	5%	7%	4%	2%	3%
Carpet (commercial)	0%	3%	6%	3%	4%	4%	4%
Total for product categories sold by the Group	**0%**	**5%**	**5%**	**5%**	**4%**	**3%**	**4%**

The following sections describe recent trends in each of the Group's principal geographic regions, as well as expected growth drivers and future prospects.

6.1.4.5.1.1 Flooring in Western Europe (EMEA Segment)

Recent trends in this geographical region vary from country to country. In the United Kingdom, total construction activity has decreased in recent years, despite an increase in do-it-yourself improvements and home renovations. The French flooring industry suffered as a result of an uncertain economic environment, while flooring demand was less affected by the economic crisis in Scandinavia and Germany (although there was a decrease in sales of wood and laminate flooring in a highly competitive environment). Demand for wood and laminate flooring in Scandinavia remained stable between 2010 and 2012.

The Group believes that flooring demand in this region is currently stable, despite an economic context that continues to be uncertain. Demand for wood floors may stabilize during this period, in particular in Scandinavia, although it may decrease slightly in France and Germany. On the other hand, sales volumes of laminate flooring are likely to decline slightly. The sources the Group analyzed indicate, however, that there may be growth in resilient flooring for the commercial market, in particular in Germany and the United Kingdom.

6.1.4.5.1.2 Flooring in North America

Between 2006 and 2011, North American demand for flooring fell, in particular as a result of the decrease in new construction in that region. However, the U.S. construction market grew in the fourth quarter of 2012 and continued to improve in 2013, due primarily to the residential market.

In the coming years, the Group expects significant growth to result from the U.S. economy's recovery. The sources that the Company analyzed indicate a potentially significant increase in demand for all products, including the Group's principal products in this geographical segment: residential and commercial resilient flooring, rubber and vinyl accessories for the commercial market, and commercial carpeting.

6.1.4.5.1.3 Flooring in the CIS and the Balkans (CIS & Others Segment)

As indicated above, following the dissolution of the Soviet Union in 1991, most homes were given to their occupants, resulting in a homeownership rate of more than 80%. Due to economic growth in these countries, renovation demand has grown significantly in recent years. This trend is expected to continue. Today, two-thirds of flooring in the Russian residential sector is in need of substantial renovation, according to Rosstat, the Russian government statistics agency. Moreover, over the last several years Russians have begun to buy laminate floors in order to give the appearance of wood floors while remaining within a reasonable budget.

In the CIS countries, residential and commercial resilient flooring demand is expected to continue to grow, as is demand for wood and laminate flooring. Today, residential renovation represents a significant growth area, with approximately two billion square meters requiring renovation out of the three billion square meters currently installed in Russian residential housing stock, according to Rosstat.

6.1.4.5.1.4 Flooring in Latin America and Asia Pacific (CIS & Others Segment)

The Group believes that demand for the product categories that it offers in Latin America could grow. In Brazil, in addition to structural factors, the economy could benefit significantly from the 2016 Olympic Games and from the 2014 Soccer World Cup. In this region, sales of luxury vinyl tiles continue to grow at a faster pace than the general flooring market.

With respect to Asia Pacific, governmental initiatives in China should continue to sustain the construction market, according to a market study that the Group conducted in collaboration with a consulting firm. The aging of the Chinese population should also fuel growth in the retirement home sector, in addition to projected growth from the healthcare and education markets. Given the size of its residential housing stock, China is, by volume, the largest in the world. Vinyl flooring's market penetration is still limited, but this product category may grow in the future.

6.1.4.5.2 Growth Drivers and Principal Market Trends in Sports Surfaces

Since the financial crisis, this market has been characterized by a downturn caused by a significant decrease in public spending in both North America and Europe. The resulting overcapacity generated extremely intense competition, which had a significant impact on prices. Given this market environment, customers are less interested in innovations and novelties, and instead seek functional products at attractive prices.

The first signs of a North American recovery appeared in 2012. Following the expiration of numerous manufacturers' warranties and given the fact that many surfaces will be approaching the end of their useful lives, a significant amount of artificial turf will need to be replaced, resulting in increased demand, which could increase the Group's sales. Demand for athletic tracks may see moderate growth beginning in 2014. Growth in the landscaping market will depend primarily on the condition of the residential renovation market, and especially on economic recovery in the warmest regions of North America.

6.1.4.6 The Group's Competitive Position

6.1.4.6.1 Overview

Over the course of the Group's history, it has developed significant competitive advantages in both the residential and commercial markets. In the residential market, key factors in the Group's success include its design and marketing skills, high-quality customer service, and close proximity to its customers. In the commercial market, key competitive advantages include the fact that the Group's products satisfy stringent technical standards that vary by country and its close relationships with the key decision-makers that choose flooring solutions. The Group also has a proven ability to maintain a competitive cost structure while providing excellent customer service in both the residential and commercial markets.

The following sections present the Group's position in comparison with its main competitors. For more information on the Group's competitive strengths, see Section 6.1.2, "Competitive Strengths".

6.1.4.6.2 Tarkett's Market Position in Flooring

In general, the global flooring market is relatively fragmented, with a few large international companies, including the Group, operating alongside numerous local suppliers. The Group believes, however, that the main categories, in which it does business, in particular resilient flooring, are less fragmented.

The Group believes that it has solid market shares in its geographic regions. Furthermore, it has one of the largest product portfolios and the most diversified geographical footprint in the industry. Its main competitors generally focus on either North America or Europe and concentrate on a more limited number of products.

6.1.4.6.2.1 Flooring in Western Europe (EMEA Segment)

The Group is a leader in the Western European flooring industry. It is a leader in vinyl flooring in Europe and a leading flooring company overall in France and Sweden. It is also the third largest manufacturer of wood and linoleum flooring in Western Europe. While market shares are difficult to estimate, based on 2012 sales volumes, the Group believes that it sells between 25% and 30%

of all vinyl flooring products sold in Europe. It accounts for less than 5% of laminate flooring sales in most countries. However, it is a leader in wood and laminate flooring in Scandinavia, with approximately 15% of sales in that region.

The Group's main competitors are European groups, which generally concentrate their businesses on a limited number of countries and products. Its most important competitors in this region are Forbo (resilient flooring), Gerflor (resilient flooring), Kahrs-Karelia Upofloor (wood flooring), Beauflor (resilient flooring), James Halstead (resilient flooring) and Bauwerk-Boen (wood flooring). The American groups Mohawk (Unilin/Marazzi) and Armstrong Flooring (DLW) are present in Europe, but with relatively modest business volumes compared with their presence in North America. Moreover, in certain countries the Group faces local competitors. Economies of scale for the most complex products tend to limit these competitors' activities in the Group's main geographic regions.

6.1.4.6.2.2 Flooring in North America

The Group has a strong presence in several product categories in North America. In this region, it is also the second largest resilient flooring company (including LVT, following the acquisition of Centiva at the end of 2010) and the second largest rubber flooring company. Following the 2012 acquisition of Tandus, it is also the fourth largest commercial carpet company in North America. The Group's Johnsonite products occupy a leadership position in the vinyl accessories market.

The Group's main competitors on the U.S. market are Mohawk, Shaw Floors, Armstrong Flooring, Interface and Mannington, which generally concentrate a large majority of their sales in North America. In keeping with the strong North American preference for carpet, this product category represents a significant share of these companies' sales (this is particularly the case for Mohawk, Shaw and Interface). However, some of these companies, including Mohawk, Armstrong and Mannington, also market resilient flooring, as well as wood and laminate flooring. Johnsonite's competitors include Nora, a rubber flooring manufacturer, as well as local manufacturers. The Group believes that its products account for approximately 18% of resilient flooring sold in North America.

6.1.4.6.2.3 Flooring in the CIS and the Balkans (CIS & Others Segment)

The Group has been doing business for more than 20 years in the CIS and the Balkans, primarily in Russia, Serbia, Ukraine and Kazakhstan. As a result of its long-standing presence in this geographic region, the Group considers itself to be a local company and a market leader. It is the number one resilient flooring company in Russia, Ukraine, Kazakhstan, Serbia and Belarus, and the number one wood flooring company in the CIS. It is also the number four laminate flooring company in Russia.

Tarkett's market leadership in the Russian resilient flooring market is the result of its well-known brands, local production, well-developed distribution platforms and deep understanding of local tastes. In the Group's opinion, Komiteks and Juteks/Beaulieu, two local companies, are the other leading companies in this region, alongside the international suppliers IVC and Forbo. The Group is a significant distributor of laminate flooring. However, it is not as strong in laminate flooring as it is in resilient flooring. In the laminate flooring market, Chinese manufacturers occupy a leading position due to their ability to offer low-cost entry-level products. The other principal companies in this market are Kronostar, Kronospan, Classen and Unilin.

6.1.4.6.2.4 Flooring in Latin America and Asia Pacific (CIS & Others Segment)

The Group's position in Latin America and Asia Pacific is in a development phase. Its position in Latin America was strengthened in 2009 with the acquisition of Fademac, a Brazilian vinyl flooring manufacturer; it is now the number one commercial vinyl flooring manufacturer in this country. The Group recently strengthened its presence in Asia by acquiring its primary distributor there. It also gained a commercial carpet production site in China with the acquisition of Tandus.

The Group's main competitors in vinyl flooring in Latin America are Gerflor and Forbo. Its main competitors in Asia Pacific for vinyl flooring are Armstrong, Gerflor, LG and Forbo, as well as local Chinese manufacturers.

6.1.4.6.3 Tarkett's Position on the Sports Surfaces Market

The Group is the leading provider of artificial turf in North America and the leading provider of athletic tracks in the United States. It has numerous competitors in this market, including small companies and resellers who outsource the manufacture of synthetic fiber. In the artificial turf market, the Group's strongest competitors in North America are AstroTurf, Hellas, Shaw and Sprinturf. In Europe, the Group is the second artificial turf player behind Tencate, and its other large competitors include Polytan, Limonta and Domo. Its principal competitors in athletic tracks are Hellas, APT, Stockmeier and Mondo.

6.1.4.7 The Group's Brands

The Group's products are sold under known brands targeted at each geographic region. The Group sells its flooring products under the brand name Tarkett, which enjoys a global reputation, but also employs product-specific international brands, such as FieldTurf. The Group also markets its products under a variety of local brand names, which enjoy strong name-recognition in their various markets, such as Johnsonite in North America and Sinteros in the CIS. In certain markets, the Group uses a multi-brand strategy, using different brands for different distribution channels, to cover the entire market and optimize coexistence between the Group's different distributors.

6.1.5 Products

The Group offers a diversified range of flooring solutions, enabling it to tailor its products to the needs of each market and region. The choice of a flooring solution depends heavily on the type of premises where the product is used. In addition, the products demanded by both professionals and individuals tend to vary significantly from one geographic region to another, due primarily to cultural differences but also due to differences in climate and environmental factors.

The Group designs and sells products as a function of the needs, tastes and budgets of various end-users and differentiates its products through choice of materials, design and compliance with differing regulatory standards, as well as resistance to varying levels of foot traffic. Its large product range allows it to offer integrated decorative and functional solutions using several product categories in a single project, by coordinating accessories with floor coverings. By combining and coordinating its products, the Group can respond to several different needs at a single site.

Each of the Group's products features technological enhancements that improve product quality for end-users. Each of the Group's products is engineered with environmental sustainability in mind through a focus on the raw materials used in production, environmentally sound manufacturing processes and ecologically safe product disposal. The Group designs-in the use of renewable and recycled resources whenever possible. The Group's products are also designed to protect indoor air quality. For example, the levels of volatile organic compounds emissions (VOC) given off by the Group's products are lower than current standards, and the Group uses phthalate-free plasticizers for its vinyl floors. The Group's products are also designed to be recyclable, either within its own production chain or in other uses. The Group's production process is designed to minimize the use of water and energy at its production sites.

The Group has been doing business for decades throughout the world, and its brands are internationally and locally recognized, associated with high quality at competitive prices. The Group provides training to local installers to optimize the performance of the products purchased by commercial end-users, thereby improving installation quality. The Group's customer service representatives provide support throughout the life of its products.

The Group sells the following types of flooring:

- Resilient flooring (vinyl and linoleum), including:
    - o resilient flooring for residential end-users, including heterogeneous (multi-layer) vinyl, which can be sold in rolls or as tiles, especially high-end vinyl tiles (luxury vinyl tiles, or "LVT"), and
    - o resilient flooring for commercial end-users, including heterogeneous vinyl, which can be sold in rolls or as tiles, including LVT, homogeneous vinyl (single-layer), and linoleum floors;
- wood and laminate flooring, including plain wood and engineered wood floors as well as multi-layer laminate floors using several materials, sold to both residential and commercial end-users;
- carpets for commercial end-users, a product line that was strengthened by the Group's September 2012 acquisition of the U.S. company Tandus;
- rubber flooring and accessories; and
- sports surfaces (primarily artificial turf and athletic tracks).

The following table presents the breakdown of the Group's 2013 consolidated net revenues by product type.

2013 Net Revenues	**(in millions of euros)**	**% of 2013 Net Revenues**
Resilient flooring (vinyl and linoleum)..	1,507.3	60%
Wood and laminate flooring..	239.2	10%
Carpets	318.1	12%
Rubber and accessories..	166.0	7%
Sports surfaces..	285.8	11%
Total..	**2,516.4**	**100.0%**

The Group's business is organized into four segments—three geographical segments for flooring (EMEA, North America and CIS & Others) and one global segment for sports surfaces.

The following table presents the breakdown of the Group's 2013 consolidated net revenues by segment.

2013 Net Revenues	**(in millions of euros)**	**% of 2013 Net Revenues**
EMEA	669.6	26.6%
North America	673.6	26.8%
CIS & Others	887.5	35.3%
Sports Surfaces	285.8	11.3%
Total	**2,516.4**	**100.0%**

6.1.5.1 Resilient Flooring (Vinyl and Linoleum)

The Group offers a large range of resilient flooring, including homogenous and heterogeneous vinyl and linoleum. Both residential and commercial end-users purchase heterogeneous vinyl. Homogeneous vinyl and linoleum, on the other hand, are purchased primarily by commercial end-users.

Residential end-users and commercial end-users purchase resilient flooring with similar characteristics, and the Group's LVT products for residential end-users are very similar to the resilient flooring that it sells to commercial end-users in terms of design, price ranges and the materials used.

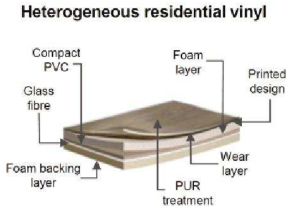
The Group has a very strong position in the resilient flooring market as a result of being the largest vinyl flooring manufacturer in the world. Resilient flooring represents the largest portion of the Group's sales in the EMEA and CIS & Others regions, and also accounts for a significant share of its sales in North America. In particular, the Group is the largest manufacturer of resilient flooring in France, Germany, Sweden, Russia, Ukraine, Kazakhstan and Belarus. It is also the number two North American manufacturer of resilient flooring, and it offers these products in Latin America (in particular in Brazil, where it is the largest manufacturer of commercial vinyl flooring) and in Asia Pacific (in particular in Australia and China).

6.1.5.1.1 Residential Vinyl Flooring

The Group offers a variety of heterogeneous vinyl floors for the residential market, which includes apartments and houses (the common areas of multi-family residences and apartment buildings are considered commercial premises).

Design, appearance and price ranges of residential vinyl flooring must be adapted to the budgets, uses and tastes of the residential users in each geographical region, which can be very culturally specific.

Heterogeneous vinyl flooring is composed of felt or fiberglass backing covered with compact PVC and foam padding for insulation, covered successively with a printed decorative layer, a wear layer coating and a scuff-resistant finishing treatment.



Heterogeneous vinyl flooring for residential end-users contains a thin wear layer, which enables it to be sold at competitive prices while maintaining the level of durability needed for residential use.

In terms of the pattern printed on the flooring surface, the Group offers its end-users a variety of colors and designs. In order to keep up with decorating trends, the Group must tailor its product lines to conform to prevailing styles and fashions, which can vary widely from one geographic region to the next. In order to reflect changing designs and fashions, the Group updates its product line on a rolling basis approximately every three years.

Heterogeneous vinyl products offer several advantages in terms of livability and remain attractive over a long period of time. Residential heterogeneous vinyl flooring can be sold in rolls or in modular format (tiles or plates). Rolls are generally installed with glue, whereas modular products may be installed using glue, self-adhesive attachments or they may be snapped together, which facilitates installation and repair.

The Group helps customers choose and coordinate flooring through its rollout of the iSelect Continuity and Coordination Flooring System, in the United States. iSelect is a computer program designed to simplify the decision-making process while giving consumers a one-stop-shopping option that allows them to sample colors or patterns and match them with performance features and finishing accessories. Tarkett also designed Starfloor Click, a line of modular, easy-to-install LVT with a solid click-locking installation system that is resistant, durable and adapts well to different types of architecture.

The Group also offers LVT on the commercial market, as described in Section 6.1.5.1.2, "Commercial Resilient Flooring" below.

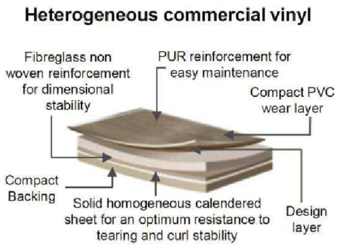
6.1.5.1.2 Commercial Resilient Flooring

Resilient flooring for commercial uses includes a large range of products, including homogeneous and heterogeneous vinyl and linoleum flooring.

Commercial resilient flooring is specifically designed for high-traffic areas and can withstand numerous shocks. It is used in commercial premises including offices, administrative buildings, schools, hospitals, retirement homes, hotels, stores, the common areas of apartment buildings and in train stations and factories.

6.1.5.1.2.1 Heterogeneous Vinyl Flooring

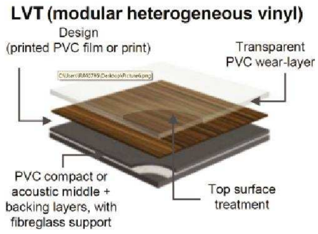
Heterogeneous vinyl flooring for commercial use is designed to withstand intense foot traffic. In particular, a thicker wear layer is applied to the product than is used on the Group's residential resilient flooring products in order to reinforce the product and ensure its durability. Heterogeneous vinyl flooring is suitable for almost any commercial use.



The Group classifies its heterogeneous vinyl flooring products into two types: acoustic products, which are designed to absorb ambient noise (such as footsteps and talking) and compact products, which reinforce the floor's robustness.

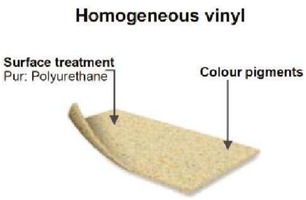
The Group offers a diverse range of designs and patterns printed on the decor layer, for both rolled and modular products (including LVT, as further described in the next paragraph, and loose lay tiles). These frequently updated product lines give end-users a wide product selection.

Among the Group's other heterogeneous vinyl flooring products, it has developed LVT, which is a high-end modular product designed primarily for the commercial market. This product offers high precision printing of designs and patterns, which can simulate wood, ceramic or stone, using sophisticated graphics techniques. Luxury vinyl tiles are available at prices that are extremely competitive compared to the cost of the materials they mimic.



6.1.5.1.2.2 Homogeneous Vinyl Flooring

Unlike heterogeneous flooring, homogeneous vinyl flooring is made in a single layer with the pattern embedded directly into the material. This type of flooring is covered with a layer of pigment and reinforced by a polyurethane surface treatment that prevents metallization and facilitates maintenance.

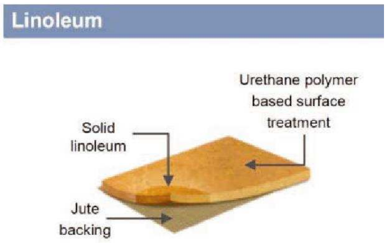


Homogeneous vinyl flooring has many advantages. Its resistance to wear-and-tear makes it a durable solution for high-traffic areas. It comes in a compact version for high-traffic areas and in an acoustic version. The absence of multiple layers in its composition makes the design simple and offers advantages in terms of hygiene and maintenance.

As a result of its particular acoustic benefits, anti-bacterial properties and reinforced durability homogeneous vinyl flooring is frequently used in the healthcare and educational sectors, as well as in aged-care facilities.

6.1.5.1.2.3 Linoleum Flooring

The Group has been making linoleum for more than one hundred years. Linoleum is composed of a jute backing treated with renewable raw materials such as linseed oil, rosin, cork flour or wood flour, to which a surface treatment is added.



Linoleum is a natural product covered with a surface treatment that makes it extremely robust and easy to maintain. The Group's linoleum products are extremely durable and therefore well adapted to intense use of flooring that is typical of common areas in educational buildings and healthcare facilities, as well as offices and indoor sports facilities.

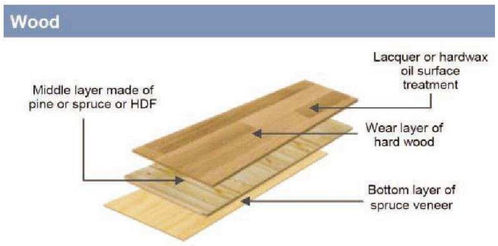
6.1.5.2 Wood and Laminate Flooring

6.1.5.2.1 Wood flooring

The Group has been making wood flooring for more than a century. Originally, the most frequently manufactured type of flooring was plain wood, but it has been increasingly replaced by multi-layer (or "engineered") wood products, sold to both residential and commercial end-users (including stores and boutiques, hotels and indoor sports facilities).

The Group sells wood flooring in Europe (EMEA segment), primarily in Scandinavia. It also markets these products in the CIS countries and the Balkans and, to a lesser extent, in North America. The Group is a leading manufacturer of wood flooring in Europe and is number one in wood flooring in the CIS. Wood floors are generally sold in the residential market. Although most of the wood the Group uses comes from Europe, it uses a staining process to adapt to demand in different markets and regions, in particular by offering wood flooring that resembles exotic wood.

The engineered wood flooring that the Group sells is composed of three main layers: the bottom stabilizing layer; a middle layer in soft wood such as pine or spruce or HDF (high density fiber); and a top layer of high-quality wood. This composition results in a more responsible use of the high-quality wood in a thin layer and allows the Group to optimize the hidden layers of fast-growing species of wood.



These three stacked layers ensure the longevity of the Group's wood floors, in addition to reinforcing their structural integrity. The Group uses high-performance protection techniques, such as the Protecto surface treatment, composed of five layers of solvent-free photo reticulated finishing coat, which reinforces resistance to scratches and wear, due to its stabilizing veneer. Engineered wood helps limit the use of high-grade wood, such as oak, which requires relatively long regeneration cycles. In this way, the Group contributes to sustainable forest management.

The Group offers several engineered wood product lines, giving consumers greater freedom of choice: single, double or triple floorboard. Styles and collections are adapted for each market. Tarkett also offers both matte and glossy lacquer finishes.

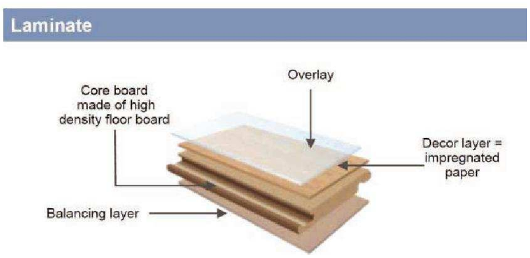
The Group's wood floors rely on technical know-how in wood-working in the service of natural beauty and are composed of natural, renewable raw materials (different species of wood), harvested from monitored, responsibly- and sustainably-managed forests. After many years of use, the Group's wood floors may be dismantled for reuse or recycling, in order to respect the environment.

Installation is facilitated by the "2-Lock Click" system, which allows installation without glue. This system is used with the under-layers that the Group offers.

6.1.5.2.2 Laminate Flooring

Laminate flooring is primarily sold to end-users in the residential market and can be designed to reproduce the pattern that the end-user wants—wood, stone, ceramic or a graphic design—but with enhanced durability and at a lower cost.

Laminate flooring consists of a paper balancing layer, a core board of high-density particles or HDF, a decor layer of printed paper and an overlay to protect the visible surface.



Laminate flooring is sold at competitive prices compared to wood and provides a durable flooring solution. The Group offers a large range of designs to end-users to satisfy all of their wishes, although this product type is intended primarily for the residential market through DIY (do-it-yourself) distribution channels and construction materials, in particular.

Laminate flooring is easy to install thanks to the Group's 2-Lock Click and T-Lock systems, which make it possible to lock the plates to each other without gluing them to the supporting layer. Laminate flooring can also be adapted to the specific needs of each end-user: heavy use and weight, high resistance to shocks or high-traffic areas. Laminate flooring also allows users to easily change their flooring without incurring prohibitive costs as a result of the fact that it is modular.

6.1.5.3 Carpet

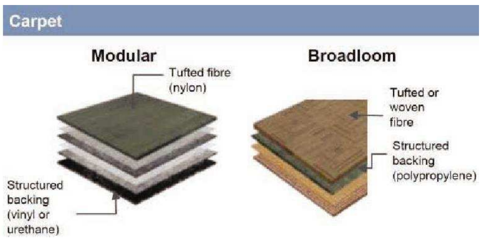
The Group offers carpets for use in commercial spaces such as office buildings, governmental institutions, hospitals and schools. In September 2012, the Group acquired the U.S. company Tandus, a leading designer, manufacturer and seller of carpet for the commercial market, which has enabled it to enlarge its product portfolio by offering commercial carpet products. As a result, Tandus's historical market, North America, is currently the Group's principal geographic region for commercial carpeting.

The Group offers three types of carpeting, which correspond to three generations of the product:

- broadloom carpet, which is made from a polypropylene backing and fibers that are either tufted or woven;

- modular carpet, which is sold in tiles, and made of a vinyl or urethane backing and tufted (nylon) fibers; and

- hybrid resilient sheet flooring, which is an inseparable structure made of a resilient base, a nylon carpet and a specific foam that contributes to its performance and enhances design options.



Carpet is a shock-absorbent floor covering with good acoustic properties that adds comfort and warmth to an interior environment. The Group offers a wide selection of colors and patterns that are frequently updated and tailored to appeal to customers in different geographic regions. The different carpet products also offer acoustic properties and high-performance resistance to rolling and heavy traffic, as well as ease of maintenance.

6.1.5.4 Rubber Flooring and Accessories

The Group sells a wide range of rubber flooring as well as rubber and vinyl accessories. Flooring products include rubber sheets and tiles, while accessories include stair nosing, tactile warning strips, tactile paving tiles, warning tiles, baseboards, decorative wall skirting, thresholds and adhesives.

Sold primarily in North America, these products are used mostly by commercial end-users in the healthcare, educational and industrial sectors, as well as in indoor sports facilities. The Group is the leading supplier of vinyl accessories in North America.

As part of the Group's sustainable development initiative, it can produce these products with recycled rubber.

Rubber tiles/sheets

Stair nosing

Drain

The Group offers rubber flooring and accessories in a wide variety of colors, patterns and textures, in order to coordinate with its other flooring solutions. These products and accessories are slip-resistant and shock-absorbent and provide a high level of safety. They have natural acoustic properties, require little maintenance, and are easy to install and replace.

6.1.5.5 Sports Surfaces

The sports surfaces that the Group manufactures are used throughout the world by amateur and experienced athletes, providing safety, comfort, performance and aesthetic enjoyment. Sports surfaces are installed at universities, schools and public sports facilities. North America represented 79.5% of the Sports Surfaces segment's 2013 sales, while Europe, in particular France, Spain and the Netherlands, represented approximately 19.1% of this segment's 2013 sales.

The Group has a strong presence in the sports market due to the diversity of its products. It is one of the only flooring manufacturers able to provide such a wide range of sports surface solutions.

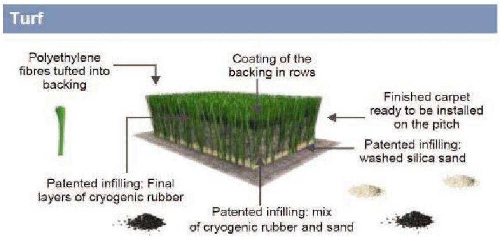
The Group's sports surfaces include three product types: artificial turf, athletic tracks and indoor sports flooring.

6.1.5.5.1 Artificial Turf

Artificial turf represents the largest portion of the Group's sales of sports surfaces. The Group is the leading artificial turf manufacturer in the world, and particularly in North America. Artificial turf can be used for both sports surfaces and landscaping.

The Group is certified as an artificial turf manufacturer by FIFA (*Fédération Internationale de Football Association*) and the International Rugby Board, and its turf is used for training and competition fields by some of the leading European soccer clubs, such as FC Barcelona, as well as for rugby (including at Cardiff Arms Park Stadium), hockey, tennis and other multi-purpose sports facilities. However, the principal end-users of this product are universities and high school facilities, and to a lesser extent, local municipalities for landscaping purposes.

The manufacture of artificial turf is a three-step process for which the Group has numerous patented innovative processes: fiber production, tufting and backing coating.



For sports facilities, the Group produces high-quality fibers, whose properties result from the chemical composition, extrusion parameters and unique, carefully designed geometry. The Group has become a leader in fiber extrusion technology since 2010, when it entered into a joint venture with Morton Extrusionstechnik, a German company specialized in fiber extrusion. This joint venture ("MET") enables the Group to control the fiber production process for its artificial turf. The extrusion process, which the Group developed with MET and now owns, allows it to significantly reduce the deterioration of the fibers, and the excellent quality of the polymers used ensures both superior durability and comfort.

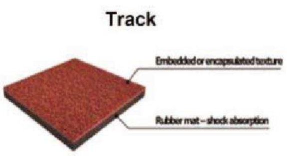
Artificial turf is a cost-effective solution for owners or maintenance personnel of sports facilities because it is less expensive to maintain than natural turf. From a sustainable development standpoint, it also reduces water use and eliminates the need for fertilizers and herbicides. The life cycle of a field made of artificial turf is extended by this fiber's resistance to wear and tear from constant, year-round play. The fiber and infill quality contribute to comfort on the field and to a reduction in both the risk and the severity of injuries in the event of falls. Thanks to a technique that the Group developed, it is also possible to customize artificial turf by inserting a team logo, for example, while maintaining the appearance of natural grass.

The Group also offers an innovative range of landscaping products with a variety of designs that respond to the specific needs of end-users, in particular hotels and commercial campuses. The Group also sells these products to residential end-users, particularly in the southern United States.

6.1.5.5.2 Athletic Tracks

The Group offers athletic tracks that promote athlete speed, safety and comfort. It sells them principally in North America, where it is the leading manufacturer.

Athletic tracks are composed of successive shock-absorbing layers of composite rubber, to which a polyurethane layer is applied, with the surface then worked on to give a particular color and external appearance, whether smooth or rough.



Because of the polyurethane surface layer, the Group's athletic tracks are extremely durable and provide athletes with important safety advantages, in particular due to their stability and shock absorption. In addition, these tracks improve athletic performance by reflecting the athlete's energy. The track surface essentially acts like a trampoline, propelling the athlete slightly with each stride. Easy-to-install, these tracks can be used in any weather conditions and also have good acoustic properties.

6.1.5.5.3 Indoor Sports Flooring

The Group offers indoor sports surface products in wood, vinyl or linoleum for multi-purpose sports venues and gymnasiums.

Within the vinyl flooring line, the Omnisports collection is adapted to multi-purpose sports venues. It is available in several thicknesses to respond to the technical requirements of a wide range of sporting events, and to offer performance qualities adapted to the needs of its end-users. The Group also offers lines of wood flooring for sports such as basketball, handball, dance, volleyball, squash and martial arts.

The Group’s wide range of indoor sports surfaces satisfies the requirements of both experienced athletes and amateurs in terms of shock absorption, ball bounce and anti-slip surfaces. Certain of the Group’s wood flooring product lines are popular for their ease of installation, such as its removable wooden floors, Sportable.

Indoor sports surfaces are marketed by a dedicated sales force in the North America sports segment and by the general flooring sales forces in other regions. These indoor sports sales are then recorded in the corresponding segments.

6.1.6 Distribution and Sale of the Group’s Products

6.1.6.1 Overview

The indoor flooring market is split between commercial and residential end-users. Residential users buy the Group’s products primarily to renovate existing homes, but they may also purchase them in connection with new construction projects. Commercial users choose flooring for areas that are generally open to the public, in connection with both renovation and construction projects.

In general, residential purchases of flooring are made in DIY stores. Residential end-users generally have a limited ability to distinguish between different products’ various qualities and attributes and are therefore relatively dependent on the salesperson at the point of sale to select the appropriate flooring type. These products may, however, also be purchased from specialized construction material suppliers, especially when the general contractor or installer is making the purchase. Therefore, brand awareness among installers and salespeople may have a large influence on product choice.

The commercial market ranges from large-scale projects to shopkeepers with small surface areas, such as artisans and boutiques, whose purchasing patterns tend to be similar to residential users. This market is markedly more heterogeneous than the residential market in terms of technical requirements, but less varied in terms of design. In a commercial project, each space is designed for a very specific purpose, and materials must often be supplied in large quantities. For example, in a hospital project, the flooring solutions must conform to strict hygiene requirements to prevent the spread of nosocomial infections. A hospital floor will also be required to meet minimum standards of slip-resistance, static-absorption and noise absorption. A large department store or a mall, however, would require an ultra-resistant flooring to bear intense foot traffic without showing signs of wear. Office flooring must possess the ability to absorb sound, withstand high foot traffic and contribute to temperature control. Most importantly, public areas are subject to explicit regulations, in terms of interior environmental health and safety, which can vary considerably from one country to the next, even within a single economic zone such as the European Union, or from state to state as in the United States.

On the commercial market, construction materials must comply with many requirements in terms of design, cost, utility, durability and public health. General contractors must make purchases in accordance with the terms dictated by the specifiers, who choose flooring in consultation with the end-user. Specifiers can include almost any type of construction industry professional: they may be architects, interior decorators, installers, project managers or general contractors. These professionals are tasked with studying each product and understanding the relative advantages and disadvantages of the various flooring solutions offered. As a result, specifiers are often open to examining the relative strengths and merits of specific technological innovations. The Group has teams dedicated to maintain close relationships with specifiers at all stages of project development and management. These relationships constitute a key factor in the Group's sales success on the commercial market.

Because of the way products are chosen, the commercial flooring market has other particularities in terms of distribution channels. Unlike the residential market, where consumers go to a physical point of sale and order products immediately upon selection, commercial buyers plan their purchases in detail prior to placing an order. In general, a project will begin with a detailed planning phase, during which the quantities and qualities of each type of construction material will be determined, and delivery and installation schedules for each phase of the project will be estimated. It is during the planning phase that a manufacturer has the opportunity to act as a consultant to the specification team and design a one-stop, customized solution based on the project's technical and aesthetic requirements. These consulting services enable project managers to focus primarily on the factors that they feel most comfortable with, such as design elements or cost considerations, depending on their areas of expertise. Once the building materials have been selected and the quantity specified, the installer simply places the order with a wholesaler or directly with the manufacturer, and takes delivery in accordance with the construction calendar.

6.1.6.2 Distribution of the Group's Products

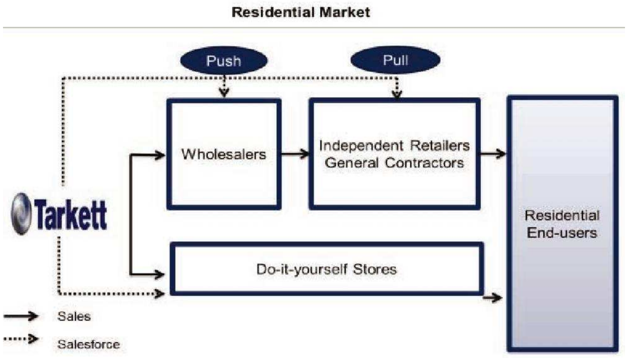
6.1.6.2.1 Distribution Strategy

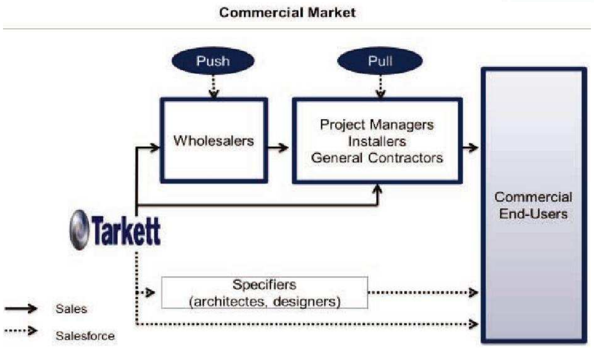
Distribution channels in the residential and commercial markets differ as a result of the characteristics of each market. The Group uses both "push" and "pull" strategies within both of these markets.

- *Push*. The Group has specialized teams to implement its "push" strategy, whose objective is to encourage wholesalers to buy its products. To that end, the Group's sales force meets with them to discuss the advantages of its flooring and present the brands under which it markets its products. The Group has entered into numerous agreements with the principal wholesalers in each market. In the residential market, in addition to wholesalers, this strategy also includes DIY chains, and specialty retailers.

- *Pull*. The Group also has teams to implement its "pull" strategy, whose objective is to encourage the sale of products stocked by wholesalers. In the commercial market, the sales force concentrates on the main specifiers, such as architects, interior design firms and construction companies.

The following flow charts illustrate how the Group's distribution strategy works for the residential and commercial markets.





The Group's distribution strategy for the commercial market is complemented by training centers, called "Tarkett Academies", which promote awareness of the Group's products among specifiers and ensure the highest quality installation in order to reinforce the Group's image. There are 14 Tarkett Academies throughout the world. These training centers train building industry professionals, such as flooring installers and general contractors.

In these training centers, installers learn how to correctly install Tarkett-brand products, which often influences them to choose or recommend Tarkett products for their future projects. By ensuring proper installation of its products, the Group also improves its reputation, increases brand loyalty, develops relationships with its commercial partners and improves customer satisfaction by ensuring optimal installation of its products.

6.1.6.2.2 Distribution Channels

The Group's products are distributed primarily by distributors, retail chains, installers, specialized chains and independent stores. The weight of each distribution channel is different in each geographic region:

- Most of the Group's sales in North America and in the CIS & Others segment are through distributors. Buildings in these markets are characterized by large interior spaces, providing significant economies of scale in terms of logistics, with services being provided by distributors to a large number of retail stores. In Europe, on the other hand, a smaller share of sales is through distributors, though the number still remains significant.

- Large retail chains are common in Europe and North America, representing a significant share of the Group's sales in these markets. This distribution channel is currently less significant in the CIS countries, but could grow in the years to come.

- Independent stores represent a relatively significant share of the Group's distribution in Europe and in the CIS & Others segment, with a larger presence in high-end products such as wood flooring.

- Installers and builders represent a significant share of sales in Europe, particularly in the commercial sector.

6.1.6.2.3 Customers

The Group has a large and diversified customer base, including, in particular, distribution companies and leading large retail chains. Distributors are the Group's principal customers and represent the majority of sales volume, followed by retail chains (including DIY chains).

The Group is not dependent on its principal customers. No single customer represented more than 5% of the Group's revenues in 2013.

6.1.6.2.4 Organization of the Group's Sales Force

The Group's 60 sales offices employ approximately 1,300 sales professionals dedicated to selling the Group's products. They are spread over 38 countries, enabling the Group to adapt to local differences and better understand the needs of each market and region. Each sales office has its own organization, responding to the requirements and structure of the local region. One of the strengths of the Group's sales force is its ability to adapt to local demand.

6.1.6.3 Logistics

The Group's logistics are organized around three principles:

- improving the quality of customer service, in particular by offering a wide product selection and rapid delivery;

- reducing costs, in particular storage, transport costs and customs duties; and

- adapting the distribution network to the characteristics of local markets.

The Group works with its distributors to support their logistics needs and limit the Group's costs. For example, the Group recently extended its logistics platforms in the CIS with the opening of nine new regional service centers located close to its principal distributors, with a tenth planned for 2014. This unique approach to distribution gives the Group a significant advantage over its competitors in the CIS. This proximity to customers also results in a clear improvement in service through a reduction in lead times and better training of the Group's customer service teams, giving the Group a strong competitive advantage. Tarkett was named Russia's "Best Supplier of the Year" in both 2010 and 2011 by the Annual Business Forum.

6.1.6.3.1 Logistics and Transport

Transport of the Group's products is organized with the objective of improving the quality of customer service while managing transportation costs both upstream and downstream.

Upstream, for delivery of raw materials and other materials needed to manufacture products, the Group negotiates framework agreements with its principal suppliers covering prices and lead times and tries to locate its production sites near its suppliers' manufacturing sites.

Downstream, for delivery of products to customers, the primary objective of the Group's logistics organization is to offer short lead times so that customers can optimize their inventory levels. In some countries the Group uses outside service providers.

Most of the Group's production sites are located in the regions in which it sells its products. By reducing the distance between products and customers, the Group improves customer service, significantly reduces transportation costs, saves on import duties and shortens lead times.

6.1.6.3.2 Logistics and Information Systems

The Group's information systems include various applications, including applications to manage purchases and product life cycles, resource planning, customer relations, supply-chain management, accounting and financial information and human resources.

In 2010, the Group launched a wide scale program to rationalize, consolidate and secure its information systems Group-wide. To do this, it invested in the deployment of an SAP system, which improves monitoring and management of the Group's activities, to make internal processes uniform, simplify the services offered to end-users and develop the Group's Internet presence.

The Group also made its computer infrastructure uniform with a single network and security system and a consolidation of data centers, while relying on a significantly strengthened risk management program for its information systems.

6.1.7 Manufacturing

The Group's production facilities are located as close as possible to product delivery sites, while maintaining competitive production costs. The Group has 30 production sites in 15 countries in order to be close to its markets, minimize transport costs and customs duties and remain competitive with local players.

The Group tries to constantly improve its manufacturing processes to reduce production times, improve product quality and reduce manufacturing costs.

It uses flexible assembly lines so that it can adapt production to changes in end-user demand.

6.1.7.1 Production Sites

6.1.7.1.1 Location of Production Sites

The Group has 30 production sites; of these, it owns 29 and rents one (in the United Kingdom). To the Group's knowledge, as of the date of this Registration Document, the Group's tangible fixed assets at production sites are not subject to any material liens or other security interests.

As a result of the Group's historical presence, it has ten production sites in EMEA, including two major sites with more than 500 employees each in Luxembourg and Sweden. The Group's production sites supply the products it markets in this region: resilient flooring, laminate flooring, wood flooring and sports surfaces. A small portion of European production is also marketed in North America, the Middle East, Latin America and Asia.

The Group owns nine production sites in North America, which produce resilient flooring as well as, to a lesser extent, sports surfaces. With the September 2012 acquisition of Tandus, the Group became a significant manufacturer of carpet tiles for the U.S. commercial market. The Group is currently in the process of consolidating the production of both VCT and LVT into its Florence, Alabama site and closing its Houston, Texas site.

The CIS & Others segment also has a substantial number of production sites to satisfy local demand. In the CIS & Others segment, the Group has six production sites, including one site in Russia that has more than 1,000 employees. This site has the largest production capacity of vinyl flooring in the world. Other production sites in the CIS & Others regions make resilient flooring, wood flooring and laminate flooring. The Group also has a carpet production site in China as a result of the Tandus acquisition. In Brazil, where the Group is the leading supplier of commercial vinyl flooring, it has a factory that produces to satisfy local demand.

The sports surfaces segment includes five production sites. Three of them manufacture artificial turf (one in the United States and two in Western Europe), and one makes athletic tracks in the United States. The remaining production site is a fiber extrusion factory for artificial turf in Germany. This last is MET, a joint venture in which the Group holds a 51% interest.

The following table presents the Group's manufacturing sites and the main products manufactured at each site.

Site	Product line	Location
GERMANY		
Laminate-Park-Germany	Laminate Flooring	Eiweiler
MET-Germany	Artificial turf	Absteinach
Tarkett-Germany	Resilient flooring	Konz
BRAZIL		
Tarkett Fademac-Brazil	Resilient flooring	Jacarei
CANADA		
Johnsonite-Canada	Resilient flooring	Waterloo
Tandus-Canada	Carpets and rugs	Truro
Tarkett-Canada	Resilient flooring	Farnham
CHINA		
Tandus-China	Carpets	Suzhou
SPAIN		
FieldTurf Poligras-Spain	Artificial turf	Valls
UNITED STATES		
Beynon-US	Athletic tracks	Hunt Valley
FieldTurf-US	Artificial turf	Calhoun
Johnsonite-US	Resilient flooring	Chagrin Falls
Johnsonite-US	Resilient flooring	Middlefield
Tandus-US	Carpets	Calhoun
Tandus-US	Carpets	Dalton
	Weaving and dyeing of carpets	Dalton

	Carpet finishing	Dalton
Tarkett-US	Resilient flooring	Florence
Tarkett-US	Resilient flooring (Centiva)	Florence
	Resilient flooring	Houston
FRANCE		
FieldTurf-France	Artificial turf	Auchel
Marty-France	Wood flooring	Cuzorn
Tarkett-France	Resilient flooring	Sedan
ITALY		
Tarkett-Italy	Resilient flooring (linoleum)	Narni
LUXEMBOURG		
Tarkett-Luxembourg	Resilient flooring	Clervaux
POLAND		
Tarkett-Poland	Wood flooring	Orzechowo
UNITED KINGDOM		
Tarkett-UK	Resilient flooring	Lenham
RUSSIA		
Tarkett-Russia	Laminate Flooring	Mytischi
Tarkett-Russia	Resilient flooring	Otradny
SERBIA		
Tarkett/Sintelon-Serbia	Resilient flooring	Backa Palanka
	Wood flooring	(2 plants)
	Carpets and rugs	Backa Palanka
		(2 plants)
SWEDEN		
Tarkett-Sweden	Wood flooring	Hanaskog
Tarkett-Sweden	Resilient flooring	Ronneby
UKRAINE		
Tarkett-Ukraine	Resilient flooring	Kalush
	Wood flooring	(3 plants)
	Carpets	

6.1.7.1.2 The Group's Investments in Production Sites

Over the last three years, the Group has made an average of €80 million per year in ongoing investments in its production sites in order to respond to increasing demand, maintain competitiveness and continue reducing production costs.

The Group's investments have been spread among its sites worldwide. However, to support the growth in local demand in the CIS & Others segment, in particular Russia, this region has received a significant share of these investments.

The Group has also undertaken other targeted projects, such as a new rubber flooring line in North America and the construction of a new warehouse in Russia for storing laminate flooring. It has also invested in the Sports Surfaces segment, in particular by creating the joint venture MET described above, to gain control over the production of fibers for the Group's artificial turf.

6.1.7.2 Continued Improvement of Manufacturing Processes

The Group continually works to improve its manufacturing processes, with the goals of improving worker safety and customer satisfaction and reducing costs.

In February 2009, the Group launched its World Class Manufacturing ("WCM") program, which is inspired by similar successful programs in the automobile sector.

This program seeks to improve:

- product quality and customer service;
- the safety and performance of production sites; and
- the Group's financial profitability, while reducing its impact on the environment.

In connection with the WCM program, the Group is carrying out initiatives to improve product quality, on-time delivery and production yields, all while limiting effects on the environment.

The Group has appointed WCM directors for all of its sites. These directors coordinate ongoing improvement projects on-site and develop related methodologies. They can then share their experiences within the WCM network, thus spreading efficiency improvements throughout the Group's production network to improve profitability. The Group also has a dedicated WCM team that travels to each production site to help local teams deploy the WCM improvements. By traveling to the various production sites, the WCM team can adapt the program's methodologies to local conditions, while at the same time managing action plans centrally.

The Group has seen positive results from the WCM program. A study conducted by an independent party confirmed significant improvement in customer satisfaction in 14 of the countries where the Group sells its products. There has been a very substantial decrease in accidents at the Group's production sites and a decreased environmental impact from the manufacture of its products. In addition, the WCM program has improved management of the Group's supply chain and led to a cumulative reduction of €165 million in production costs over the course of the last four years.

The Group believes that the WCM program will continue to generate substantial savings in production costs in the coming years.

6.1.7.2.1 Special Attention to Worker Safety

The WCM program emphasizes accident prevention in the Group's factories by requiring systematic analysis of all incidents, identification of principal causes and implementation of a rigorously monitored action plan.

At the same time, the Group conducts training to raise employee and management awareness of safety issues. The Group's Executive Committee is particularly sensitive to employee safety and discusses the subject with employees when it visits factories.

Between 2008 and 2013, the accident rate fell from 12.8 per million hours worked to 2.5 per million hours worked, which is better than the industry average.

6.1.7.2.2 Strengthened Quality Control

The Group has implemented a quality-control structure in its factories to ensure rigorous monitoring of its products. In connection with the WCM program, the Group's teams systematically analyze the principal causes of customer complaints and quality defects and create action plans to remedy the problem. In particular, the Group is working towards a reduction in customer complaints, which still represents a substantial cost-reduction opportunity.

6.1.7.2.3 A Manufacturing Process That Respects the Environment

The Group takes the environment into consideration at every stage of product design. For that reason, it does its best to select the materials that present the least risk to end-users and the environment, and that can be part of a biological or technical cycle. It prioritizes the use of renewable and recyclable materials in manufacturing its products.

The Group has also developed a system for collection and recycling of flooring, ReUse/ReStart and Floore (for Tandus), which consists of gathering clean flooring waste at the production sites and offices in order to re-use it to manufacture new flooring.

The Group has also entered into a partnership agreement with the German research institute Environment Protection Encouragement Agency ("EPEA") in order to deploy the Cradle to Cradle® concept. This program aims to reduce the environmental impact of industrial activities and to design products with materials that protect human health and the environment and that allow for indefinite recycling of the products at end of use.

Please see Section 6.1.10, "Environment and Sustainable Development" for more information about the Group's environmental program and sustainable development.

6.1.8 Raw Materials and Suppliers

The Group uses several categories of raw materials to manufacture its products: PVCs and plasticizers for vinyl flooring, wood for wood and laminate flooring, polymers and fibers for carpets and artificial turf, rubber for rubber flooring and accessories (such as baseboards) and artificial turf, and cork for linoleum flooring. The Group builds and maintains close and structured relationships with all of its suppliers. The structure of its long-term relationships with suppliers enables it to optimize purchasing terms and adapt the Group's procurement policy to the specific needs of each country.

6.1.8.1 Raw Materials

6.1.8.1.1 PVC and Plasticizers

The Group primarily uses two raw materials to manufacture its products PVC and plasticizers: These are used to manufacture homogenous and heterogeneous vinyl.

PVC and plasticizers together represented approximately two-thirds of the Group's raw material costs in 2013. The PVC and plasticizers markets are global with regional differences relating to the relationship of supply and demand in different geographies.

The evolution in the price of these commodities over the last two years has mainly been tied to that of their respective raw materials, ethylene for PVC and naphtha and orthoxylene for plasticizers.

Moreover, when the Group makes acquisitions, it ensures that it is able to reduce raw material costs by asking the target's suppliers to honor the prices negotiated with the rest of the Group.

The Group is currently evaluating raw material opportunities in its various geographic regions. Raw material prices are decreasing in North America due to the use of shale gas there. Although the Group still favors local procurement in Europe, primarily because of transportation costs, the lowered cost of raw materials in North America is likely to have a positive impact on negotiations with European raw material suppliers.

6.1.8.1.2 Other Raw Materials

Wood represented approximately 10% of the Group's raw material costs in 2013. The Group uses wood to make wood and laminate flooring. The wood flooring market remains very local, due to the significant cost of transporting logs or rough timber. The Group is therefore subject to local fluctuations in the price of wood.

The Group purchases other raw materials, in particular fiberglass for vinyl flooring; rubber for rubber flooring, accessories and artificial turf; polypropylene for carpet; melamine and decor paper for laminate floors; and linseed oil, jute and cork for linoleum floors.

6.1.8.2 Supplier Relationships and Purchasing Policy

Suppliers are essential partners of the Group, with whom it develops close and durable relationships. The Group has chosen to develop long-term relationships with all of the participants in its supply chain. The Group organizes its relations with suppliers around strategic partners with global scale and local suppliers able to adapt to local demands.

6.1.8.2.1 Supplier Relations

For each category of raw materials, the Group has developed relationships with several partner suppliers at the global level. In 2013, its ten largest suppliers accounted for 53% of raw materials purchases.

The Group is careful to maintain relationships of trust over the long term with all of its suppliers. These relationships enable the Group to negotiate favorable commercial terms, to obtain productivity gains and to realize economies of scale.

In order to adapt its procurement structure to different geographic regions, the Group has put supplier partnerships in place at different levels:

- It buys PVC and plasticizers from the leading international chemical companies, such as Vinnolit, Ineos, Vestolit, BASF, Eastman and Evonik, which supply the Group throughout the world.

- It also buys raw materials from local suppliers, in particular wood, the majority of which is purchased from local sawmills.

It maintains interdependent relationships with certain suppliers, especially sawmills, based on their dependence on sales to wood and laminate flooring factories. The Group's relationships with these suppliers often become long-term partnerships.

For artificial turf, the Group joined with a fiber-extrusion specialist to produce high-quality fibers with a unique geometry. This enables the Group to produce the fiber it needs to manufacture artificial turf without depending on an external supplier.

In order to limit transport of certain raw materials, the Group tries to locate its factories close to suppliers. Accordingly, the wood and laminate flooring factories are built close to local sawmills to avoid excessive costs from wood transport.

6.1.8.2.2 Purchasing Policy

The Group tries to centralize its purchases at the global level for the most important raw materials, in particular PVC and plasticizers, as well as for fiberglass and titanium dioxide purchases, which are used to manufacture vinyl flooring.

In the Group's supplier agreements, pricing is indexed to market prices of the raw materials used in manufacturing its products. Most of these agreements have one-year terms, with three-year terms in certain cases. The Group is not obligated by these agreements to purchase specific quantities of materials.

The Group's purchasing policy is based on four principles:

- active management of its portfolio of suppliers;

- annual review of its principal contracts;

- diversification of raw materials; and

- collaboration with key suppliers.

The Group actively manages its portfolio of partner suppliers. It has significantly reduced the number of PVC grades that it uses, which allows it to negotiate more easily with the various PVC suppliers, in particular with respect to price. The Group has increased the number of plasticizer suppliers it uses, with the increase in suppliers enabling it to improve its negotiating power over price. This supplier diversification gives the Group room to maneuver in negotiating prices.

The Group reviews its main contracts annually in order to renegotiate prices and determine supplier availability. Price formulas give the Group visibility as to price evolution over several years. Diversification of the raw materials that the Group uses enables it to substitute inputs between several suppliers and thus reduce its dependence on certain specialized suppliers.

The Group tries to cooperate closely with its key suppliers on technical issues and innovations. It explains its growth objectives to them in order to ensure that they increase production capacities sufficiently to respond to increased demand.

6.1.9 Research and Development, Innovation, Standards Applicable to the Group's Products and Intellectual Property

The Group has a long history of research and development. Innovations are incorporated into new products and procedures in order to provide residential and commercial end-users with new solutions.

To the extent permitted by local law, the Group systematically patents, trademarks or registers its industrial know-how and research and development innovations in order to protect its intellectual property.

6.1.9.1 Research and development

6.1.9.1.1 The Group's Research and Development Policy

Research and innovation are among the Group's top priorities. As a result, the Group has created many innovative flooring solutions, for which it has won several awards. Spending on research and development increased from €15.6 million in 2010 to €25.8 million in 2013, demonstrating the Group's commitment to making research and development of one of its pillars of success.

In order to position its products to respond to the market's demands and to anticipate future needs, the Group includes in its research and development initiatives a quality-assurance process as well as a graphic-design service that targets market trends.

The Group's policy with respect to research and development is discussed in Sections 6.1.9.1.2, "Organization of the Group's Research and Development Activity" through 6.1.9.2.4, "Awards for the Group's Innovations".

6.1.9.1.2 Organization of the Group's Research and Development Activity

6.1.9.1.2.1 A Network of Internal Experts

The Group's research and development activities are performed by more than 150 employees throughout the world. Research and development is organized around an international research and innovation center located in Luxembourg, as well as 24 development and application laboratories located in more than ten countries around the world. This enables the Group to develop products that respond to the needs and tastes of local end-users, while relying on its center for excellence in research and innovation.

The directors of the research and development departments meet frequently to discuss product innovation, development and portfolio.

6.1.9.1.2.2 Close Relationships With Outside Scientific Experts, Universities and Suppliers

In order to create the most innovative flooring solutions, the Group has developed close relationships with outside experts. For example, it created a scientific advisory board including both Tarkett experts and internationally known outside experts. The Group's directors of research and development can therefore consult with scientists from the world to validate their strategic research and development plans and to improve the Group's innovation strategy on a larger scale. Experts within Tarkett can also meet frequently with research and development project managers, as well as with technical supervisors, to identify emerging technologies and market trends.

Approximately 25% of the Group's total research and development budget is devoted to external activity. For example, it has entered into partnerships with research laboratories at some of the leading universities and engineering schools in the world (in particular the University of Michigan, the University of Strasbourg, the University of Potsdam, the *Ecoles des Mines* in Paris, the CEMEF, the EPEA, ESPCI Paris Tech, and the *Ecole Nationale Supérieure des Arts Décoratifs* in France).

Through innovation partnership agreements, it has also developed close relationships with certain suppliers to develop specific technical improvements, such as monitoring odors or improving the environmental attributes of the Group's flooring products.

6.1.9.2 An Effective Innovation Process

6.1.9.2.1 Key Principles

The Group's innovation strategy is based on three key principles.

First, it strongly emphasizes eco-design. To implement this principle, the Group constantly seeks new materials and processes that protect the environment and end-users. For more information, see Section 6.1.10.3.1, "Deployment of the Cradle to Cradle® Concept". The Group is also working towards significantly increasing the share of renewable, abundant and recycled materials used in the manufacture of its flooring products. It also aims to provide clear and precise information to consumers about its products' design. Using its own rating system, the Group labels its products with the proportion of renewable and natural materials used in the product's manufacture. The Group also indicates whether the product can be recycled, as well as its levels of VOC emissions.

The second principle on which the Group bases its innovation strategy is the development of modular solutions. Modular solutions are well adapted to both residential and commercial users who want ease of use combined with a wide selection of designs and decorations. Therefore, the Group has developed a full range of modular solutions, offering a large choice of models and design.

Finally, the Group aims to maintain its position as an industry leader. In order to accomplish this, the Group constantly creates new manufacturing processes to achieve operational excellence and optimal competitiveness. It strives to acquire new know-how for implementing and designing flooring, and develops partnerships with universities and experts throughout the world to model these manufacturing processes.

6.1.9.2.2 An Integrated Innovation Process

To offer innovative products to its clients, the Group regularly launches new product lines. To design and develop these new lines, the Group has perfected a four-phase innovation process. During the exploratory phase, the Group monitors the latest flooring, design and interior decorating trends. The Group also monitors technology and legal developments to ensure that the products it develops in the future will comply with applicable regulations.

Following the exploratory phase, the Group enters the trial phase. During this phase, the Group tests the designed product for market suitability, market demand, materials performance, technical feasibility and manufacturing process.

If the product is approved, the Group moves into the development phase. At this point, it creates the first prototypes for the new product.

Then the Group enters the production phase, which is subject to approval by the new product department, in charge of launching and marketing the new product. Once the product is industrially approved, the Group begins to manufacture the new product so that end-users can begin to benefit from the new innovation as soon as possible.

6.1.9.2.3 The Group's Numerous Innovations

The Group's research and development strategy helps provide its end-users with excellent flooring products. As early as 1942, the Group developed a new process for manufacturing wood flooring that reduced the amount of wood used. Since then, the Group has always worked to develop products and concepts that simplify end-users' lives while reducing environmental impact.

Among its numerous recent innovations, in 2009 the Group created iQ Natural, the first homogenous vinyl with more than 75% natural and renewable components. The entire iQ line reduces water and detergent use and has extremely low VOC emissions compared with European standards.

Through its innovations, the Group also improves the performance of its products. For example, Cool Play, recently launched by FieldTurf, is a system that enables the Group to significantly reduce the temperature of its artificial turf while maintaining the same level of quality.

6.1.9.2.4 Awards for the Group's Innovations

The Group has received numerous awards demonstrating that its innovations are internationally recognized.

Over the last five years, the Group has received awards in numerous areas.

- Green Good Design Award in 2009 for the Group's ecological linoleum;

- Cradle to Cradle® certification for production of flooring. In 2011, the Group obtained Cradle to Cradle® silver-level certification for its wood products manufactured in Sweden and Poland, as well as for its linoleum. In 2012, the Group received basic-level certification for its rubber products manufactured in the United States. The

Group was the first linoleum and wood flooring manufacturer to receive Cradle to Cradle® certification;

- BFM Green Business Award in 2011, for the Group's global sustainable development strategy, and the strategic development trophy awarded by the *Agence Française de l'Environnement et de la Maîtrise de l'Energie* (French Agency for the Environment and Energy Management) and by Ernst & Young in 2012; and

- A.T. Kearney's Best Innovator prize in 2013, for the Group's innovation management strategy.

6.1.9.3 Standards Applicable to the Group's Products

6.1.9.3.1 The Different Standards Adhered to by the Group

The Group complies with a large number of regulations, standards and certifications in its various markets. These standards vary depending on the geographic region, the type of building in which a product is installed and the type of flooring. The Group also uses a monitoring process to ensure that its products comply with applicable regulations, standards and certifications.

6.1.9.3.1.1 Mandatory Standards and Standards with Which the Group Complies Voluntarily

The Group is subject to two types of standards: mandatory standards based on legal requirements, and voluntary standards that it has chosen to comply with to respond to its customers' needs.

In most cases, compliance with mandatory standards must be certified by independent laboratories and/or organizations as well as by a governmental authority. Their principal objective is to ensure the safety and protect the health of end-users by demonstrating that the product complies with regulatory requirements, which relate primarily to fire-resistance, slip-resistance and limits on toxic fumes.

Voluntary standards are primarily testing standards to determine a product's technical characteristics such as acoustic properties or dimensional stability, and specifications relating to minimum thresholds for a specific use. These standards vary depending on the product and its intended use, such as schools, hospitals or homes.

Especially in the commercial market, specifiers often stipulate compliance with non-mandatory standards in their order specifications. Moreover, compliance with non-mandatory standards is also required by certain national or municipal governments for the construction or renovation of buildings that will be used as public administrations or government agencies.

Set forth below is information about the various standards that the Group has voluntarily chosen to follow. The use of such standards allows buyers, specifiers and end-users to be informed of the characteristics of the Group's flooring in order to better differentiate between the Group's products and those of its competitors. The technical specifications that the Group chooses to communicate vary depending on the requirements of the market in question.

6.1.9.3.1.2 Standard Organizations and the Standards Used in Different Geographical Markets

Standard organizations define the technical characteristics and performance that a product must meet, as well as the tests to be used.

At the international level, the principal organization in charge of publishing the applicable standards is the International Organization for Standardization (“ISO”). Compliance with ISO standards is based on the principles developed by the World Trade Organization, and is technically voluntary, although is often required by architects and contractors, in particular for government contractors. Furthermore, agreements between ISO and the European Union enable the transposition of an ISO standard into a European standard.

In Europe, standards are established by the European Committee for Standardization (“CEN”). These standards, called “EN” standards, are mandatory when referenced by a European regulation.

European directives also define requirements for each product. “Harmonized” EN standards may be either mandatory or optional. They concern the health and safety of end-users as well as energy savings. If a product is shown to comply with certain harmonized standards, it is automatically deemed to comply with requirements under European directives.

Compliance with harmonized standards enables a manufacturer to obtain the “CE” label, governed by Regulation (EC) No. 305/2011 of April 24, 2011, which went into effect on July 1, 2013. The Group markets its products in Europe under this standard. The CE label indicates that the Group certifies that the product complies with the various harmonized standards and that the flooring has undergone adequate testing. Among the mandatory harmonized standards, fire-retardant and fire-resistance standards, anti-slip standards and toxic emissions standards are the most important. For example, the Group complies with EN Standard 14041, which details requirements for resilient and laminate flooring and carpets.

In addition, the Group can be required to comply with standards issued by national organizations in various European Union member states, such as the *Association Française de Normalisation* (“AFNOR”) in France and the *Deutsches Institut für Normung* (“DIN”) in Germany. The Group is subject to national standards in the countries where it sells its products.

In the United States, environmental and workplace safety regulations are established at the federal level, whereas safety features such as fire resistance standards are generally regulated at the state or city level. The American Society for Testing and Materials (“ASTM”) develops most of the voluntary standards applicable to flooring products in the United States. Both the federal and state governments may decide to adopt ASTM standards, thereby making them mandatory. ASTM standards are mandatory when referenced in federal or state regulations.

In Russia, flooring products must comply with numerous technical standards imposed by various federal laws and technical regulations, including, in particular, Federal Law No. 184-FZ on the verification and compliance system for flooring; Federal Law No. 123 of July 22, 2008 on fire safety standards; and Technical Regulations No. 123-FZ on fire safety requirements.

Countries such as Australia, New Zealand, Japan and China also develop standards as well as national regulations with which the Group may be required to comply. Finally, certain laboratories and private sector organizations have established procedures for labeling products that comply with certain standards. The Group actively participates with organizations such as ASTM, ISO and CEN in the process of developing standards.

6.1.9.4 Intellectual Property Rights

The Group has a significant portfolio of trademarks and patents that it constantly works to protect, which gives it a strategic advantage over its competitors.

6.1.9.4.1 Trademark Portfolio

The Group has a significant portfolio of internationally known trademarks (in particular Tarkett and FieldTurf) and regionally known trademarks (Tandus, Sintelon and Johnsonite), in addition to trademarks for particular product categories (in particular, Marty for wood flooring, Easyturf for artificial turf, and Beynon for athletic tracks). The Group's trademarks are protected in most of the markets where it does business.

Protection of the Group's trademarks can be based on registration or prior use of the marks. Such protections are subject to local laws and marks may be subject to national, European Community and international registration. The durations of such protection vary by country.

6.1.9.4.2 Patent Portfolio

The Group holds full rights to a portfolio of 162 active patents in more than 42 countries. The Group's patents cover flooring and sports surface products as well as technologies for the development of new products. The Group's patents cover approximately 15 different systems and technologies. Each year the Group files ten to 15 new patent applications. The average age of the patents in the Group's portfolio is approximately eight years, which is the same as the average life span of its competitors' patents.

The geographical distribution of the Group's patent portfolio is very diversified, with 71 patents in Western Europe, 11 in Eastern Europe and 52 in North America. Finally, the Group holds 28 patents relating specifically to its sports surfaces business.

Given the Group's research and development activity, it believes that it is not dependent on patents filed by third parties.

6.1.10 Environment and Sustainable Development

Environmental concerns and sustainable development are at the heart of the Group's strategy. The Group has developed manufacturing processes that respect the environment and has launched an eco-design program to improve end-users' living conditions and promote recycling of the Group's products when they are replaced.

6.1.10.1 Environmental Regulations

In connection with its business, the Group may be subject to environmental laws and regulations in each of the countries where it does business. These laws and regulations impose binding standards, in particular with respect to air pollution, noise reduction, wastewater, and industrial waste, and may impose particular methods for eliminating wastes or for environmental cleanup.

6.1.10.2 Environmental Policy

Respect for the environment is integrated into all of the Group's activities. The manufacture, packaging, installation and recycling of the Group's products are designed to respect the environment and end-users. The Group's commitment to the environment includes four principal objectives: the use of environmentally friendly raw materials, environmentally conscious resources management, end-user well-being and recycling.

6.1.10.2.1 Use of Environmentally Friendly Raw Materials

The Group takes the environment into consideration at every stage of product design. For that reason, it does its best to select the materials that present the least risk to end-users and to the environment, and that can be part of a biological or technical cycle at end of use. The Group prioritizes the use of quickly renewable and recyclable materials.

6.1.10.2.2 Resource Management

In order to reduce its impact on the environment, the Group is committed to developing a responsible approach to the use of natural and non-recyclable resources in manufacturing its flooring. To that effect, the Group is committed to reducing its energy and water consumption, as well as its emissions of greenhouse gases. In 2013, the Group reduced its consumption of drinking water by 2%, after taking into account the consolidation of Tandus.

The Group has also developed a simplified method of carbon accounting that enables it to account for its greenhouse gas emissions. The Group is committed to the greatest possible reduction of these emissions at the source and to offsetting the remaining necessary carbon dioxide creation. In 2013, the Group reduced its energy consumption by close to 6%.

6.1.10.2.3 Well-Being and Quality of Life

The Group seeks to design and develop products that constantly improve its end-users' well-being and quality of life, during both use and maintenance.

Accordingly, the Group creates products and solutions that aim to improve indoor air quality and the health and well-being of its end-users. It develops products with lower requirements for chemical cleaning agents, water and energy. All of the Group's products, moreover, have low or extremely low levels of VOC emissions. For example, the Group's vinyl and linoleum products manufactured in Europe have VOC emissions levels of less than 100 micrograms per cubic meter, and are between ten and 100 times lower than the strictest standards.

6.1.10.2.4 Recycling

In accordance with circular economy principles, the Group tries to reintegrate both its industrial waste and its products at the end of their life-cycle into a biological or technical process, so as to limit the production of waste destined for landfill or incineration and reduce the consumption of raw materials.

To do this, the Group has developed two systems of collection and recycling of flooring, ReUse / ReStart and Floore (for Tandus), which consist of gathering fallen flooring at the Group's production sites and offices in order to re-use it to manufacture new flooring.

In connection with the ReUse / ReStart program, "clean" installation waste is collected at a sorting center and then sent to a production unit to be transformed into new raw materials for the manufacture of flooring.

In these programs, end-of-use flooring removed by installers and construction companies can be dropped off at one of the Group's or its external partners' collection points. In Europe, these used products are then treated and recycled by the AgPR (Association for the Recycling of PVC Floor-Coverings), a consortium for the recycling of PVC flooring, in which Tarkett is an active participant. In North America, these products, at end of use, are sent to one of the Group's collection centers to be reused in the manufacturing process.

The Group has also put a reuse and recycling system in place for the rubber and sand that fill its artificial turf (FieldTurf). By recycling up to 95% of the turf, the Group is able to reduce waste production and limit the use of raw materials, while providing consumers with a lower-cost, environmentally friendly product.

In connection with these different programs, the Group collected 17,400 metric tons of clean and used flooring waste worldwide in 2013 and reduced the amount of waste discharged by close to 17%.

6.1.10.3 Environmental Innovations

Respect for the environment is one of the Group's key eco-innovation principles. The Group benefits from its team's expertise and know-how to implement best environmental and eco-design practices and ensure profitable and responsible growth. This approach to continual progress was concretized by the deployment of the Cradle to Cradle® concept to evaluate a product's impact at each stage of its life, select the "right materials", optimize the use of resources and contribute to improving indoor air quality and end-users' well-being. The Group is the company of reference for eco-innovations in the flooring industry.

6.1.10.3.1 Deployment of the Cradle to Cradle® Concept

In January 2011, the Group entered into a partnership agreement with the German research institute EPEA in order to deploy the Cradle to Cradle® concept to evaluate its materials and manufacturing processes. This program aims to reduce the environmental impact of industrial activities and to design products with materials that protect human health and the environment and that allow for indefinite recycling of the products at end of use.

In 2011, the Group obtained Cradle to Cradle® silver-level certification for its wood and linoleum product lines, thereby becoming the first wood and linoleum flooring manufacturer in Europe to be Cradle to Cradle® certified. In 2012, the Group obtained the same certification for its glued wood flooring line. The Group also obtained Cradle to Cradle® basic-level certification for its Johnsonite rubber flooring line.

In 2013, the Group became one of the first companies to join the Ellen MacArthur Foundation's "Circular Economy 100" program, which promotes a transition to a circular economy that reuses materials in order to conserve natural resources.

6.1.10.3.2 Use of Phthalate-Free Plasticizers

The Group has embarked on a program to replace traditional plasticizers with a new generation of phthalate-free plasticizers in the production of vinyl flooring. This began with the Group's North American production sites in 2010, followed by Sweden in 2011, and the Group decided to extend the program to its European sites by 2014. Previously, in 2009, the Group had launched its first phthalate-free vinyl product, iQ Natural, with a new plasticizer made from natural resources.

As the use of phthalates becomes increasingly limited and controversial as a result of their potential effects on health and the environment, this initiative enables the Group to become a sustainable development leader in the flooring industry and helps improve the environmental reputation of the flooring industry among consumers.

6.1.10.3.3 VOC Emissions Below Quantifiable Levels

All of the Group's vinyl and linoleum flooring manufactured in Europe has levels of VOC emissions ten to 100 times lower than current European standards. These flooring solutions contribute to better indoor air quality, and the Group sets the standard in the flooring industry with respect to environmental sustainability and VOC emissions.

6.1.10.3.4 An Intelligent and Visionary Flooring

Analysis of a product's potential impact on the environment at every stage of its life cycle helps the Group select materials and determine manufacturing conditions. As a result, in 2009 the Group created the homogenous PVC floor iQ Natural, a PVC floor that is composed of 75% natural and renewable materials.

The Group seeks to reduce the impact that its products have on the environmental at every stage of iQ Natural's life cycle. The Group uses recycled materials (clean factory waste) to manufacture these products as well as natural, phthalate-free plasticizers made from castor oil. The iQ Natural floor is also easy to maintain, which reduces maintenance costs by at least 30% as compared with a standard PVC floor, and limits the use of detergents, water and electricity. The iQ Natural PVC floor is also entirely recyclable.

6.2 EXCEPTIONAL EVENTS HAVING A SIGNIFICANT IMPACT ON THE ACTIVITIES AND MARKETS DESCRIBED ABOVE

None.

6.3 INFORMATION CONCERNING THE GROUP'S DEPENDENCE ON PATENTS, LICENSES, AND INDUSTRIAL, COMMERCIAL AND FINANCIAL AGREEMENTS

None.

6.4 BASIS FOR THE COMPANY'S STATEMENTS CONCERNING THE GROUP'S MARKETS AND COMPETITIVE POSITION

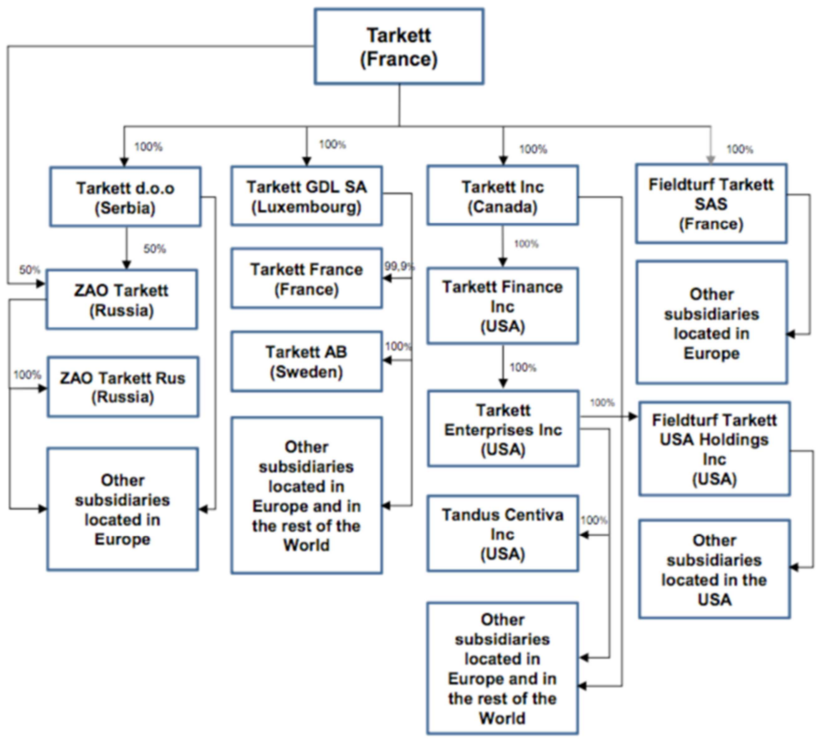
See Section 6.1.4, "Market Description".

07 ORGANIZATIONAL CHART

7. ORGANIZATIONAL CHART

7.1 SIMPLIFIED ORGANIZATIONAL CHART OF THE TARKETT GROUP

The following simplified organizational chart shows the Group's ownership structure as of the filing date of this Registration Document.



7.2 MAJOR SUBSIDIARIES

7.2.1 Principal Subsidiaries

The Group consists of Tarkett and its subsidiaries. Tarkett is the Group's parent company and the head of the French tax consolidation group that has been in place since January 1, 2009.

The Company's principal direct and indirect subsidiaries are described below. None of the Group's subsidiaries is a listed company.

Tarkett GDL S.A. is a Luxembourg limited liability corporation (*société anonyme*) with share capital of €274,123,080, the registered office of which is located at 2, Op der Sang, L-9779, Lentzweiler, Luxembourg. It is registered with the Trade and Companies Register of Luxembourg under number B 92.165. Tarkett holds all of the share capital and voting rights of Tarkett GDL S.A., the principal activity of which is the manufacture of resilient flooring, primarily for the residential market. Tarkett GDL S.A. is the head of the group of subsidiaries making up the EMEA segment, and also houses the Group's research and development activities.

Tandus Centiva Inc. (formerly Tandus Flooring Inc.) is a U.S. company with share capital of $10, the registered office of which is located at Corporate Trust Center, 1209 Orange Street, Wilmington, DE, 19801, County of New Castle, United States of America. It is incorporated in Delaware under number 58 2151061. Tarkett Enterprises Inc. directly holds all of the share capital and voting rights of Tandus Centiva Inc., the principal activity of which is the design, manufacture and sale of carpet flooring and the sale of LVT manufactured by another subsidiary of the Group, mainly in the United States.

ZAO Tarkett is a Russian non-listed stock company with share capital of RUB 376,000,000, the registered office of which is located at 1, Promishlenaya zona, Otradny, Samara Oblast 446300, Russia. It is registered under number 1026303207226. Tarkett directly and indirectly holds all of the share capital and voting rights of ZAO Tarkett, the principal activity of which is the manufacture of vinyl flooring, primarily for residential customers in the CIS region.

ZAO Tarkett RUS is a Russian non-listed stock company with share capital of RUB 10,000, the registered office of which is located at prospekt Andropova, d. 18, korp. 7, 115432, Moscow, Russia. It is registered under number 1027739892730. Tarkett indirectly holds all of the share capital and voting rights of ZAO Tarkett RUS, the principal activity of which is the distribution of flooring (primarily vinyl, wood and laminate) throughout Russia.

Tarkett AB is a Swedish limited liability company with share capital of SEK 43,000,000, the registered office of which is located at 10 Blekingelän 372 81 Ronneby, Sweden. It is registered with the Ronneby Trade Register under number 556003-9967. Tarkett indirectly holds all of the share capital and voting rights of Tarkett AB, the principal activity of which is the production of resilient flooring for the commercial market, as well as the production of wood flooring. This company also carries out the distribution in Sweden of flooring products manufactured at the EMEA segment's other sites.

Tarkett France is a French simplified stock company (*société par actions simplifiée*) with share capital of €7,700,000, the registered office of which is located at 2, rue de l'Égalité, 92000 Nanterre, France. It is registered with the Nanterre Trade and Companies Register under number 410 081 640. Tarkett indirectly holds all of the share capital and voting rights of Tarkett France, the principal activity of which is the manufacture and marketing of vinyl flooring for the commercial market and the marketing of flooring products manufactured by other EMEA segment sites in France.

FieldTurf Tarkett SAS is a French simplified stock company (*société par actions simplifiée*) with share capital of €8,639,050, the registered office of which is located at 2, rue de l'Égalité, 92000 Nanterre, France. It is registered with the Nanterre Trade and Companies Register under number 452 835 242. Tarkett directly holds all of the share capital and voting rights of FieldTurf Tarkett SAS, the principal activity of which is the manufacture, marketing and installation of sports surfaces.

See Section 20.1, "Group Consolidated Financial Statements", for a complete list of the Group's consolidated subsidiaries. A breakdown of the Group's consolidated net revenues by geographic zone is set forth in Section 9.2.2.2, "Net revenues by Segment".

7.2.2 Recent Acquisitions and Disposals

7.2.2.1 Acquisitions

The Group's 2013 acquisitions are described in Section 9.1.7, "Acquisitions".

7.2.2.2 Simplification Transactions

In January 2013, Installations Sportives Defargo Inc. merged with Tarkett Inc.

As of July 1, 2013, Tandus Group, Inc. was merged with Tandus Flooring, Inc., and Tarkett Texas Holding Inc. was merged with Texas Tile Manufacturing LLC.

As of January 1, 2014, CAF Extrusion was merged with Tandus Flooring, Inc., which became Tandus Centiva Inc. as of the same date. As of January 1, 2014, Tarkett IFA Inc. was merged with Tarkett Enterprises Inc., and Johnsonite Inc. was merged with Tarkett USA Inc.

08

PROPERTY, PLANT AND EQUIPMENT

8. PROPERTY, PLANT AND EQUIPMENT

Information on the Company's property, plant and equipment is included in Sections 6.1.7, "Manufacturing" and 6.1.10, "Environment and Sustainable Development".

09
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following information concerning the Group's financial condition and results of operations should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2013 and the notes thereto, free English language translations of which are included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

The consolidated financial statements were prepared in accordance with IFRS as adopted by the European Union for the fiscal year in question. The consolidated financial statements as of and for the year ended December 31, 2013 have been audited by the Company's statutory auditors. The report of the Company's statutory auditors is presented in Section 20.1.2, "Statutory Auditors' Report on the Consolidated Financial Statements as of and for the Year ended December 31, 2013".

Except where otherwise indicated, the figures in this section are presented on a historical basis, including the results of operations of Tandus for three months following its acquisition on September 28, 2012.

The comparative information as of December 31, 2012 has been restated to take into account the impact of the early application of IFRS 11. For more information, see Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.1 OVERVIEW

9.1.1 Introduction

The Group is a global leader in flooring and sports surfaces, with the most extensive geographical base and the widest product line in the industry. The Group's financial results are presented in four operational segments—three of which relate to its flooring products and their geographic regions (EMEA, North America and CIS & Others), and one of which relates to its Sports Surfaces products.

In 2013, the Group's consolidated net revenue was €2,516.4 million, as compared with €2,291.5 million in 2012. Adjusted EBITDA was €310.0 million in 2013, as compared with €262.2 million in 2012. For more information on key figures for the years 2012 and 2013, see Chapter 3, "Selected Financial Information".

9.1.2 Principal Factors Affecting the Group's Results of Operations

9.1.2.1 Revenues

Consolidated net revenues are equal to revenues, excluding taxes, on sales of the Group's products and services, as well as transportation costs and customs duties that are invoiced to customers, net of rebates, discounts, returns and intragroup sales.

The countries and regions where the Group operates have different demand trends, primarily as a result of local economic conditions, which affect the renovation and construction markets. The choice of flooring solutions in each market is influenced by local lifestyles, end-user tastes, climate and the condition of existing flooring, among other factors.

The Group estimates that the large majority of its revenues for the financial years under review were generated by renovation projects. The construction of new housing and commercial buildings represented a small percentage of revenues during this period.

Organic revenue growth—growth due to increases in sales volumes and prices, excluding the effects of changes in scope of consolidation and exchange rates—depends mainly on the following factors:

- The Group's competitive advantage in its principal markets, which in turn depends primarily on its ability to offer a wide range of residential products that satisfy consumer trends and tastes in each country; its offer of commercial products that comply with the specifications of renovation projects and applicable regulatory standards; maintaining close relationships with customers, such as distributors and DIY stores and specifiers, such as architects and installers; the quality of the Group's products and services; and the competitiveness of its prices.

- The growth potential and structure of each of the Group's markets. For example, demand in the Russian residential market and in other CIS countries results from the large volume of residential flooring in need of renovation, as well as a consumer preference for vinyl flooring due to its durability and lower cost. In the European Union, demand for the Group's products is mostly concentrated within the northern countries (Scandinavia, Germany and the United Kingdom), with consumers in the southern countries tending to prefer ceramic floors. In addition, in North America and Europe, public spending policies have a significant impact on the commercial flooring market in public hospitals, schools and universities, as well as on the Sports Surfaces market.

- The Group's product promotion strategy in each market. In certain markets, the Group concentrates its sales efforts on products with high added-value and strong margins, while in other markets it may pursue a volume-maximizing strategy in order to gain or retain market share.

- Economic conditions more generally, as buyers tend to carry out renovation and construction projects during periods of economic growth.

9.1.2.2 Cost of Sales

The Group's cost of sales is composed primarily of variable costs, due to the large effect of the cost of raw materials, and, to a lesser extent, transportation and logistics costs. The primary components of cost of sales include the following:

- Raw materials used in the Group's manufacturing processes. The Group primarily uses PVC and plasticizers, the cost of which is related in part to the price of crude oil. Wood is another raw material that the Group uses. In 2013, approximately 45% of the Group's raw material expenses related to PVC (approximately 34% for PVC paste and approximately 11% for PVC suspension), 25% related to plasticizers, 13% related to wood, 8% related to fiberglass, 3% related to packaging and 5% related to other raw materials. For a discussion of recent trends in the prices of raw materials used by the Group, see Section 6.1.8, "Raw Materials and Suppliers".

- Labor costs, consisting principally of salaries and benefits of production personnel. These costs vary depending on the number of employees and average level of salaries and benefits. In order to control labor costs, the Group uses temporary workers in certain factories to handle the seasonality of certain of its activities. Excluding the acquisition of Tandus, which has a slightly different cost structure from the rest of the Group, labor costs remained stable as a percentage of net sales between 2012 and 2013.

- Transportation and logistics costs, which depend on fuel prices and the Group's operational efficiency (including, for example, its ability to ship products in fully loaded trucks, the location of production sites and their distance from the points of delivery to final customers).

- Other costs, including energy costs such as electricity and gas, maintenance costs associated with the Group's various factories and depreciation and amortization of production and logistics assets.

Purchases of raw materials and similar products, labor costs and transportation and logistics costs represented 61.4%, 14.1% and 9.9%, respectively, of the Group's 2013 cost of sales.

Five years ago the Group launched its WCM program, whose main objectives are the following:

- reinforcing quality and customer service;

- reducing work-related accidents and the impact of the Group's operations on the environment; and

- improving the productivity and performance of the Group's production sites.

The success of this program depends on systematically applying best practices at the Group's 30 production sites, actively managing purchases (particularly PVC and plasticizer purchases) and optimizing the Group's raw material supply chain. The Group believes that this program has enabled it to achieve a cross-fertilization strategy and realize cumulative savings of €165 million over the 2010-2013 period (more than 2% of cost of sales each year).

9.1.2.3 Selling, General and Administrative Expenses

Selling expenses include compensation of the Group's sales force, advertising and marketing costs and the cost of providing samples to customers and decision-makers such as architects and installation companies. The level of selling expenses is tied in part to the number of product or collection launches, which require specific sales efforts.

General and administrative expenses include administrative personnel costs at the Central and division levels, which are managed through a decentralized model. Expenses relating to the management of information systems as well as amortization and depreciation of related investments are also included in administrative expenses.

9.1.2.4 Research and Development Expenses

Innovation is critical to the Group's success, ensuring product quality, compliance with regulatory standards and reduced environmental impact. The Group seeks to maintain the highest level of excellence while controlling Research and Development costs, which are small as compared with other operational expenses. These costs include compensation of Research and Development personnel as well as amortization and depreciation of patent-related expenses. Research and Development expenses represented 1.0% of consolidated net revenues in 2013, only a small portion of these costs remaining capitalized on the Group's balance sheet.

9.1.2.5 Net Finance Costs

Net finance costs include interest expense due on borrowings, interest income on investments of cash balances, discounting charges relating to retirement commitments, and gains and losses on financial and hedging instruments, to the extent recognized in the Group's income statement.

9.1.2.6 Income Tax Expense

Income tax expense includes corporate income taxes payable by the Group's entities, as well as withholding taxes on dividends paid (in particular, dividends paid by the Group's Russian and Serbian entities), as well as changes in the deferred tax assets on the Group's balance sheet.

9.1.3 Segment Information

Until December 31, 2012, segment information was grouped into two segments, one for flooring and the other for sports surfaces.

The Group decided, however, that it would be beneficial to present more detailed information to enable readers of its financial statements to evaluate its performance in the three geographic regions where it manufactures and distributes flooring products: Europe, Middle East & Africa ("EMEA"), "North America" and "CIS & Others".

As of January 1, 2013, the Group's segment reporting is based on four operational segments—three of which relate to its flooring products and their geographic regions (EMEA, North America and CIS & Others), and one of which relates to its sports surfaces products.

Segment information for 2012 is presented for comparative purposes using this new segmentation, as described in Note 4, "Segment Information", to the annual financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

In this section, the Group's results are analyzed using this segmentation.

The Group's four segments are as follows:

- ***EMEA (26.6% of revenues in 2013)***. The EMEA flooring segment concentrates essentially on the production of vinyl resilient flooring, wood flooring, laminate flooring and other products in Europe. Resilient flooring represents the large majority of the Group's consolidated net revenues in this segment (more than 80% in 2013), wood and laminate flooring representing almost all of the remainder. These products are used in the residential and commercial markets, with commercial market sales higher in 2013. Sales are divided among several countries, largely in northern Europe. In 2013, France was the largest country in the segment but represented only about a quarter of the segment's consolidated net revenues (less than 6% of the Group's 2013 consolidated net revenues). The Nordic countries (Sweden, Norway, Finland and

Denmark) together represented slightly more revenue than France and slightly more than a quarter of the segment's consolidated net revenues, with the principal contributors being Sweden and Norway. The other significant countries are Germany and, to a lesser extent, the United Kingdom. The countries of southern Europe (including primarily Spain and Italy) represented 2.0% of the Group's 2013 consolidated net revenues (8% of the EMEA segment's consolidated net revenues).

- ***North America (26.8% of revenues in 2013)***. The North American flooring segment offers products to both commercial end-users (representing about three-quarters of the segment's 2013 consolidated net revenues) and residential end-users. Historically, the Group's products in this market have been primarily rubber flooring and accessories (sold under the Johnsonite brand name) and resilient flooring, including vinyl flooring for the residential market and VCT flooring, the Group's lower cost homogenous vinyl product for the commercial market. More recently, the Group introduced additional lines of resilient flooring for the commercial market, supplied by its European factories. It complemented its resilient flooring lines in 2010 with the acquisition of Centiva, which manufactures LVT for the commercial market. Finally, with the acquisition of Tandus in September 2012, the Group became a major supplier of commercial carpeting (which in 2013 became the Group's leading category of products sold in North America).

- ***CIS & Others (35.3% of revenues in 2013)***. The CIS & Others segment includes flooring sales in all other countries. The CIS countries (primarily Russia, Ukraine and Kazakhstan) represent the large majority of this segment's revenues—about 80% in 2013. Residential vinyl flooring is the primary product sold in these countries. The Group also sells wood and laminate flooring in these markets, as well as other products. The CIS & Others segment also includes sales in Latin America (principally Brazil) and in Asia Pacific (in particular, in Australia and China).

- ***Sports Surfaces (11.4% of revenues in 2013)***. The Group's sports surface segment includes the production, distribution and installation of artificial turf, primarily for sports fields, and athletic tracks, as well as other products (such as artificial grass for residential landscaping purposes and indoor sports flooring). The Group sells sports surfaces primarily to public establishments, elementary schools, high schools and universities, mainly in North America (79.5% of the segment's consolidated net revenues in 2013) and, to a lesser extent, in Europe. Most of the Group's sales in this segment consist of "turnkey" solutions, including both sale and installation.

9.1.4 Exchange Rate Fluctuations

Exchange rate fluctuations have a direct impact on the Group's consolidated financial statements. This impact is mainly due to the conversion of income statement and balance sheet items of the Group's foreign subsidiaries located outside the euro zone into euros. The principal currencies for which the Group bears this risk are the U.S. dollar (33.4% of consolidated net revenues in 2013), the Swedish krona (7.0%), the Canadian dollar (2.4%), the pound sterling (2.0%), the Brazilian real (1.8%) and the Australian dollar (1.4%).

The Group seeks to develop production capacity in the geographic regions where it distributes its products in order to hedge a significant portion of its gross margin and operating income against exchange rate fluctuations. However, the Group cannot hedge the entirety of its risk in this manner. It therefore enters into derivative contracts to manage the remaining exchange rate risk (especially the risk related to the lag between the time customers are invoiced and the time the Group is paid), although the Group does not use derivatives to manage its exposure to the Russian ruble, the Ukrainian hryvnia, or the Kazakh tenge.

The functional currency of the Group's entities in Russia and the other CIS countries is the euro. Products are sold in rubles, but the Group's policy is to reflect exchange rate fluctuations between the ruble and the euro in its product prices. The Group's exposure to the ruble depends on its ability to maintain this pricing policy. Only the impact of the lag between the exchange rate fluctuation and the price increase is treated as an exchange rate effect in the analysis at constant scope of consolidation and exchange rates presented in Section 9.2.2.2, "Net Revenues by Segment". Although a significant portion of the Group's Russian operating expenses are in euros (since PVC and plasticizers are imported from the European Union), labor, logistics and transportation costs, as well as other production costs such as energy and maintenance, are almost entirely in rubles.

9.1.5 Seasonality

The Group's activities are to some extent seasonal, with an increase in sales generally occurring in the second and third quarters of the year, whereas its working capital requirements are generally higher in the first two quarters of the year. Sales of sports surfaces are particularly influenced by seasonality, as installation work is mainly done between May and October, with a peak in activity during the summer. Moreover, in certain geographic regions, winter climate conditions can affect work sites and, therefore, flooring installation. In the educational sector, demand is generally higher during school vacation.

In 2013, 55.9% of the Group's consolidated net revenues was generated in the second and third quarters, as compared with 44.1% in the first and fourth quarters.

9.1.6 Turnaround of Certain Business Divisions

Despite overall growth in recent years, the Group has encountered isolated situations in which certain divisions have required intervention to return to profitability. Recent turnaround programs include the following:

- ***Sports Surfaces segment***. Beginning in 2009, the Sports Surfaces segment was affected by a reduction in public spending as a result of the financial crisis. At the same time, the Group's principal supplier of the fibers used in manufacturing artificial turf decided to pursue a strategy of downstream vertical integration, thereby becoming a competitor. The Group's artificial turf products also had certain defects (relating to the UV protection of the fibers supplied by that competitor), resulting in warranty claims against the Group. In order to return the sports surfaces business to profitability, the Group pursued a turnaround strategy that included: moving production of fibers for artificial turf in-house through the 2010 formation of the joint-venture Morton Extrusionstechnik (MET) GmbH, in which the Group holds a majority interest, with the remainder held by Morton Extrusion, which specializes in the extrusion of fibers; pursuing significant reductions in selling, general and administrative expenses; adapting the Group's Spanish subsidiary's marketing and production activities to the local economic climate; making changes to the corporate structure of the segment, including merging two athletic track production companies; developing artificial turf production capacity in the Group's Serbian factories; and reorganizing the Group's research and innovation team. As a result, orders recovered in 2012 – the sports surfaces segment's adjusted EBITDA was positive beginning in that year – and increased sharply (by 48%) in 2013, showing the success of the turnaround strategy.

- ***Wood flooring in Western Europe***. The European market for wood flooring was affected by reduced levels of activity as a result of the economic climate, as well as by a particularly competitive environment. In response to this situation, the Group adopted certain initiatives in its wood flooring business to reduce production costs, including transferring a portion of its engineered multi-layer wood flooring production from Hanaskog, Sweden to sites in Poland and Ukraine, thereby bringing the manufacturing sites closer to the sources of wood and enabling the Group to reduce transportation and manufacturing costs. The wood flooring turnaround plan was launched in 2012 and is still underway.

- ***VCT business in the United States.*** Because the VCT vinyl floor market in the United States is currently in a situation of overcapacity, the Group decided to consolidate its VCT production at its Florence, Alabama site and close its Houston, Texas site in mid-2014. This transfer of production should generate significant savings, particularly with respect to factory production costs, as well as a reduction in working capital requirements.

9.1.7 Acquisitions

The Group has completed 12 acquisitions in the last five years in connection with its growth strategy. Most of the companies the Group acquired were moderate-sized and had product lines or activities in markets that complement those of the Group. For more information, see Section 5.2.1, "Principal Investments in 2012 and 2013".

The Group carried out its largest external growth transaction in recent years with the acquisition of the U.S. company Tandus, which was completed on September 28, 2012. Tandus specializes in the design, production and sale of commercial carpeting in North America and Asia. Following its inclusion in the Group's scope of consolidation, Tandus contributed $85.6 million to the Group's 2012 consolidated net revenues (€66.1 million, or 2.9% of revenues) and $14.5 million to the Group's 2012 adjusted EBITDA (€11.2 million, for a margin of 16.9%). Tandus's consolidated net revenues for the full year ended December 31, 2012 were $351.5 million (€271.8 million) and its adjusted EBITDA was $60 million (€46.5 million, for a margin of 17.1 %). If Tandus had been included in the Group for the full year in 2012, the Group's pro forma consolidated net revenues, restated to reflect the early application of IFRS 11, would have been €2,497.2 million, and its pro forma restated adjusted EBITDA would have been €297.5 million (or 11.9% of pro forma revenues).

It should be noted that the minority shareholders of Morton Extrusionstechnik (MET) GmbH and AA SportSystems (which has since become FieldTurf Benelux BV) hold put options that enable them to require the Group to acquire their respective shares. As a result, the Group has fully consolidated these companies since acquiring control of them, as if the minority interests had also been acquired. The Group records the present value of the put options' estimated exercise price under "other liabilities" in its balance sheet.

9.1.8 Presentation of Accounting and Financial Information

9.1.8.1 Adjusted EBITDA

To evaluate its business performance, the Group uses an indicator that it calls "adjusted EBITDA", which is equal to operating income before depreciation, amortization and adjustments, including:

- restructuring costs intended to grow the Group's future profits;
- gains or losses on significant asset sales;
- costs relating to corporate and legal restructuring, including legal fees and acquisition costs as well as the impact on margins of recording inventory of acquired companies in the Group's balance sheet at fair value;
- costs relating to the Company's initial public offering during fiscal year 2013;
- management fees invoiced by the shareholders of the Company; and
- expenses relating to share-based payments without any related cash payment.

Management believes that adjusted EBITDA is a useful indicator because it measures the performance of the Group's activities without taking into effect past expenditures (depreciation and amortization) or unusual costs that are not representative of trends in the Group's results of operations. EBITDA and adjusted EBITDA are not standardized accounting terms with generally accepted definitions. They should not be taken as a substitute for operating income, net income or cash flows, nor should they be treated as a measure of liquidity. Other issuers may calculate EBITDA and adjusted EBITDA differently.

The following table reconciles adjusted EBITDA to operating income for the 2012 and 2013 fiscal years.

Adjusted EBITDA *(in millions of euros)*	**Fiscal year ended December 31,**		
	2012 restated	**2013**	**Change**
Operating income	**153.4**	**180.9**	+17.9 %
Depreciation and amortization	88.8	105.5	+18.8%
EBITDA	**242.2**	**286.4**	+18.2 %
Adjustments			
Restructuring costs	6.6	5.3	
Gains/losses on asset sales	-	(0.2)	
Unusual items from business combinations	7.6	0.5	
IFRS share-based expenses charges	2.5	6.1	
Charges relating to the initial public offering	-	6.2	
Other[(1)]	3.2	5.7	
Adjusted EBITDA	**262.2**	**310.0**	+18.2 %

(1) "Other" includes management fees invoiced by the shareholders of the Company.

The adjustments used in determining adjusted EBITDA for each fiscal year are described in the comparative analyses of the Group's results of operations presented below.

9.1.8.2 Estimates and assumptions used in preparing financial statements

The preparation of the Group's consolidated financial statements in accordance with IFRS requires it to make a number of estimates and assumptions that have an effect on the amounts of its assets and liabilities, as well as on its income and expenses. Management continually revisits these estimates and assumptions based on its experience and other reasonable factors used in its evaluation. The Group's actual results may differ from these estimates.

These estimates and assumptions relate primarily to the following:

- impairment of goodwill;
- provisions for retirement and other employee benefit obligations;
- other provisions for litigation, warranties and potential liabilities;
- deferred tax assets (tax loss carryforwards, in particular);
- the fair value of consideration paid, acquisitions of minority interests, and acquired assets and liabilities; and
- accounting treatment of financial instruments.

The management estimates used in connection with the preparation of the Group's financial statements, particularly those relating to the application of accounting techniques and the inclusion of uncertainties, are described in more detail in Note 1.2.2 "Use of Estimates and Judgments" to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.1.8.2.1 Goodwill

Goodwill represents the difference between the cost of a business combination and the Group's share of the fair value of the identifiable assets acquired and liabilities assumed on the date control is transferred, corresponding, for example, to the value that the Group assigns to expected synergies and profits. Therefore, evaluation of goodwill may rely on assumptions relating to future cash flows (see Notes 1.5.10, 1.5.15 and 2 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013").

Goodwill is allocated to cash-generating units ("CGUs"), whose accounting value is tested for impairment annually or whenever there is any indication of an impairment loss. Impairment tests seek to determine whether the net recoverable value of an asset or CGU is less than its net book value. If the net recoverable value is lower than the net book value, an impairment charge is recorded in the income statement in the amount of the difference, allocated first to reduce goodwill of such CGU.

The recoverable value of an asset or a CGU is equal to the higher of the market value minus cost to sell, or the value in use. Value in use is determined by discounting estimated future cash flows for each CGU using certain assumptions and estimates of management. Market value is the price that could be obtained under normal competitive conditions from an informed buyer minus the cost to sell.

The calculations used to determine value in use are subject to management's judgment. Cash flows used to calculate value in use are derived from the Group's budgets and business plans, which are in turn based on assumptions relating to revenues, adjusted EBITDA, working capital requirements and investments. If other assumptions or predictions were to be used, impairment testing would produce different values in use.

Management conducts impairment testing using its best estimate of the future activity of the CGU in question over the next three years, discounted to present value. The pre-tax discount rates used in 2012 and 2013 were 10.0% and 11.0%, respectively. The primary assumptions for sales growth through 2017 range from 1% (for certain CGUs in Europe) to 11% (essentially in emerging markets). The value in use calculation also includes the CGU's end value, which projects standard cash flows to infinity with an annual growth rate of 3%. In 2013, the combination of an increase of 100 basis points in the discount rate and a decrease of 100 basis points in the growth rate would result in recording an additional loss in value of €12.1 million for the Laminates CGU in the CIS & Others segment.

For more information, see Notes 1.5.15, 2 and 8 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.1.8.2.2 Provisions

9.1.8.2.2.1 Provisions for retirement and similar obligations

In accordance with the laws and practices of each country where the Group operates, it maintains retirement, health and disability plans and retirement packages for eligible employees and former employees, as well as for their beneficiaries who meet required conditions. As of December 31, 2013, the Group had such retirement commitments in the United States, Canada, the United Kingdom and Germany, as well as in France, Italy, Sweden, Serbia and Russia.

In accordance with IAS 19, these commitments are valued or updated every six months by independent actuaries. Accounting for actuarial values is based on predicted changes in salaries, medical costs, long-term interest rates, average seniority and life expectancy. An expected rate of return on funds invested is calculated for each plan in accordance with its composition and the projected return of comparable markets. Actuarial values and rates of return are sensitive to changes in predictions and estimates, which are based on assumptions. IAS 19 was modified in 2011, and this modification is reflected in the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2013. The impact of this modification is not significant for the Company. For more information, see Note 1.2.1 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

As of December 31, 2013, the Group had €205.2 million in liabilities relating to employee benefit commitments, of which €83.0 million is covered by funds invested pursuant to the Group' various plans, and the remaining €122.2 million relates to unfunded or partially funded plans for which provisions have been recorded. The most significant of these liabilities are in the United States, Canada, the United Kingdom and Germany; the entities in these countries maintain sufficient externally-managed investments to cover nearly 50% of their liabilities.

For more information, see Note 21 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.1.8.2.2.2 Provisions for Litigation, Product Warranties and Restructuring Costs

In accordance with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets), provisions for litigation, warranties and other potential liabilities are recorded when, at the close of the fiscal year, there exists a legal or implicit obligation resulting from a past event that is more likely than not to result in a cash outflow to a third party, and whose amount can be reliably estimated. The amount recorded as a provision is management's best estimate of the expenditure required to settle the current obligation as of the closing date. Where the time value of money has a significant effect, future outflows are discounted to present value. These provisions relate to environmental, legal, tax and other risks.

The probability of an outflow is calculated based on management's analysis and assumptions and estimates that depend, in turn, on the nature of the risk. For example, in determining the amount of provisions for litigation, the Group's management must evaluate the probability of an unfavorable decision, as well as the amount of potential damages. These items are by their nature uncertain. On the other hand, a warranty provision is recorded at the time a given product is sold, with the amount based on historical data on warranty payments. An additional provision is recorded when an event occurs that may give rise to warranty claims for greater amounts than the hypothetical provision. A restructuring provision is recorded when management approves a detailed restructuring plan and the restructuring is announced publicly or implemented. The provision may prove higher or lower than the amount actually incurred, and may be reversed, if necessary.

As of December 31, 2013, the Group had €39.0 million in provisions for warranties, restructurings, claims and litigation. For more information on estimation of and accounting for provisions or their impact on the Group's results of operations, see Note 20 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.1.8.2.3 Deferred Tax Assets

In accordance with IAS 12 (Income Taxes), the Group recognizes deferred tax assets and liabilities on its balance sheet. A deferred tax asset must be recognized for all temporary differences deductible in the future, unused tax loss carryforwards or income tax credits if it is probable that the Group will have future taxable profits that will allow these future tax savings to be utilized.

A deferred tax asset is recognized when it is probable that the Group will use it in the future. Management must use its judgment in determining the amount of the net tax asset to recognize. Projected net taxable profits are estimated on the basis of Management's budget and assumptions, as well as models relating to market conditions. These assumptions and models may have a significant impact on the amounts of deferred tax assets recognized on the Group's balance sheet.

The Group had €54.5 million in deferred tax assets relating to tax loss carryforwards and unused tax credits as of December 31, 2013, of which €37.9 million related to the Group's North American tax consolidation group and €7.0 million related to its Canadian subsidiary.

For more information, see Note 7, "Income Tax" and Note 19, "Deferred Tax" to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.1.8.2.4 Application of IFRS 10, 11 and 12 as from January 1, 2013

The Group adopted IFRS 10, 11, and 12, which contain new methods for consolidating and accounting for joint ventures, during year ended December 31, 2013 (before being required to do so). IFRS 11 defines the accounting treatment for partnerships that are jointly controlled by at least two parties. Under the new standards, only two types of joint arrangements are identified: joint ventures and joint operations. Classification of a joint arrangement is made on the basis of the rights and obligations of each of the parties.

Under IFRS 11, arrangements that qualify as joint ventures must be accounted for using the equity method, as the proportional method is no longer permitted.

Laminate Park, a company in which the Group holds a 50% interest, had been consolidated using the proportional consolidation method in the Group's 2012 consolidated financial statements, but is accounted for under the equity method in the Group's consolidated financial statements as of and for the fiscal year ended December 31, 2013. Information concerning the fiscal year ended December 31, 2012 presented for comparative purposes in this Registration Document was therefore restated to account for the retroactive application of the new method for consolidating Laminate Park. For the fiscal year ended December 31, 2013, adoption of IFRS 11 resulted in a €22.7 million decrease in the Group's consolidated net revenues and a €0.4 million increase on operating income, with no effect on net operating results.

For more information, see Notes 2.3 and 1.5.24 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

9.2 COMPARISON OF RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2013

The analysis presented below compares the Group's results of operations for the years ended December 31, 2012 and December 31, 2013 on a historical basis (with Tandus' results consolidated into those of the Group for the last three months of 2012), restated to reflect application of IFRS 11.

9.2.1 Overview

Consolidated net revenues increased significantly in 2013 (9.8%), reaching €2,516.4 million. Of this increase, 3.3% was due to organic growth, resulting from volumes, product mix and selling price increases, and 9.0% was due to the change in the scope of consolidation resulting from the September 2012 Tandus acquisition. These increases were partially offset by a 2.5% unfavorable change in exchange rates, including the sudden decline in the ruble and the corresponding sale price adjustment by the Group, detailed in Section 9.2.2.2.3.

Adjusted EBITDA also progressed strongly, both in absolute terms (with an increase of 18.2%) and as a percent of consolidated net revenues (up 0.9 points), continuing the strong performance seen in 2012. This performance is explained by (i) the full-year consolidation of Tandus, as compared with 2012, when it was included only in the last quarter; (ii) the Group's continued industrial productivity efforts under its WCM program; and (iii) a positive inflation balance (defined as the difference between changes in sale prices and changes in prices paid for raw materials) for the year. Sales volumes (which increased in all of the Group's segments except for EMEA) and an improvement in the mix of products sold also contributed favorably to growth in 2013. The inclusion of Tandus also positively affected the Group's margins. These positive factors more than offset unfavorable changes in the exchange rates to which the Group is exposed as well as an increase in selling, general and administrative costs incurred to enable the Group to grow, as detailed below.

Tarkett Consolidated Results of Operations *(in millions of euros, except for percentages)*	**Fiscal year ended December 31,**		
	2012 restated	**2013**	**Change**
Net Revenues..	2,291.5	2,516.4	9.8 %
Gross Profit..	525.7	623.7	18.6%
As a percentage of consolidated net revenue	*22.9%*	*24.8 %*	
Adjusted EBITDA.......................................	262.2	310.0	18.2%
As a percentage of consolidated net revenue	*11.4%*	*12.3 %*	
Operating income..	153.5	180.9	17.9%
As a percentage of consolidated net revenue	*6.7%*	*7.2 %*	
Net Profit Attributable to Owners of the Company..	83.6	99.1	18.5%

9.2.2 Net Revenues

By convention, where figures are presented at constant exchange rates, the most recent year's revenues (in this case, 2013) are adjusted to reflect the previous year's exchange rates (in this case, 2012).

9.2.2.1 Consolidated Net Revenues

Consolidated net revenues increased 9.8% to €2,516.4 million in 2013, as compared with €2,291.5 million in 2012. Tandus, whose consolidation on September 28, 2012 added €66.1 million in revenues during the last quarter of 2012, contributed an additional €206.5 million in 2013.

At constant scope and exchange rates, consolidated net revenues grew 3.3%, primarily as a result of the following:

- increased volumes in most geographical markets, in particular due to the continued recovery in the North American market, continued growth in the CIS countries of the CIS & Others segment as well as in strong-potential emerging markets such as Brazil and China, and a strong rebound in sales of sports surfaces in all geographical markets where the Group is present, especially in North America. This growth was partially offset by a slight decrease in volumes in the EMEA segment, particularly in Spain and France, as well as in Australia; and

- an optimization of the product mix in all geographical markets (in particular in North America and CIS), with the exception of EMEA.

However, exchange rate fluctuations of the primary currencies in which the Group sells its products were more unfavorable against the euro in comparison with 2012. The total negative impact, due essentially to fluctuations in the U.S. dollar, the Australian dollar, the Norwegian krona, the Brazilian real and the Russian ruble (to the extent not covered by price increases that follow several weeks later) was €60.9 million, or 2.5% of 2012 consolidated net revenues.

9.2.2.2 Net Revenues by Segment

The following table presents consolidated net revenues by segment for the years ended December 31, 2012 and 2013.

	Fiscal year ended December 31,		**Change**	
Net Revenues *(in millions of euros, except for percentages)*	**2012**	**2013**	**Current Scope and Exchange Rates**	**Constant Scope and Exchange Rates**
EMEA	679.0	669.6	(1.4)%	(0.9)%
North America	477.4	673.6	41.1%	3.0%
CIS & Others	874.1	887.5	1.5%	4.1%
Sports Surfaces	260.9	285.8	9.5%	12.0%
Total	**2,291.5**	**2,516.4**	**9.8%**	**3.3%**

9.2.2.2.1 EMEA

EMEA's consolidated net revenues totaled €669.6 million in 2013, a slight decrease as compared to €679.0 million in 2012. Exchange rates fluctuations (primarily in the Norwegian krona and the pound sterling) had an overall negative impact of €3.4 million; the decrease in revenue at constant exchange rates was thus €6 million. There was no change in the scope of consolidation in this segment between 2012 and 2013. The figures for both 2012 and 2013 reflect early adoption of IFRS 11 (see Section 9.1.8.2.4 for more information), with the 2012 figures restated. Revenues in 2012 before restatement were €27 million higher.

The decrease in the EMEA segment's consolidated net revenue from 2012 to 2013 was primarily the result of a slight decrease in volumes, especially in Spain, whose economy remains in a depression. Business volumes in France were also affected by the general slowdown of the economy and public spending. In addition, the wood flooring market continued its negative trend throughout the segment.

9.2.2.2.2 North America

Consolidated net revenues in North America increased from €477.4 million in 2012 to €673.6 million in 2013, principally due to the effect of the full-year consolidation of Tandus, which had been consolidated only for the last quarter of 2012.

On the other hand, the decline in the U.S. and Canadian dollars against the euro decreased this segment's consolidated net revenue by €13.6 million between 2012 and 2013.

At constant scope and exchange rates, revenues increased 3.0% in 2013 over 2012. This increase principally reflects a significant increase in consolidated net revenue from commercial products, in particular Johnsonite products (vinyl accessories, rubber accessories and baseboards), as well as from commercial resilient flooring imported from Western Europe (primarily homogenous vinyl and linoleum), and lastly, from LVT products. This growth results from the double effect of increased volumes and a favorable product mix.

9.2.2.2.3 CIS & Others

Consolidated net revenues continued to grow in the CIS & Others segment, from €874.1 million in 2012 to €887.5 million in 2013 (an increase of 1.5%).

The 2013 fiscal year was negatively affected by the time lag between the sudden decline of the ruble at the end of May and beginning of June and the Group's corresponding sale price adjustment. In accordance with its general policy, the Group increased prices twice, in early June and early October, to counter the decline in the ruble after the second price increase. The time lag between the decline in the ruble and full offset of that decline by the two successive price increases had an impact of approximately €21 million during 2013.

Unfavorable fluctuations in the Australian dollar and the Brazilian real also had a negative effect on the segment's net revenue of approximately €10 million.

At constant exchange rates and scope of consolidation (excluding Tandus, which has a small amount of activity in Asia and is thus included in the CIS & Others segment), revenues would have increased 4.1%.

This growth continued to reflect dynamic economic conditions in the CIS region, where approximately three-quarters of the segment's revenues were realized. The growth results to a lesser extent from increases in sales in Brazil and China.

Growth in consolidated net revenues in Russia and the other CIS countries continued to relate primarily to residential resilient flooring, the Group's leading product category in these countries. This favorable trend reflects higher volumes in a market that continued to grow, as well as higher average prices due to a more favorable product mix, with the increased strength of high-end (LVT) products.

In China, growth continued due to the full-year inclusion of Tandus, reinforcing the Group's 2011 acquisition of the distributor Tarkett Floor Covering Co., which enabled the Group to increase its sales of resilient flooring. In Australia, where homogenous resilient flooring is the leading product, sales continued to reflect the effects of strong competition.

In Latin America, consolidated net revenue continued to increase in Brazil as a result of the growth in LVT products.

9.2.2.2.4 Sports Surfaces

Consolidated net revenues of the Sports Surfaces segment increased 9.5%, from €260.9 million in 2012 to €285.8 million in 2013.

There were no changes in the scope of consolidation in this segment in 2013. However, as with the North America segment, fluctuations in the U.S. dollar had an unfavorable impact of approximately 2.5% on net revenues in this segment. Excluding this negative effect, organic growth would have been 12% in 2013.

As in previous years, North America accounted for close to 80% of the segment's consolidated net revenues in 2013.

The strong performance in the Sports Surfaces segment's consolidated net revenues in 2012 and 2013 primarily reflects the following:

- an increase in volumes of artificial turf sold for sports fields in North America, as public spending continued the recovery begun in 2012 after five years of significant budgetary restrictions;
- a growing market for athletic tracks; and
- the beginnings of a recovery in Europe, after several years of contraction. This recovery was particularly marked in Germany, France and Spain.

9.2.2.3 Gross Profit

The Group's gross profit increased 18.6% from €525.7 million in 2012 to €632.7 million in 2013. Gross profit represented 24.8% of revenues in 2013, or a gain of almost two points as compared with 22.9% of revenues in 2012.

This improvement is primarily the result of the following factors:

- the continued effort to increase productivity through the WCM program, which generated net cost savings of €35 million, in line with the annual cost savings generated during the four previous fiscal years;
- the overall slight decrease in raw materials costs, following significant increases in 2010, 2011 (principally) and 2012; and
- the consolidation of Tandus, whose average gross profit is larger than the gross profit of the rest of the Group

9.2.2.4 Operating income

The Group's 2013 operating income was €180.9 million, an increase of 17.9% compared with €153.5 million in 2012. Operating income represented 7.2% of revenues in 2013 compared with 6.7% of revenues in 2012.

Operational explanations for this increase are described in Section 9.1.8.1, "Adjusted EBITDA". The main income statement items that contributed to the increase are the following:

- the increase in gross profit, described above;
- an increase in selling expenses, which were €248.8 million in 2013 as compared with €213.5 million in 2012, due mainly to Tandus' inclusion for the full year, which had an estimated impact of €28.8 million, as well as to selected investments aimed at increasing revenues;
- an increase in general and administrative expenses from €136.2 million in 2012 to €162.3 million in 2013, again due in part to the inclusion of Tandus for the full year, which had an estimated impact of €15.2 million, with the remainder essentially due to costs incurred in connection with the Group's initial public offering;
- an increase in depreciation and amortization from €88.8 million in 2012 to €105.5 million in 2013, for three principal reasons: the recognition in 2013 of an impairment charge of €5.1 million on tangible assets relating to the wood flooring business in EMEA; the full-year inclusion of Tandus, for an estimated impact of €8.0 million; and the first amortization of certain investments relating to the Group's information systems projects.

9.2.2.5 Adjusted EBITDA

Adjusted EBITDA was €310.0 million in 2013—an increase of 18.2% as compared with €262.2 million in 2012. The ratio of adjusted EBITDA to consolidated net revenues went from 11.4% in 2012 to 12.3% in 2013, which represents the highest historical level achieved by the Group.

The main driver for the improvement in the Group's adjusted EBITDA in 2013 was the improvement in gross profit, for the reasons described above, which more than offset the targeted increase in selling, general and administrative expenses, also described above.

The ratio of adjusted EBITDA to consolidated net revenues increased across all of the Group's segments in 2013 with the exception of EMEA. The following table presents adjusted EBITDA by segment in euros and as a percent of consolidated net revenues in 2012 and 2013.

Adjusted EBITDA *(in millions of euros, except for percentages)*	Fiscal year ended December 31,		
	2012 restated	2013	Change
EMEA	76.3	71.3	(6.5)%
As a percentage of consolidated net revenue	*11.2%*	*10.6 %*	
North America	30.1	74.0	146.0%
As a percentage of consolidated net revenue	*6.3%*	*11.0 %*	
CIS & Others	180.0	190.1	5.6%
As a percentage of consolidated net revenue	*20.6%*	*21.4 %*	
Sports Surfaces	10.1	15.0	47.9%
As a percentage of consolidated net revenue	*3.9%*	*5.2 %*	
Central	(34.2)	(40.3)	(17.9)%
Group Total	262.2	310.0	18.2%
As a percentage of consolidated net revenue	*11.4%*	*12.3 %*	

The main factors that affected adjusted EBITDA margin in the Group's segments are as follows:

- ***EMEA:*** the strong negative impact of currency fluctuations, with this segment being affected by unfavorable fluctuations both in the currencies in which it makes sales (in particular the Norwegian krona and the pound sterling) and in the currencies of the countries in which it sells its products in the other segments, essentially in Asia-Pacific (primarily the Australian dollar). The productivity generated was not able to fully offset these negative currency fluctuations combined with the slight volume decrease described above.

- ***North America***: the relative effect of the full-year consolidation of Tandus, which has relatively higher margins; an increase in sales volumes, as described above; and productivity gains in all of the segment's factories led to a strong performance, which was very slightly offset by an increase in selling, general and administrative expenses incurred for growth purposes.

- ***CIS & Others:*** the increase in volumes, together with a favorable product mix that included a higher proportion of high margin products, as described above, as well as continued productivity gains more than offset the negative impact of the time lag between the decline of the ruble and the corresponding selling price increases, whose net impact on adjusted EBITDA was an estimated €15.5 million.

- ***Sports Surfaces:*** a rebound in sales volumes over all geographical markets combined with continued productivity efforts as to both production costs and selling and administrative expenses led to a continued strong overall performance in this segment, whose recovery had begun in 2012.

Central costs increased from €34.2 million in 2012 to €40.3 million in 2013, due in particular to increased resources allocated to innovation and to the Group's information systems, as well as increased costs relating to asbestos litigation.

9.2.2.6 EBITDA

EBITDA increased by 18.2% from €242.2 million in 2012 to €286.4 million in 2013. EBITDA represented 10.6% of revenues in 2012 and 11.4% of revenues in 2013.

The increase in EBITDA is due to the same factors as the increase in adjusted EBITDA, partially offset by a slight increase in net adjustments or items that do not affect the Group's cash flow, and that are therefore excluded from adjusted EBITDA. These items totaled €23.6 million in 2013, as compared with €20.0 million in 2012. These net charges included:

- in 2013, restructuring costs of €5.3 million, relating primarily to the transfer of production of VCT tiles to Florence, Alabama, resulting in the 2014 closure, announced in 2013, of the Group's Houston site, as well as the centralization of a portion of the North America segment's sales and logistics departments; €6.1 million in charges relating to share-based payments; and €6.2 million in charges relating to the Group's initial public offering; and

- in 2012, restructuring costs of €6.6 million, relating to the partial transfer of production of wood floors sold in Scandinavia to production sites in Poland and Ukraine; costs of €7.6 million relating to external growth (in particular, the Tandus acquisition and a price adjustment for the 2010 Centiva acquisition); and fees and other expenses of €5.8 million, including €1.7 million in fees paid to shareholders and €2.5 million share-based payment expenses.

9.2.2.7 Net Finance Costs

Net finance costs increased from €24.0 million in 2012 to €31.4 million in 2013. This increase was primarily due to an increase in financing expenses from €26.5 million in 2012 to €33.0 million in 2013. The difference is principally explained by a €3.3 million increase in interest expense, due in turn to the increase in average gross debt between 2012 and 2013 following the acquisition of Tandus in late 2012, as well as by a €2.6 million increase in net financing expenses relating to retirement commitments, due to the adjustment in rates of return on funds invested in accordance with changes in IAS 19 applicable as from January 1, 2013.

9.2.2.8 Income Tax Expense

Income tax expense for 2013 was €47.9 million, a 13.2% increase as compared with €42.3 million in 2012. This increase relates essentially to the increase in the Group's operating income, as the additional recognition of deferred tax assets in the American tax consolidation group was almost totally offset by additional provisions taken in France and Germany. Current tax was €51.9 million in 2013, as compared with €52.5 million in 2012.

9.2.2.9 Net Profit

The Group’s net profit was €100.3 million in 2013, as compared with €85.2 million in 2012. Net profit attributable to non-controlling interests was €1.2 million in 2013 as compared with €1.6 million in 2012.

Net profit attributable to owners of the Company was €99.1 million in 2013 and €83.6 million in 2012. This large increase is the result of the factors set forth above.

10
LIQUIDITY AND CAPITAL RESOURCES

10. LIQUIDITY AND CAPITAL RESOURCES

For a description of the Company's share capital and financial structure, see Notes 13, 14, 15 and 16 to the Group's consolidated financial statements included in Section 20.1.1, "Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013".

10.1 OVERVIEW

The Group generates significant net cash from its operating activities. This cash flow represents the Group's principal source of liquidity and is more than sufficient to finance its ongoing investments.

The Group's objective is to maintain its ongoing investments on the order of approximately 3.5% of consolidated net revenues. The Group defines "ongoing investments" as investments in property, plant and equipment other than those relating to new factories and acquisitions.

Investments in the Group's growth (primarily factory construction and acquisitions) are financed through debt and the Group's own financial resources, in line with its policy of maintaining a sound financial structure. The Group's most recent significant acquisition, the purchase of Tandus in September 2012, was financed in part through a new credit agreement.

As of December 31, 2013, the Group's net debt was €429 million, a decrease of €12.8 million from net debt of €441.8 million as of December 31, 2012. The Group's shareholders' equity attributable to equity holders of the parent totaled €690.2 million as of December 31, 2013, as compared with €683.6 million as of December 31, 2012, resulting in a ratio of net debt to shareholders' equity of 0.62x (as compared with 0.65x as of December 31, 2012) and a ratio of net debt to adjusted EBITDA for the 12-month period ended December 31, 2013 of 1.4x (as compared with 1.7x for the 12-month period ended December 31, 2012).

The Group's liquidity position is strong. As of December 31, 2013, cash and cash equivalents totaled €96.7 million, as compared with €81.1 million as of December 31, 2012. In addition, the total amount available under the Group's bank loans as of December 31, 2013 was €642.3 million.

In connection with its reorganization at the time of the initial public offering, the Group decided to distribute a dividend of €130 million to its shareholders. (The net amount of the dividend was €124.8 million after deducting the portion of the dividend allocated to Partholdi, which merged into Tarkett as part of the reorganization.) The impact of this dividend on the Group's net debt was partially offset by the net proceeds of the sale to its majority shareholder, SID, of the Company's shares held by Tarkett GDL S.A. at the initial public offering price, for a total of €38.1 million.

Moreover, in October 2013 the Group entered into a new syndicated loan agreement for a maximum amount of €450 million, as discussed in Section 10.3.3, "Gross Debt".

The Group believes its available credit lines are sufficient to cover its liquidity needs for the next fiscal year.

10.2 ANALYSIS OF CASH FLOW

(in millions of euros)	As of December 31, 2012 restated	2013
Cash flow before changes in working capital requirements and other operating items	250.0	296.4
Changes in working capital requirements	47.2	(16.3)
Other operating items[1]	(66.5)	(74.5)
Net cash from/(used in) operating activities	230.7	205.6
Net cash from/(used in) investing activities	(343.3)	(103.1)
Net cash from/(used in) financing activities	140.7	(83.8)
Effects of exchange rate fluctuations and changes in accounting	(0.6)	(3.2)
Increase/(decrease) in cash and cash equivalents	**28.1**	**18.8**

[1] Primarily net interest paid and net tax paid

Cash and cash equivalents increased by €18.8 million in 2013, slightly less than in 2012. In 2013, cash flow from operating activities decreased, mainly due to increased working capital requirements. In addition, cash flow from investing activities was lower in 2013 than in 2012 as a result of the September 2012 acquisition of Tandus. Finally, cash from financing activities, traditionally affected by repayments of revolving loans in the event of available cash, was impacted by the dividend paid to the shareholders before the initial public offering and by a loan entered into in 2012 in order to acquire Tandus.

10.2.1 Cash Flow From Operating Activities

(in millions of euros)	As of December 31, 2012 restated	2013
Net cash from operating activities		
Net profit before tax	127.5	148.2
Cash flow before changes in working capital requirements and other operating items	***250.0***	***296.4***
Changes in working capital requirements	***47.2***	***(16.3)***
Cash generated from operations	297.2	280.2
Other operating items[1]	(66.5)	(74.5)
Net cash from operating activities	**230.7**	**205.6**

[1] Primarily net interest paid and net tax paid

Net cash from operating activities was €205.6 million in 2013, a slight reduction of €25.1 million as compared with 2012. The €46.4 million increase in cash flow before changes in working capital requirements and other operating items, which was primarily due to the increase in adjusted EBITDA described in Section 9.2.2.5, “Adjusted EBITDA”, was more than offset by the growth in working capital requirements, which grew by a total net amount of €63.5 million (see Section 10.2.1.1, “Changes in working capital requirements“).

10.2.1.1 Changes in working capital requirements

Changes in the Company’s working capital requirements had a negative effect on net cash flow from operating activities of €16.3 million in 2013, as compared with a positive effect of €47.2 million in 2012, resulting in a net total change of €63.5 million from 2012 to 2013. This change is mainly explained by the unusual nature of 2012, when working capital requirements were lower in a context of organic growth. This performance was the result of the following factors, whose effect on improving working capital requirements related only to the year in which these events took place:

- a significant effort to improve collection of accounts receivable, including (i) a decrease in payment terms from the Group's customers in Russia and Ukraine following a new policy of reducing prices in return for early payment, thus enabling the Group to substantially decrease its recoverability risk; and (ii) improved management of accounts receivable and receipt of certain late payments from municipalities in the Sports Surfaces segment;

- reduced inventory levels in Russia, principally due to the fact that the Group began using its factories at full capacity following an increase in volumes sold; and

- an advance payment on a major purchase order in the United States.

In 2013, these actions continued (with the exception of the advance payment described above, for which delivery of the goods ordered took place in 2013), which enabled the Group to limit the increase in its working capital requirements to €16.3 million, representing 7.2% of the increase in the Group's net revenue between 2012 and 2013. Including only the organic growth in the Group's net revenue, since the increase in balance sheet items relating to the acquisition of Tandus had already been taken into consideration as of year-end 2012, this represents an increase in working capital requirements of 21.5% of this organic growth, with one-third resulting from the delivery of the order paid in advance at the end of 2012 in the United States and the remainder resulting directly from the increase in activity in 2013.

10.2.2 Cash Flow Used in Investing Activities

(in millions of euros)	**As of December 31,**	
	2012 restated	**2013**
Net cash from/(used in) investing activities		
Acquisition of subsidiaries, net of cash acquired	(259.2)	(3.5)
Acquisition of property, plant and equipment, net of sales	(84.1)	(99.6)
Ongoing investments	(84.4)	(87.8)
Net cash used in investing activities..............................	**(343.3)**	**(103.1)**

Cash used in investing activities decreased from €343.3 million in 2012 to €103.1 million in 2013. This decrease was primarily due to the September 2012 acquisition of Tandus for €258.3 million. In 2013, the Group paid a €3.5 million price adjustment relating to the Tandus acquisition. The Group's principal investments during the period are described in Section 5.2, "Principal Investments".

10.2.3 Cash from Financing Activities

(in millions of euros)	As of December 31,	
	2012 restated	2013
Net cash from/(used in) financing activities		
Acquisition of non-controlling equity investments	-	(4.4)
Proceeds from loans and borrowings	211.8	504.0
Repayment of loans and borrowings	(70.3)	(496.3)
Repayment of finance lease liabilities	(0.8)	(0.4)
Sales (purchases) of treasury sales	-	38.1
Dividends paid	-	(124.8)
Net cash from/(used in) financing activities	**140.7**	**(83.8)**

Net cash used in financing activities was €83.8 million in 2013, as compared with €140.7 million in 2012. This significant reduction was the result of three major factors:

- the borrowings incurred to finance the Tandus acquisition in September 2012. These borrowings include a bridge loan of €150 million obtained in August 2012 and an additional €124 million drawdown of the Group's revolving credit facility. The Group also repaid €70.3 million of borrowings in 2012, primarily repayments of drawdowns under the revolving credit facility. In 2013, the Group used its new term loan agreement for the early repayment of the French private placement as well as the Tandus bridge loan. Therefore, these transactions did not have a significant impact on net cash generated by financing activities in 2013;

- payment of a €124.8 million dividend to Tarkett's shareholders prior to its initial public offering;

- the sale to its main shareholder, SID, of a portion of the Tarkett shares held by its subsidiary Tarkett GDL S.A. for €38.1 million.

10.3 FINANCIAL DEBT

10.3.1 Net Debt

As of December 31, 2013, the Group's net debt was €429 million. The Group's gross debt as of the same date was €525.7 million. Net debt decreased in 2013 despite the payment of a €124.8 million dividend in November 2013.

(in millions of euros)	**As of December 31,**	
	2012 restated	**2013**
Total Gross Debt	**522.9**	**525.7**
Cash and Cash Equivalents	(81.1)	(96.7)
Net Financial Debt	**441.8**	**429.0**

10.3.2 Cash and Cash Equivalents

As of December 31, 2013 and December 31, 2012, cash and cash equivalents totaled €96.7 million and €81.1 million, respectively. As of December 31, 2013, available cash was located primarily in Serbia (€40.8 million), in China (€15.3 million) and in the United States (€8.4 million). As of December 31, 2012, available cash was located primarily in the same countries: Serbia (€34.1 million), the United States (€10.8 million) and China (€9.0 million).

10.3.3 Gross Debt

As of December 31, 2013, the Group's gross debt was composed principally of two term loans of which €360 million and €129 million, respectively, had been drawn down, and a syndicated revolving credit facility with a maximum amount of €450 million, of which €25 million had been drawn down as of December 31, 2013. The table below presents the Group's total gross debt as of the dates indicated.

(in millions of euros)	**As of December 31,**	
	2012 restated	**2013**
Revolving Credit Facility (RCF)	219.3	25.0
French private placement	114.0	-
Term Loan (Multi-currency)	150.0	129.0
Term Loan (EUR)	-	360.0
Factoring agreement	25.2	-
Other bank credit lines and overdrafts	4.3	8.7
Other debt (including finance leases)	10.1	3.0
Total Gross Debt	**522.9**	**525.7**

As of December 31, 2013, the Group's principal sources of debt were the following:

- ***Syndicated revolving credit facility ("RCF")***: The Group has a €450 million floating rate revolving multi-currency credit facility that includes two swingline loans for a total amount of €60 million. This credit facility will mature in June 2016.

- ***October 2013 term loan***: the Group entered into a new €450 million five-year syndicated loan agreement, which includes a €360 million tranche and a €90 million tranche, in order to grow its capacity and to increase the average maturity of the Group's borrowings. Pursuant to this loan, the Group is required to comply with the financial covenants described in Section 10.4, "Revolving Syndicated Multi-Currency Credit Facility". This loan was used in part for the early repayment of the Group's €114 million French private placement, which was to mature in May 2014.

- ***May 2013 term loan***: The Group entered into this syndicated loan, which includes a €100 million tranche and a $40 million tranche and matures in May 2016, in order to repay the €150 million Tandus bridge loan signed in 2012. Pursuant to this loan, the Group is required to comply with the financial covenants described in Section 10.4, "Revolving Syndicated Multi-Currency Credit Facility".

- ***Factoring agreement***: This revolving financing arrangement is the Group's only significant source of secured financing. The security is in the form of an assignment of receivables (*créances Dailly*), which are recorded in accounts receivable for purposes of calculating working capital requirements (with an offsetting liability being recorded on the Group's balance sheet). The Group can borrow up to €55 million under this facility at a floating rate of one-month Euribor plus 0.45%, but uses the facility only to supplement its other sources of funds. As a result, there were no amounts outstanding under the facility as of December 31, 2013, and only €25.2 million was outstanding as of December 31, 2012.

The following table provides a summary of the maturities and interest rates applicable to the Group's debt as of December 31, 2013:

(in millions of euros)	Currency	Interest rate	As of December 31, 2013	12 months or less until 12/31/2014	2 years until 12/31/3015	3 to 5 years until 12/31/2018	More than 5 years
Revolving Credit Facility (RCF)	EUR/USD	1.0% - 1.1%	25.0	-	-	25.0	-
Term Loan (EUR)	EUR	2.8%	360.0	-	-	360.0	-
Term Loan (Multi-currency)	EUR/USD	2.1% - 2.6%	129.0	19.4	32.3	77.4	-
Factoring agreement[1]	EUR	0.6%	-	-	-	-	-
Other bank credit lines and overdrafts	-	0.7% - 5.2%	8.7	4.4	1.5	2.7	-
Other debt (including finance leases)	-	0.5% - 0.9%	3.0	0.7	0.7	1.4	0.2
Interest-bearing loans	-	-	**525.7**	**24.5**	**34.5**	**466.5**	**0.2**

(1) €33.6 million of this arrangement is automatically renewable annually.

10.4 REVOLVING SYNDICATED MULTI-CURRENCY CREDIT FACILITY

The Group's principal source of financing is the RCF, which is available for a term of five years as from June 27, 2011. This credit facility was signed by Tarkett as well as by its U.S. subsidiary Tarkett Finance Inc. in order to enable the Group to make drawdowns directly in U.S. dollars and in the United States, as described in Section 10.9, "Off-Balance Sheet Commitments". This credit line had €25.0 million outstanding as of December 31, 2013, as compared with €219.3 million as of December 31, 2012. The RCF includes a €450 million floating-rate credit line that can be drawn in several currencies for periods of between one week and six months, which itself includes two swinglines in an aggregate amount of €60 million, which can be drawn for periods of one to five days.

Interest Rates

The effective interest rate for each drawdown under the RCF is composed of a base rate plus an applicable margin. The applicable margin is determined based on the Group's leverage ratio (as defined below) at the end of the most recent half-year period. The relationship between the leverage ratio and the applicable margin is summarized in the table below.

Leverage Ratio	Applicable Margin
$\leq$1.00x	0.70%
1.00x$\leq$1.50x	0.80%
1.50x$\leq$2.00x	0.90%
2.00x$\leq$2.50x	1.05%
2.50x$\leq$3.00x	1.25%

Financial Covenants

The RCF requires the Group to comply with several financial covenants so long as the funds remain available. The same ratios are applicable to the Group's May 2013 and October 2013 term loan agreements. Failure to comply with these covenants could result in the loans' repayment being accelerated.

Leverage Ratio

The first financial covenant limits the Group's indebtedness and leverage. Under this covenant, known as the "leverage ratio", the Group's net debt as of the end of each half-year must be less than three times its adjusted EBITDA (as defined in the loan agreement) over the twelve months preceding the end of the relevant half-year. As of December 31, 2013 and December 31, 2012, the Group was in compliance with this covenant, with leverage ratios of 1.4x and 1.7x, respectively, adjusted EBITDA over the period. These leverage ratios are in line with the Group's historical levels.

Net Interest Cover

The second financial covenant concerns the Group's "net interest cover", which is the ratio of adjusted EBITA to net interest expense. This covenant requires the Group to maintain gross operating income (adjusted EBITA) at least 2.5 times its total net interest on financial debt and cash flows. As of the end of 2013 and the end of 2012, the Group was in compliance with this covenant, with a ratio of net interest cover to adjusted gross operating income ("adjusted EBITA") of, respectively, 14.1x and 14.8x.

The table below presents the status of the Group's financial covenants as of December 31, 2012 and December 31, 2013.

			As of December 31,	
(in millions of euros)	**Definition**[1]	**Required ratio**	**2012**	**2013**
			Actual ratio	
Leverage Ratio	Net debt to Adjusted EBITDA	*Ratio <3.0x*	*1.7x*	*1.4x*
Net Interest Cover	Adjusted EBITA to net interest expense	*Ratio >2.5x*	*14.8x*	*14.1x*

[1] These ratios apply to the RCF, the French private placement and the May and October 2013 term loans.

Change of Control Provisions

The RCF syndicated credit facility contains a change of control cause in the event that the Deconinck family ceases to control the Company. For this purpose, the Deconinck family is defined as “Ms. Catherine la Bonnardière (née Deconinck), Mr. Bernard-André Deconinck, Mr. Didier Deconinck, Mr. Eric Deconinck and their children, acting individually or collectively and directly or indirectly through a company held exclusively by them”. If the Group were to fail to reach an agreement with its banks in such case, each lender would have the right to demand immediate repayment of its portion of the loan. The word “control” as used in this clause is defined by the French Commercial Code and includes actions “in concert”, as defined in such Code.

10.5 NEW TERM LOAN

The Company signed a new term loan (the “Euro Term Loan Facility” or “ETLF”) with a group of banks on October 16, 2013, with respect to Tranche A, and on December 6, 2013, with respect to Tranche B. The total amount of the facility is €450 million, of which €360 million is in Tranche A and €90 million is in Tranche B.

A portion of Tranche A (€114 million) was used in November 2013 to repay the French private placement.

The ETLF’s maturity date is five years as from the signature date of Tranche A.

The agreement contains, in all material respects, the same covenants as the RCF, in particular those relating to leverage ratio and net interest cover.

The interest rate for the first drawdown was set at 3-month Euribor plus a margin of 1.75%. Going forward, the base interest rate (3-month Euribor or 6-month Euribor) will be determined depending on the period chosen by the borrower. The effective interest rate will be equal to Euribor plus an applicable margin based on the Group’s leverage ratio for the most recent half-year period. The relationship between the leverage ratio and the margin applicable to the ETLF is summarized in the table below.

Leverage Ratio	Applicable Margin
≤1.00x	1.25%
1.00x≤1.50x	1.50%
1.50x≤2.00x	1.75%
2.00x≤2.50x	2.00%
2.50x and more	2.25%

The ETLF agreement contains a change of control clause that can result in acceleration of repayment. The change of control provision will apply only in the event that the Company is controlled by a person or “group in concert” other than the Deconinck family. The mere loss of control by the Deconinck family, without acquisition of control by a third party, will not trigger the provision.

10.6 OTHER DEBT

The minority shareholders of Morton Extrusionstechnik (MET) and FieldTurf Benelux BV (formerly AA SportSystems) hold put options that enable them to require the Group to acquire their respective shares. The Group fully consolidates these companies in its financial statements, as if the minority shares had been acquired by Tarkett. The Group records the present value of the estimated exercise price of the put options under "other liabilities" in its balance sheet. As of December 31, 2013, the total amount of other liabilities corresponding to these options was €2.1 million.

10.7 SHAREHOLDERS' EQUITY

Shareholders' equity was €696.3 million and €693.7 million as of December 31, 2013 and December 31, 2012, respectively. Changes in shareholders' equity in 2013 resulted primarily from changes in the Group's net income, as described in Section 9.2.2.9, "Net Income". In addition, in connection with its reorganization, the Group decided to distribute a dividend of €130 million to its shareholders prior to the initial public offering and to sell a portion of its treasury shares.

10.8 RETURN ON CAPITAL EMPLOYED

In order to monitor its profitability, the Group uses an indicator known as return on capital employed, or "ROCE", which measures the Group's ability to provide a return on funds made available to it by its shareholders and lenders.

ROCE is the ratio of (1) earnings before interest and taxes to (2) capital employed, which is the sum of tangible and intangible assets (including goodwill) and working capital.

ROCE is not a standardized accounting term corresponding to a generally accepted definition. It should not be taken as a substitute for operating income, net income or cash flows from financing activities, nor should it be treated as a measure of liquidity. ROCE may be calculated differently by other companies with businesses that are similar to or different from that of the Group. Accordingly, the Group's ROCE calculation may not be comparable to that calculated by other issuers. The following tables reconcile ROCE to earnings before interest and taxes for 2012 and 2013.

Operating income before financial items and taxes is calculated as follows:

	For the year ended December 31,	
	2012	**2013**
(in millions of euros)	**restated**	
Operating income	**153.5**	**180.9**
Exceptional items		
Restructuring costs	6.6	5.3
Gains/losses on asset sales/impairment	1.7	6.1
Unusual items from business combination	7.6	0.5
Share-based payment	2.5	6.1
Consulting fees and other provisions	3.2	11.9
Operating income before financial items and taxes (A)	**175.2**	**210.9**

Capital employed is calculated as follows:

(in millions of euros)	For the year ended December 31, 2012 restated	2013
Tangible assets	428.7	415.4
Intangible assets	98.4	110.9
Goodwill	449.1	425.6
Working capital	239.4	236.4
Total capital employed (B)	**1,215.6**	**1,188.2**

The Group's ROCE (before taxes) is as follows:

(in millions of euros)	For the year ended December 31, 2012 restated	2013 published
Return on capital employed (ROCE) (before taxes) (A/B)	14.4 %	17.7 %

10.9 OFF-BALANCE SHEET COMMITMENTS

Lease Commitments

The Group's lease commitments mainly relate to buildings, vehicles, computer equipment and software, as well as offices. Total future minimum lease payments pursuant to the Group's operating leases totaled €38.9 million as of December 31, 2013, and included the following:

Future minimum payments pursuant to operating leases (Group level) *(in millions of euros)*	**As of December 31, 2012 restated**	**As of December 31, 2013**
Less than 1 year	(14.2)	(13.6)
1 to 5 years	(24.3)	(21.9)
More than 5 years	(3.1)	(3.4)
Total	**(41.6)**	**(38.9)**

The total net carrying amounts of assets under financial leases included in the Group's consolidated balance sheet totaled €9.7 million as of December 31, 2013, and the present value of future minimum payments was €2.6 million.

Guarantees and Off-Balance Sheet Commitments

The following table presents guarantees given by the Company as of December 31, 2013 (including those relating to financial debt already included on the balance sheet), as well as guarantees received from customers:

Group Off-Balance Sheet Commitments *(in millions of euros)*	**As of December 31, 2012**	**As of December 31, 2013**
RCF Europe Credit Lines	-	-

Federal Insurance Company	(56.7)	(38.9)
Factoring	(25.2)	-
Pri-Pensions	(17.4)	(18.4)
Other	(13.8)	(7.2)
Corporate guarantees of Tarkett SA	**(113.1)**	**(64.5)**
Commitments provided	(121.7)[1]	(82.4)[1]
Corporate or personal guarantees from clients or other debtors	11.8	11.0
Commitments received	11.8	11.0

(1) Includes a corporate guarantee given by Tarkett Inc.

The foregoing commitments include the following:

- a counter guarantee provided to Federal Insurance Company ("FIC") pursuant to a general indemnity agreement for a maximum amount of $75.0 million to permit FIC to issue bonds on behalf of FieldTurf Tarkett Inc. As of the end of the fiscal year, the amount outstanding subject to this guarantee was equivalent to $38.9 million;

- a guarantee covering 50% of a maximum €10 million credit line granted to the Group's Laminate Park joint venture;

- a guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 163.2 million;

- a guarantee for raw materials provided by a supplier of the Group's subsidiary MET in order to secure its debt for an amount of up to €5 million;

- a guarantee given to Tarkett Finance Inc. to enable it to become an additional borrower under the RCF in an amount not to exceed the U.S. dollar equivalent of €100.0 million. However, no drawdowns under this guarantee were outstanding as of year-end;

- a guarantee that Tarkett gave to a lender in the form of an assignment of receivables with a maximum authorized amount of €55 million. Tarkett gave the guarantee because the facility, whose purpose is to finance the Group, was signed by Tarkett France for technical reasons. However, no drawdowns under this guarantee were outstanding as of year-end; and

- a guarantee provided to certain lenders by the Company on behalf of Tarkett Limited (United Kingdom) and FieldTurf Poligras (Spain) in order to enable them to obtain financing in an amount of €3.8 million.

Other

One of the Group's subsidiaries is a defendant in a group of cases in the United States relating to injuries caused by asbestos. In addition to provisions recorded, the Group maintains three funds (for a total amount of $26.6 million as of December 31, 2013) as well as insurance policies in respect of this litigation and the possibility of additional cases being brought. For more information, see Section 20.4, "Legal Proceedings".

In addition, the Group is currently engaged in a proceeding to rectify conditions relating to a 2008 sale of preference shares of FieldTurf Tarkett Inc. by Tarkett France to Tarkett Inc. for a total of U.S.$36.2 million. Pursuant to Canadian tax legislation, the capital gains realized in connection with the Tarkett France transaction should have been treated by Tarkett Inc. as a distribution of dividends subject to withholding tax at a rate of 15%. As Tarkett Inc. did not pay this withholding tax, it could be required to pay approximately CAD$6 million to the Canadian tax authorities. Tarkett Inc. and Tarkett France filed a motion to institute proceedings for rectification of documents and declaratory judgment before the Quebec courts in order to reduce the price of the sale by U.S.$21.3 million. Given the timeframe and the uncertainty as to whether the requested rectification will be granted, the Group's financial statements as of December 31, 2013 include a provision for CAD$6 million.

11
RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

Information about the Group's research and development, patents and licenses is included in Section 6.1.9, "Research and Development, Innovation, Standards Applicable to the Group's Products and Intellectual Property".

12
INFORMATION ON TRENDS AND FORECASTS

12. INFORMATION ON TRENDS AND FORECASTS

For purposes of preparing its internal budgets and planning its operations and investments, the Group makes estimations regarding outlook and sets certain objectives relating to its results of operations. These estimations and objectives, summarized below, are based on information, assumptions and estimates that the Group's management considers to be reasonable as of the filing date of this Registration Document. These estimations and objectives are not projections or profit forecasts, but result from the Group's strategic orientation and action plan.

12.1 MARKET TRENDS

For a detailed discussion of the Group's 2012 and 2013 results of operations, see Chapter 9, "Management's Discussion and Analysis of Financial Condition and Results of Operations".

12.2 MEDIUM-TERM OUTLOOK

12.2.1 Macro-Economic Climate

The Group expects its growth to depend to a certain extent on increases in gross domestic product ("GDP") in the main geographic regions in which it operates.

GDP growth for each of these regions, based on International Monetary Fund ("IMF") estimates published at the beginning of 2014, is expected to be as follows:

- In the EMEA segment, GDP is expected to grow slightly, by 1.2%, in 2014. This trend is expected to continue in 2015 and 2016, with an increase of approximately 1.5% per year.

- The IMF estimates that the average annual GDP growth rate for North America during the 2013-2016 period should be approximately 3.1%.

- For the CIS & Others segment, the average annual GDP growth rate during the 2013-2016 period was expected to be approximately 3.2% in the main CIS countries (Russia, Kazakhstan, Ukraine and Belarus). Furthermore, during the same period, the IMF expects sustained annual GDP growth in the other major countries in this segment, *i.e.*, in Brazil and China.

12.2.2 Outlook for the Group

The recent events in Ukraine could modify the forecasts of GDP growth in the CIS region, although it is impossible currently to estimate the potential impact on the Group's activity. However, thanks to the quality of the Group's products and services, its broad geographic footprint and its exposure to diversified markets, the Group believes that it is well positioned to continue to grow over the coming years. Barring any major fluctuations in global macroeconomic conditions, the Group's objective during the 2014-2016 period is to continue growing its average annual revenues at a higher rate than the average annual GDP growth of the regions in which it operates.

- Based on IMF estimates relevant to the EMEA segment, the GDP growth rate in Western Europe is projected to be approximately 1.2%. Economic recovery is expected to begin in 2015 with an estimated GDP growth rate between 1% and 2%. However, austerity programs in certain countries could reduce public expenditures even further and could potentially negatively impact the commercial market in particular. The Group expects to continue to raise prices for certain products (which it began to do in 2013) through 2016, in order to anticipate the effects of inflation and potential increases in raw material costs. Starting in 2015, the Group expects an increase in volumes sold in this region thanks to sales growth in its LVT product line.

- In its North American segment, the Group expects to take advantage of the economic recovery in the U.S. construction market that has been underway since the fourth quarter of 2012. The Group believes that the acquisition of Tandus will allow it to achieve commercial synergies in North America, a process that began in 2013. The Group also expects to increase its position in the residential and commercial vinyl flooring categories as a result of its wide geographic exposure across the United States, its significant capacity for innovation, its environmental leadership as well as its close relationships with customers. In addition, the Group intends to intensify its integrated multi-product and multi-surface marketing strategy in North America. The Group feels that it should be well positioned to take advantage of major growth expected in certain product lines—primarily LVT and modular commercial carpeting.

- As indicated above, based on IMF estimates concerning to the CIS & Others segment, annual GDP growth is expected to remain relatively high during the 2014-2016 period in the major countries in this region. Within the CIS, the Group believes its local production capacities are unique compared to its competitors and its network of distribution platforms gives it a significant advantage. Furthermore, in Russia, two-thirds of residential flooring surfaces are in need of substantial renovation, translating into roughly two billion square meters of potential demand. The Group believes it is very well positioned in this country due to its close relationships with the country's primary distributors, and this should allow the Group to take advantage of significant growth opportunities. In Latin America, the Group expects to take advantage of the strong potential of resilient flooring, especially the increasing demand for luxury vinyl tiles in this market. The Group also hopes to take advantage of the growth potential in the Asia Pacific region, where, as in Latin America, resilient flooring is becoming increasingly popular, especially among commercial users.

- For the Sports Surfaces segment, economic conditions in North America showed initial signs of recovery as early as 2012, as indicated above. As a significant number of sports fields will cease to be covered by manufacturers' warranties and reach the end of their useful lives, the Group expects there to be an increase in demand for replacement. In Western Europe, reductions in public spending due to challenging economic conditions are expected to ease in 2014 and reverse beginning in 2015. Should the Western European economy gradually recover as anticipated, the Group believes that an increase in Sports Surfaces sales could begin in 2014 and accelerate in 2015.

See Section 6.1.4, "Market Description", for a more detailed analysis of the structural factors discussed above. For a detailed discussion and analysis of the factors affecting the Group's results, including macro-economic conditions, variations in raw material prices, exchange rate fluctuations and changes in the scope of consolidation, see Section 9.1.2, "Principal Factors Affecting the Group's Results of Operations".

Concerning margins, the Group achieved an adjusted EBITDA margin of 12.3% in 2013. The Group expects to achieve additional productivity gains as a result of operational initiatives already in place, such as completing the turnaround of the Group's European wood flooring business, consolidating U.S. VCT production and continuing to strengthen the Sports Surfaces business worldwide (see Section 9.1.6, "Turnaround of Certain Business Divisions"). Furthermore, the Group expects to optimize its European distribution network by increasing supply-chain flexibility and improving logistics management. The Group's WCM program, launched in 2009 to increase productivity and reduce production costs, has already generated significant savings that the Group expects to continue over the coming years. See Section 6.1.7.2, "Continued Improvement of Manufacturing Processes". Due to these factors, the Group aims to achieve an average annual adjusted EBITDA margin above 12% and average annual Return on Capital Employed (ROCE) above 15% during the 2013-2016 period.

The Group's external growth strategy should also contribute to an increase in revenues. Although it is always difficult to assess the impact of future acquisitions given the importance of identifying targets and partners and successfully executing transactions, the Group's objective over the 2013-2016 period is to complete acquisitions that will allow it to broaden and complement its existing product lines while consolidating its presence in certain markets and expanding into new regions. These acquisitions could allow the Group to increase its consolidated revenues by approximately €300 million over the 2013-2016 period. As of the filing date of this Registration Document, the Group has entered into a preliminary agreement with the Polish group Gamrat S.A to acquire Gamrat Flooring, Gamrat S.A.'s vinyl flooring subsidiary (see Section 5.2.3, Principal Future Investments").

Through its strong cash generation capacity as well as its disciplined approach to external growth, the Group seeks to keep its level of debt below two times its adjusted EBITDA over the 2013-2016 period, excluding transformational acquisitions and after taking into account the Group's dividend distribution policy (see Section 20.3, "Dividend Policy").

Ongoing investments represented 3.5% of consolidated net revenues in 2013 and 3.6% in 2012. The Group defines "ongoing investments" as investments in tangible and intangible assets, other than those relating to new factories and acquisitions. In order to address increased demand and improved manufacturing processes, the Group aims to maintain its annual ongoing investments on the order of 3.5% of consolidated net revenues during the 2013-2016 period.

The data, assumptions and estimates set forth herein may change as a result of uncertainties related to, among other things, the Group's economic, financial, competitive or regulatory environment or as a result of other factors of which the Group may be unaware as of the filing date of this Registration Document. In addition, the occurrence of one or more of the risks described in Chapter 4, "Risk Factors", could negatively affect the Group's business, income, financial situation or prospects, and hence undermine its ability to meet the objectives set forth in this section. Furthermore, the estimates expressed above are based on the assumed success of the Group's strategy as presented in Section 6.1.3, "Strategy". Therefore, the Group can give no assurances or provide any guarantee that the objectives set forth above will be met, and does not undertake to publish corrections or communicate updates to this information in the future.

13
PROFIT FORECASTS OR ESTIMATES

13. PROFIT FORECASTS OR ESTIMATES

None.

14 MANAGEMENT AND SUPERVISORY BOARDS AND SENIOR MANAGEMENT

14. MANAGEMENT AND SUPERVISORY BOARDS AND SENIOR MANAGEMENT

14.1 MANAGEMENT BOARD, SUPERVISORY BOARD AND EXECUTIVE COMMITTEE

The Company is a limited liability corporation (*société anonyme*) with a Supervisory Board and a Management Board. A description of the main provisions of the Company's Bylaws relating to its functioning and powers, as well as a brief description of the main provisions of the Internal Regulations of the Supervisory Board and its specialized committees, is included in Chapter 16, "Operation of Management and Supervisory Boards" and in Chapter 21.2, "Incorporation Documents and Bylaws".

14.1.1 Management Board

In accordance with Articles 11 and 12 of the Company's Bylaws, the Management Board is composed of a minimum of two and a maximum of five members. Its members are appointed by the Supervisory Board, and their term in office is three years. The age limit for serving as a member of the Management Board is currently set at sixty-five years.

As of the date of this Registration Document, the Management Board is composed of three members. The tables below show the composition of the Management Board and the main positions and offices held by the members of the Management Board outside the Company (whether inside or outside the Group) during the last five years.

<table>
<tr><td>Michel Giannuzzi
(49)</td><td>BUSINESS ADDRESS:
2, rue de l'Égalité, 92748 Nanterre Cedex, France</td><td>NUMBER OF SHARES HELD:
204,152(1)</td></tr>
<tr><td colspan="3">EXPERIENCE AND EXPERTISE</td></tr>
<tr><td colspan="3">Member and Chairman of the Management Board
Michel Giannuzzi was appointed Chief Executive Officer of Tarkett in September 2007.

He has spent his entire career in various industries, beginning in 1988 with Michelin. From his initial diverse industrial responsibilities in France and the United Kingdom, he went on to manage a tire production unit using very innovative technologies before taking on the responsibility of re-engineering the supply chain in Europe and becoming CEO of Michelin Japan.

In 2001, he joined the Valeo Group as Vice President and Member of the Executive Committee, successively in charge of the global Electrical Systems and Wiper Systems businesses.

Mr. Giannuzzi is a graduate of Ecole Polytechnique and Harvard Business School.</td></tr>
<tr><td colspan="3">TERM OF OFFICE</td></tr>
<tr><td>FIRST APPOINTMENT:
September 7, 2007</td><td colspan="2">CURRENT TERM:
From November 26, 2013 to November 26, 2016</td></tr>
<tr><td colspan="3">LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS</td></tr>
<tr><td colspan="2">POSITIONS AND OFFICES WITHIN THE TARKETT GROUP
Current positions:
France
- Member and Chairman of the Management Board, Tarkett
Abroad</td><td>POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP</td></tr>
</table>

- Chairman of the Board of Directors, Tarkett Capital SA (Luxembourg) - Chairman of the Board of Directors, Tarkett GDL SA (Luxembourg) - Chairman of the Board of Directors, Zao Tarkett (Russia) - Board Member, Tarkett Asia Pacific Ltd (People's Republic of China) - Chairman of the Board of Directors, Fademac SA (Brazil) - Chairman of the Board of Directors, Tarkett Hong Kong Limited (People's Republic of China) - Chairman of the Board of Directors, Laminate Park GmbH & Co KG (Germany) - Member of the Supervisory Board, Morton Extrusionstechnik GmbH (MET) (Germany) - Board Member, Tarkett Inc. (Canada) **During the last five years:** France - N/A Abroad - N/A	None.

Fabrice Barthélemy (46)	**BUSINESS ADDRESS**: 2, rue de l'Égalité, 92748 Nanterre Cedex, France	**NUMBER OF SHARES HELD**: 37,276

EXPERIENCE AND EXPERTISE

Member of the Management Board

Fabrice Barthélemy, 46, joined Tarkett as Chief Financial Officer in 2008. He started his career as an industrial controller with Safran and joined Valeo in 1995 as Financial Controller of a division in the United Kingdom. From 2000 to 2003, he helped turn around Valeo's Lighting Division in France, then becoming Financial Director of Valeo Connective Systems and, subsequently, Financial Director of Valeo Wiper Systems. Mr. Barthélemy is a graduate of ESCP - Europe.

TERM OF OFFICE

FIRST APPOINTMENT: May 23, 2008	**CURRENT TERM:** From November 26, 2013 to November 26, 2016

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS

POSITIONS AND OFFICES WITHIN THE TARKETT GROUP	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP**
Current positions: France - Member of the Management Board and Chief Financial Officer, Tarkett - Member of the Executive Committee, FieldTurf Tarkett SAS Abroad - Board Member, Tarkett Australia Pty. Ltd (Australia) - Board Member, Laminate Park GmbH & Co KG (Germany) - Board Member, FieldTurf Poligras (Spain) - Board Member, Somalre (Luxembourg) - Board Member, Tarkett Capital SA (Luxembourg) - Board Member, Tarkett GDL SA (Luxembourg) - Board Member, Zao Tarkett (Russia) - Chairman of the Board of Directors, Tandus Flooring CO. Ltd (People's Republic of China) - Board Member, Tarkett Inc. (Canada) - Board Member, Fademac SA (Brazil) - Board Member, Tarkett Asia Pacific Ltd (People's Republic of China) **During the last five years:** France - N/A Abroad	None.

- N/A	

Vincent Lecerf (49)	**BUSINESS ADDRESS**: 2, rue de l'Égalité, 92748 Nanterre Cedex, France	**NUMBER OF SHARES HELD**: 37,100

EXPERIENCE AND EXPERTISE

Member of the Management Board

Born in 1964, **Vincent Lecerf** joined Tarkett in 2008. Mr. Lecerf has spent most of his professional career in human resources management. Before joining Tarkett, he was Director of Human Resources of the Norbert Dentressangle group. Prior to that, Mr. Lecerf held various human resources roles within companies such as Rhodia, Poclain, Hydraulics and Valeo. Mr. Lecerf is a graduate of EDHEC and has a post-graduate diploma in organizational sociology from Paris Dauphine.

TERM OF OFFICE

FIRST APPOINTMENT: May 23, 2008	**CURRENT TERM:** From November 26, 2013 to November 26, 2016

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS

POSITIONS AND OFFICES WITHIN THE TARKETT GROUP

Current positions:

France
- Member of the Management Board and Executive Vice President of Human Resources, Tarkett

Abroad
- None.

During the last five years:

France
- N/A

Abroad
- N/A

POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP

None.

(1) Shares held by the executive and related persons.

14.1.2 Supervisory Board

14.1.2.1 Composition of the Supervisory Board

In accordance with Articles 17 and 18 of the Company's Bylaws, the Supervisory Board is composed of a minimum of three and a maximum of eighteen members. Its members are appointed by the ordinary shareholders' meeting, and the length of their term of office is four years. Part of the Supervisory Board is renewed each year, such that the entire Supervisory Board is renewed on a rolling basis over a period of four years. By way of exception, the general shareholders' meeting may decide when appointing certain members of the Supervisory Board that their term of office will be shorter than four years, in order to permit rolling renewal of the terms of the various members of the Supervisory Board.

Pursuant to the Company's Bylaws, each member of the Supervisory Board must hold at least 1,000 Company shares. Until he or she holds 1,000 shares, each member of the Supervisory Board must use half of his attendance fees to acquire Company shares.

No natural person older than seventy-five (75) may be appointed to the Supervisory Board if following such appointment more than one-third of the members of the Supervisory Board will be older than such age.

The tables below show the composition of the Supervisory Board and the main positions and offices held by its members outside the Group in the past five years.

<table>
<tr><td>Didier Deconinck
(67)</td><td colspan="2">BUSINESS ADDRESS:
2, rue de l'Égalité, 92748 Nanterre Cedex, France</td><td>NUMBER OF SHARES HELD:
1,004</td></tr>
<tr><td colspan="4">EXPERIENCE AND EXPERTISE</td></tr>
<tr><td colspan="4">Chairman and Member of the Supervisory Board

Didier Deconinck has been Chairman of the Company's Supervisory Board since 2005. He has been a member of the Management Board and of the Bureau des Assemblées (as representative of DDA) of SID, a family company holding shares of the Company, since 2013. He was a Managing Director of Société Investissement Familiale (SIF), a holding company controlling the Company, until its initial public offering in 2013. He is also the Vice President and Managing Director of Monin, a French hardware manufacturer for the building and industrial sectors, which he also co-founded.

From 1979 to 1984, Mr. Deconinck was the Managing Director of Allibert-Mobilier-de-Jardin, a garden furniture manufacturer. He then became Managing Director of the Video division of Thompson and an executive officer of its German holding company, DAGFU, until 1987, then, until 1990, General Manager of Domco, a company traded on the Toronto Stock Exchange and the largest Canadian flooring manufacturer.

Mr. Deconinck is also a member of the Board of Directors of the Conseil International de la Chasse et de la Faune Sauvage and the Musée de l'Armée.

Born in 1947, Mr. Deconinck holds an engineering degree from Ecole Polytechnique de Zurich and received additional training in marketing at the Wharton Business School and in finance at INSEAD.</td></tr>
<tr><td colspan="4">TERM OF OFFICE</td></tr>
<tr><td colspan="2">FIRST APPOINTMENT:
January 2, 2001</td><td colspan="2">CURRENT TERM:
From May 30, 2012 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2013</td></tr>
<tr><td colspan="4">LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE</td></tr>
</table>

FISCAL YEARS	
POSITIONS AND OFFICES WITHIN THE TARKETT GROUP **Current positions:** France - Chairman and Member of the Supervisory Board Abroad - None. **During the last five years:** France - None. Abroad - None.	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP** - Member of the Management Board and *Bureau des Assemblées* (as a representative of DDA), SID - Manager, DDA (France) - Chairman of the Supervisory Board and Chairman of the Nominations and Compensation Committee of ARDIAN Holding SAS (France), permanent representative of DDA (France) - Managing Director, Monin SAS (France) - Board Member, Musée de l'Armée (France) **POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD** - Member of the Management Board and Managing Director, *Société Investissement Familiale* (S.I.F.) (France)

Jacques Garaïalde (57)	**BUSINESS ADDRESS**: Kohlberg Kravis & Co. Ltd, Stirling Square, 7 Carlton Garden, London SW1 5AD, Great Britain	**NUMBER OF SHARES HELD**: 1,004

EXPERIENCE AND EXPERTISE

Vice President and Member of the Supervisory Board

Jacques Garaïalde has been a partner of Kohlberg Kravis Roberts & Co. since 2003. Before joining Kohlberg Kravis Roberts & Co., Mr. Garaialde was a partner of Carlyle responsible for European Venture Partner funds. Between 1982 and 2000, he worked for the Boston Consulting Group, serving as Senior Vice President responsible for Belgium (from 1992 to 1995) and then France and Belgium (from 1995 to 2000).
Between 1979 and 1981, he held various positions with Esso France.

Mr. Garaialde is also a member of the Board of Directors of KKR Flooring COMP, Visma AS and SMCP SAS. He is also President of the *École Polytechnique* Charitable Trust and a member of the Board of Directors of the *Fondation de l'École Polytechnique*.
Born in 1956, Mr. Garaïalde holds an M.B.A from INSEAD and is a graduate of the *École Polytechnique*.

TERM OF OFFICE	
FIRST APPOINTMENT: January 10, 2007	**CURRENT TERM:** From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2016

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS	
POSITIONS AND OFFICES WITHIN THE TARKETT GROUP **Current positions:** France - Vice President and Member of the Supervisory Board - Member of the Nominations and Compensation Committee Abroad	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP** - Board Member, KKR Flooring COMP (Luxembourg) - Board Member, Visma AS (Norway) - Board Member, SMCP SAS (France) **POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD** - Chairman of the Management Board, *Société Investissement Familiale* (S.I.F.) (France) - Chairman and CEO, Mediannuaire Holding (France)

- None. **During the last five years:** France - None. Abroad - None.	- Chairman of the Board of Directors, Pages Jaunes Groupe (France)* - Board Member, Nexans (France)* - Board Member, Pages Jaunes Groupe (France)* - Board Member, Legrand SA (France)* - Board Member, Sorgenia Spa (Italy)

Eric Deconinck (65)	**BUSINESS ADDRESS**: 2, rue de l'Égalité, 92748 Nanterre Cedex, France	**NUMBER OF SHARES HELD**: 1,004

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

Eric Deconinck is a member of the Company's Supervisory Board. He has been a member of the Management Board and Chairman of the *Bureau des Assemblées* (as representative of Demunich) of SID, a family company holding shares of the Company, since 2013. He was a Managing Director of *Société Investissement Familiale* (SIF), a holding company controlling the Company, until its initial public offering in 2013. At Sommer Allibert, he was Managing Director of the subsidiary Sommer Brésil from 1976 to 1981, and then President of Allibert Habitat from 1993 to 1997.

Mr. Deconinck began his career with Publicis and then worked as a Budget Manager for Euro-Advertising from 1972 to 1976.

He subsequently joined Loréal, where he was Managing Director of Garnier from 1981 to 1985 and then Managing Director of Lancôme from 1985 to 1988. He then joined LVMH as President of Christian Lacroix from 1990 to 1991.

He founded and developed the consulting firm Marketing and Business from 1998 to 2013.

Born in 1948, Mr. Deconinck holds a degree from the *École Supérieure de Commerce de Lyon* and served in the military as a part of the *Chasseurs Alpins*.

TERM OF OFFICE

FIRST APPOINTMENT: January 2, 2001	**CURRENT TERM:** From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2015

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS

POSITIONS AND OFFICES WITHIN THE TARKETT GROUP	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP**
Current positions: France - Member of the Supervisory Board Abroad - None. **During the last five years:** France - None. Abroad - None.	- Member of the Management Board and *Bureau des Assemblées* (as a representative of Demunich), SID - Representative, Demunich (France) - Representative of Demunich, SO ACTIVE (France) **POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD** - Member of the Management Board and Managing Director, *Société Investissement Familiale* (S.I.F.) (France) - Board Member, Attractive (France) - Chairman, Marketing & Business (taken over by Demunich) (France)

Bernard-André Deconinck (69)	**BUSINESS ADDRESS**: 2, rue de l'Égalité, 92748 Nanterre Cedex, France	**NUMBER OF SHARES HELD**: 1,004

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

Bernard-André Deconinck is a member of the Company's Supervisory Board. Since 2013, he has been Chairman of the Management Board and member of the *Bureau des Assemblées* (as the representative of Heritage Fund) of SID, a family company holding shares of the Company. He was a member of the Management Board of *Société Investissement Familiale* (SIF), a holding company controlling the Company, until its initial public offering in 2013. He began his career with the Group in 1969 as an engineer, then held positions in operational management (factories and divisions), then in as vice-president of purchasing, investing, style, research and Group development.

Born in 1944, Mr. Deconinck holds a degree from the *École Centrale de Paris*.

TERM OF OFFICE

FIRST APPOINTMENT: January 10, 2007	**CURRENT TERM:** From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2015

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS

POSITIONS AND OFFICES WITHIN THE TARKETT GROUP

Current positions:

France
- Member of the Supervisory Board

Abroad
- None.

During the last five years:

France
- None.

Abroad
- None.

POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP

- Member of the Management Board and *Bureau des Assemblées* (as a representative of Heritage Fund), SID
- Co-manager, Heritage Fund SPRL (Belgium)
- Manager, Société Val Duchesse SPRL (Belgium)

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Member of the Management Board and Managing Director, *Société Investissement Familiale* (S.I.F.) (France)

Josselin de Roquemaurel (37)	**BUSINESS ADDRESS**: Kohlberg Kravis & Co. Ltd, Stirling Square, 7 Carlton Garden, London SW1 5AD, Great Britain	**NUMBER OF SHARES HELD**: 1,004

EXPERIENCE AND EXPERTISE

Member of the Supervisory Board

Josselin de Roquemaurel is a Vice-President of Kohlberg Kravis Roberts & Co., where he has worked since 2005. He has been in charge of investments in various European countries. From 2001 to 2005, he was employed with JPMorgan & Co. as an analyst and then as an associate in the Investment Banking department.

Born in 1976, Mr. de Roquemaurel is also a Director of Acteon Group Ltd (United Kingdom).

Mr. de Roquemaurel is a graduate of the *École Normale Supérieure de Fontenay/Saint-Cloud,* and holds a degree from HEC.

TERM OF OFFICE	
FIRST APPOINTMENT: May 26, 2010	**CURRENT TERM:** From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2016

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS	
POSITIONS AND OFFICES WITHIN THE TARKETT GROUP **Current positions:** France - Member of the Supervisory Board - Member of the Audit Committee Abroad - None. **During the last five years:** France - None. Abroad - None.	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP** - Representative, *Société Investissement Familiale* (S.I.F.) (France) - Board Member, Acteon Group Limited (United Kingdom) **POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD** - Member of the Management Board, *Société Investissement Familiale* (S.I.F.) (France) - Board Member, Visma AS (Norway) - Chairman, Partholdi (France)

Jean-Philippe Delsol (64)	**BUSINESS ADDRESS**: DELSOL Avocats, 12 quai André Lassagne, 69001 Lyon	**NUMBER OF SHARES HELD**: 590

EXPERIENCE AND EXPERTISE
Member of the Supervisory Board **Jean-Philippe Delsol** has provided legal and tax advice for over thirty years, focusing on large family-owned companies. Born in 1950, Mr. Delsol holds degrees in literature and law.

TERM OF OFFICE	
FIRST APPOINTMENT: November 26, 2013	**CURRENT TERM:** From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2013

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS	
POSITIONS AND OFFICES WITHIN THE TARKETT GROUP **Current positions:** France	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP** - PSELARL DELSOL Law Firm (France), Partner - Board Member, *Institut de Recherches Économiques et Fiscales* (IREF) (France)

<table>
<tr>
<td>
- Member of the Supervisory Board

Abroad
- None.

During the last five years:

France
- None.

Abroad
- None.
</td>
<td>
POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- None.
</td>
</tr>
</table>

<table>
<tr>
<td>Sonia Bonnet-Bernard
(51)</td>
<td>BUSINESS ADDRESS:
Ricol Lasteyrie, 2 avenue Hoche, 75008 Paris</td>
<td>NUMBER OF SHARES HELD:
4</td>
</tr>
<tr>
<td colspan="3">EXPERIENCE AND EXPERTISE</td>
</tr>
<tr>
<td colspan="3">
Independent Member of the Supervisory Board

Sonia Bonnet-Bernard has been a managing partner of Ricol Lasteyrie, an independent financial advisory and corporate valuation firm, since 1998.

She began her career in 1985 as an auditor for the firm Salustro, and then continued on to Leon Constantin in New York. After having managed the International Section of the Conseil Supérieur de l’Ordre des Experts Comptables (the French National Association of Chartered Accountants) for seven years, she joined the Arnaud Bertrand Committee (which became the Financial Markets Department of the French Professional Auditors Body, also known as the “CNCC”) where she coordinated the technical accounting and professional policy positions of the major international audit networks.

Ms. Bonnet-Bernard has been a member of the Board of Autoritié des Normes Comptables (the former Conseil National de la Comptabilité) (the French National Accounting Standards Authority) since 1998 and has actively participated in its efforts since 1990. She is Vice President of the Société Française des Evaluateurs (SFEV), a member of the Association Professionnelle des Experts Indépendants (APEI) and a member of the Board of Directors of IMA France.

Born in 1962, Ms. Bonnet-Bernard is a French certified accountant (Expert Comptable) and holds an M.A. from the University of Paris IX Dauphine in accounting and finance. She was a lecturer at the University of Paris IX Dauphine and at IAE of Poitiers from 1986 to 1994.
</td>
</tr>
<tr>
<td colspan="3">TERM OF OFFICE</td>
</tr>
<tr>
<td colspan="2">FIRST APPOINTMENT:
July 12, 2011</td>
<td>CURRENT TERM:
From November 26, 2013 until the annual shareholders’ meeting called to approve the financial statements for the year ending December 31, 2016</td>
</tr>
<tr>
<td colspan="3">LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS</td>
</tr>
<tr>
<td>
POSITIONS AND OFFICES WITHIN THE TARKETT GROUP

Current positions:

France
- Independent Member of the Supervisory Board
- Chairman and Independent Member of the Audit Committee

Abroad
</td>
<td colspan="2">
POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP

- Managing Partner, Ricol Lasteyrie (France)
- Vice-President of the Société Française des Évaluateurs (France)
- Member of the Board of Directors of the association IMA France (France)
- Member of the Collège de l’Autorité des Normes Comptables (France)

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- None.
</td>
</tr>
</table>

<table>
<tr><td>- None.

During the last five years:
France
- None.

Abroad
- None.</td><td></td></tr>
</table>

<table>
<tr><td>Françoise Leroy
(62)</td><td>BUSINESS ADDRESS:
2, rue de l’Égalité, 92748 Nanterre Cedex, France</td><td>NUMBER OF SHARES HELD:
1,001</td></tr>
<tr><td colspan="3">EXPERIENCE AND EXPERTISE</td></tr>
<tr><td colspan="3">Independent Member of the Supervisory Board

Françoise Leroy began her career in 1975 as Secretary General of the Union Industrielle d’Entreprise. She joined Elf Aquitaine in 1982, where she held various positions in financial management. In 1998, she became the Director of Financial Communications, and then, in 2001, she became Director of Chemical Subsidiaries Operations in the finance department of Total following its merger with Elf Aquitaine. She has also been the secretary general of Total’s Chemical division since 2004 and a member of its Steering Committee since 2006. From January 2012 to June 2013, she was Director of Mergers and Acquisitions-Disposals.

Born in 1952, Mrs. Leroy holds a degree from the École Supérieure de Commerce et d’Administration des Entreprises de Reims.</td></tr>
<tr><td colspan="3">TERM OF OFFICE</td></tr>
<tr><td colspan="2">FIRST APPOINTMENT:
November 26, 2013</td><td>CURRENT TERM:
From November 26, 2013 until the annual shareholders’ meeting called to approve the financial statements for the year ending December 31, 2014</td></tr>
<tr><td colspan="3">LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS</td></tr>
<tr><td>POSITIONS AND OFFICES WITHIN THE TARKETT GROUP

Current positions:
France
- Independent Member of the Supervisory Board
- Independent Member of the Audit Committee
- Independent Member of the Nominations and Compensation Committee

Abroad
- None.

During the last five years:
France
- None.

Abroad
- None.</td><td colspan="2">POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP

- Member of the Supervisory Board and Chairwoman of the Audit Committee, HIME (Saur Group)

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD

- Chairwoman of the Board of Directors, Bostik Holding SA (France)
- Managing Director, Bostik Holding SA (France)
- Board Member, Bostik Holding SA (France)
- Chairwoman of the Board, Elf Aquitaine Fertilisants (France)
- Managing Director, Elf Aquitaine Fertilisants (France)
- Board Member, Elf Aquitaine Fertilisants (France)
- Member of the Supervisory Board, Atotech BV (Netherlands)
- Board Member, Société Chimique de Oissel (France)
- Board Member, Bostik SA (France)
- Board Member, Hutchinson SA (France)
- Board Member, Grande Paroisse SA (France)
- Board Member, GPN (France)
- Deputy CEO, Total Raffinage Chimie (France)
- Board Member, Elf Aquitaine (France)
- Board Member, Cray Valley SA (France)
- Board Member, Financière Elysées Balzac SA (France)
- Board Member, Total Petrochemicals France
- Board Member, Total Petrochemicals Arzew (France)</td></tr>
</table>

	- Board Member, Rosier SA (Belgium)

Gérard Buffière (69)	**BUSINESS ADDRESS**: GyB-Industries, 41, boulevard de la Tour Maubourg, 75007 Paris	**NUMBER OF SHARES HELD**: 1,050

EXPERIENCE AND EXPERTISE

Independent Member of the Supervisory Board

Gérard Buffière is a Director of Imerys, a member of the Supervisory Board of Wendel and a Senior Adviser of the Sagard et Ergon Capital Partners fund. He also manages *Société Industrielle du Parc* and GyB-Industries, which he founded.

Mr. Buffière began his career in 1969 in the Mergers and Acquisitions department of Banexi before joining Otis Elevator in 1974. In 1979, he was appointed CEO of the Electricity Control division of Schlumberger, and then, in 1989, Chairman of the Electronic Transactions division. From 1996 until late 1997, he acted as CEO of the Industrial Equipment branch of Cegelec.

In early 1998, he joined Imetal, which then became Imerys, as a member of the Management Board responsible for the Materials and Construction and the Minerals for Ceramics divisions, and then, in 2000, the Pigments and Additives division. In 2002, he became the Chairman of the Management Board of Imerys, and was then appointed as CEO upon the change in the group's structure in 2005, a position which he held until 2011.

Born in 1945, Mr. Buffière holds a degree from the *École Polytechnique* as well as a Master of Science from Stanford University.

TERM OF OFFICE

FIRST APPOINTMENT: November 26, 2013	**CURRENT TERM:** From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2014

LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS

POSITIONS AND OFFICES WITHIN THE TARKETT GROUP	**POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP**
Current positions: France - Independent Member of the Supervisory Board - Chairman and Independent Member of the Nominations and Compensation Committee Abroad - None. **During the last five years:** France - None. Abroad - None.	- Board Member, Imerys (France)* - Member of the Supervisory Board, Wendel (France)* - Chairman, GyB-Industries (France) - Chairman, Société Industrielle du Parc (France) **POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD** - CEO, Imerys (France)*

Eric La Bonnardière	**BUSINESS ADDRESS**: Evaneos SA, 43 rue du Faubourg Montmartre,	**NUMBER OF SHARES HELD**: 0

<table>
<tr><td>(33)</td><td>75018 Paris</td><td></td></tr>
<tr><td colspan="3">EXPERIENCE AND EXPERTISE</td></tr>
<tr><td colspan="3">Observer on the Supervisory Board

Eric La Bonnardière began his career in 2006 as a consultant for the strategic consulting firm Advancy where he focused on projects relating to industries and distribution. In 2009, he cofounded Evaneos.com, and he is currently its Chief Executive Officer. Evaneos.com, a website focusing on travel and leisure, has generated €20 million in business since its creation, with an average annual growth rate of 100% since its founding.

Born in 1981, Mr. La Bonnardière holds degrees from Supélec and HEC.</td></tr>
<tr><td colspan="3">TERM OF OFFICE</td></tr>
<tr><td>FIRST APPOINTMENT:
November 26, 2013</td><td colspan="2">CURRENT TERM:
From November 26, 2013 until the annual shareholders' meeting called to approve the financial statements for the year ending December 31, 2016</td></tr>
<tr><td colspan="3">LIST OF POSITIONS AND OFFICES HELD IN FRENCH AND FOREIGN COMPANIES DURING THE LAST FIVE FISCAL YEARS</td></tr>
<tr><td>POSITIONS AND OFFICES WITHIN THE TARKETT GROUP
Current positions:
France
- Observer on the Supervisory Board

Abroad
- None.

During the last five years:
France
- None.

Abroad
- None.</td><td colspan="2">POSITIONS AND OFFICES OUTSIDE THE TARKETT GROUP
- Chairman and CEO, Evaneos SA (France)

POSITIONS AND OFFICES HELD DURING THE LAST FIVE YEARS THAT ARE NO LONGER HELD
- None.</td></tr>
</table>

* French listed companies

14.1.2.2 Balance in the Composition of the Supervisory Board

In order to comply with the Company's Bylaws, at its meeting on October 9, 2013 the Supervisory Board accepted the resignation of Mr. Alain Vourch effective as of November 26, 2013. The Combined General Meeting of the Company's Shareholders held on November 4, 2013 appointed three new members to the Supervisory Board: Françoise Leroy (appointed for a term of two years) and Gérard Buffière (appointed for a term of two years) as independent members, and Jean-Philippe Delsol (appointed for a term of one year), proposed by SID. Pursuant to Article 26 of the Bylaws and Article 10 of the Board's Internal Regulations, the Shareholders' Meeting also appointed Eric La Bonnardière to the Supervisory Board as an observer for a term of four years.

In addition, the Shareholders' Meeting of November 4, 2013 voted for the early renewal of the terms of Ms. Sonia Bonnet-Bernard, an independent member (appointed for four years) and of

Messrs. Bernard-André Deconinck (appointed for three years), Eric Deconinck (appointed for three years), Jacques Garaïalde (appointed for four years) and Josselin de Roquemaurel (appointed for four years) as members of the Supervisory Board. The terms were proposed in order to permit the rolling renewal of the members of the Supervisory Board, in accordance with the Afep-Medef Code and Article 18 of the Company's Bylaws.

The Supervisory Board ensured that the selection of the three new members complemented the Board's current composition so as to reflect a diversity of skills as well as balanced representation of men and women, in proportions that comply with the legal requirements in effect since January 1, 2014. As of December 31, 2013, women represented 22% of the members of the Supervisory Board. The Supervisory Board is currently continuing to work towards gender balance, with the objective that women will represent 40% of its membership by 2017, in accordance with the Afep-Medef Code.

Furthermore, with these new nominations, the Supervisory Board has three independent members in addition to the six members of the Supervisory Board appointed on the proposal of the Company's two main shareholders. Thus, one-third of the members of the Supervisory Board are considered independent under the criteria set forth in Articles 17-19 of the Company's Bylaws and Article 1 of the Supervisory Board's Internal Regulations.

14.1.3 Members of the Executive Committee

14.1.3.1 Executive Committee

The composition of the Group's Executive Committee is as follows:

Michel Giannuzzi, Chief Executive Officer;

Fabrice Barthélemy, Chief Financial Officer;

Vincent Lecerf, Executive Vice President of Human Resources;

Antoine Prévost, Executive Vice President of Operations;

Stéphanie Couture, Group General Counsel;

Anne-Christine Ayed, Executive Vice President, Research, Innovation and Environment;

Remco Teulings, President, Tarkett EMEA;

Slavoljub Martinovic, President, Tarkett Eastern Europe;

Jeff Buttitta, President, North America; and

Eric Daliere, President, Tarkett Sports.

14.1.3.2 Biographical Information about the Members of the Executive Committee

Michel Giannuzzi, Chief Executive Officer (see Section 14.1.1, "Management Board").

Fabrice Barthélemy, Chief Financial Officer (see Section 14.1.1, "Management Board").

Vincent Lecerf, Executive Vice President, Group Human Resources (see Section 14.1.1, "Management Board").

Antoine Prévost, 43, French, is the Group's Executive Vice President of Operations, a position he has held since 2011. He held different managerial positions with Vallourec between 1995 and 2011. He holds a degree from the *École Nationale Supérieure des Mines de Paris*.

Stéphanie Couture, 44, Canadian, is the Group General Counsel and has been with the Group since 2000. She was previously a lawyer in the civil and administrative courts of Canada and was in-house counsel for Unibroue. She holds a degree from the University of Montréal and has been a member of the Quebec bar since 1993.

Anne-Christine Ayed, 52, French-Canadian, is the Executive Vice President of Research Innovation & Environment, a position she has held since 2009. Previously, she held various managerial and R&D positions with Dow Chemicals in Switzerland, Germany and the United States. She has a doctorate in polymer chemistry.

Remco Teulings, 43, Dutch, has been President of the EMEA division since December 2012. He was the Marketing Director and then the Managing Director of Central Europe for Knauf Insulation from 2006 to 2012. He received a Masters in sociology from the University of Amsterdam, a Bachelor's degree in economics and an M.B.A from the Asian Institute of Technology.

Slavoljub Martinovic, 43, Serbian, has been President of the Group's Eastern Europe division since January 2013. Previously, he worked for Sintelon from 1996 until its acquisition by the Group in 2002. He holds a degree from the Novi Sad Technological Faculty.

Jeff Buttitta, 66, American, has been the President of the Group's North America division since 2005. Previously, he was the Managing Director of Johnsonite from 1990 until its acquisition by the Group in 2005. He holds an accounting degree from Baldwin Wallace College (United States).

Eric Daliere, 46, American, has been the President of the Tarkett Sports division since 2009. Previously, he spent ten years working on complex projects for KKR Capstone, after having started with the Boston Consulting Group. He received an M.B.A from the J.L. Kellogg School of Management of Northwestern University.

14.1.3.3 Meetings

The Group's Executive Committee meets monthly to review the Group's operational and financial performance and to discuss strategic products and business operations.

14.2 STATEMENT RELATING TO THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Conflicts of Interest

To the Company's knowledge, other than the family relationships among Didier Deconinck (Chairman and Member of the Supervisory Board), Bernard-André Deconinck (Member of the Supervisory Board) and Eric Deconinck (Member of the Supervisory Board), as well as between these three members of the Supervisory Board and Eric La Bonnardière (observer), their nephew, there are no family relationships among the Company's officers.

To the Company's knowledge, over the course of the past five years: (i) none of the above persons has been convicted of fraud; (ii) none of the above persons has been associated with any bankruptcy, receivership or liquidation; (iii) no accusation or official public sanctions have been pronounced against any of the above persons by statutory or regulatory authorities (including designated professional bodies); and (iv) none of the above persons has been disqualified by a court from acting as a member of the administrative, management or supervisory body of any company, or from being involved in the management or performance of business of any company.

Independence of Members of the Supervisory Board

Pursuant to the recommendations of the Afep-Medef Code, Article 1.1 of the Internal Regulations of the Supervisory Board provides that at the time of each renewal or nomination of a member of the Supervisory Board and at least once per year prior to the publication of the Company's annual report, the Board must evaluate the independence of each of its members. The process for evaluating the independence of each member of the Supervisory Board was reviewed by the Nominations and Compensation Committee at its meeting of October 9, 2013 and then by the Supervisory Board at its meeting of the same date.

The determination of independence is discussed each year by the Nominations and Compensation Committee, which prepares a report relating thereto for the Supervisory Board. Each year, the Supervisory Board examines, based on such report, the status of each member of the Supervisory Board with regard to the independence criteria. The Supervisory Board must inform the shareholders of the conclusions of its analysis in the annual report.

Based on this analysis, for the fiscal year ended December 31, 2013 and since the Company's initial public offering, three members of the Supervisory Board are independent: Ms. Sonia Bonnet-Bernard, Ms. Françoise Leroy, and Mr. Gérard Buffière.

In addition, this analysis showed that for the fiscal year ended December 31, 2013 and since the Company's initial public offering, the Audit Committee includes two independent members: Sonia Bonnet-Bernard (Chairwoman) and Françoise Leroy. For the fiscal year ended December 31, 2013 and since the initial public offering, the Nominations and Compensation Committee has two independent members: Françoise Leroy and Gérard Buffière (Chairman).

At its meeting of September 17, 2013, the Supervisory Board evaluated the independence of Françoise Leroy and Gérard Buffière with regard to the criteria set forth in the Afep-Medef Code and concluded that they were independent. For more information on the independence criteria, see Articles 17 to 19 of the Company's Bylaws and Article 1 of the Internal Regulations of the Supervisory Board. As Sonia Bonnet-Bernard has been an independent member of the Supervisory Board since her appointment by the annual shareholders' meeting of July 12, 2011, her independence was reconfirmed by the Board at the time of her proposed renewal for a term of four years. As a result, 33.33% of the members of the Supervisory Board are independent.

14.3 CONFLICTS OF INTEREST AMONG MANAGEMENT AND SUPERVISORY BOARDS AND SENIOR MANAGEMENT

To the Company's knowledge, other than as described in Section 14.2, "Statement Relating to the Management Board and Supervisory Board" and in Section 16.2, "Information on Service Contracts Linking Members of the Management Board or Supervisory Board to the Company or Any of Its Subsidiaries", as of the date of this Registration Document there are no potential conflicts of interest between the duties of the members of the Management Board or Supervisory Board to the Company and their private interests.

To the Company's knowledge and subject to the provisions of the Shareholders' Agreement (see Section 19.1.1, "Shareholders' Agreement"), there are no pacts or agreements of any kind with shareholders, clients, suppliers or others pursuant to which any of the members of the Company's Supervisory Board or Management Board has been appointed as such.

As of the date of this Registration Document and except as described in Section 17.2.3, "Free Shares", the members of the Management Board or the Supervisory Board have not agreed to any restriction on their right to sell shares of the Company, with the exception of the rules relating to the prevention of insider trading and the recommendations of the Afep-Medef Code with respect to the obligation to retain shares.

15 COMPENSATION AND BENEFITS OF SENIOR EXECUTIVES

15.1. Compensation and Benefits of Senior Executives and Company Officers

15.2. Amount of Provisions Made or Recorded by the Company or by its Subsidiaries for the Payment of Pensions, Retirement Plans or Other Benefits

15. COMPENSATION AND BENEFITS OF SENIOR EXECUTIVES

15.1 COMPENSATION AND BENEFITS OF SENIOR EXECUTIVES AND COMPANY OFFICERS

The Company's policy is to comply with all of the recommendations of the Corporate Governance Code for Listed Companies of the AFEP and the MEDEF (the "Afep-Medef Code").

The tables below show the compensation and benefits of any kind paid to members of the Management Board and the Supervisory Board in connection with their offices, by (i) the Company; (ii) companies controlled by the Company; (iii) companies controlled by companies that control the Company; or (iv) companies that control the Company, all within the meaning of Article L. 233-16 of the French Commercial Code. Since the Company belongs to a Group as of the date of this Registration Document, this information includes amounts due by any company in the Group's control structure and relating to the office held in the Company.

15.1.1 Total Compensation of Members of the Management Board for Fiscal Years 2012 and 2013

The table below shows compensation paid and options and shares granted to Messrs. Michel Giannuzzi, Fabrice Barthélemy and Vincent Lecerf during the fiscal years ended December 31, 2012 and 2013.

Table 1 - Summary Table of Compensation and Options and Shares Granted to Each Member of the Management Board

(in euros)	**2012**	**2013**
Michel Giannuzzi, Chairman of the Management Board		
Compensation due for the year *(see Section 15.1.2)*	1,754,458	1,555,689
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year	573,300	1,777,410
Total	**2,327,758**	**3,333,099**
Fabrice Barthélemy, member of the Management Board		
Compensation due for the year *(see Section 15.1.2)*	516,230	776,252
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year	200,200	449,848
Total	**716,430**	**1,226,100**
Vincent Lecerf, member of the Management Board		
Compensation due for the year *(see Section 15.1.2)*	494,083	489,646
Valuation of stock options granted during the year	-	-
Valuation of performance shares granted during the year	200,200	448,949
Total	**694,283**	**938,595**

15.1.2 Compensation of Each Member of the Management Board for Fiscal Years 2012 and 2013

The following table sets forth a breakdown of cash compensation paid to Messrs. Michel Giannuzzi, Fabrice Barthélemy and Vincent Lecerf during the years ended December 31, 2012 and 2013 into fixed, variable, and other compensation.

Table 2 - Summary Table of Cash Compensation of Each Member of the Management Board

(in euros)	2012		2013	
	Amounts due[(2)]	**Amounts paid[(3)]**	**Amounts due[(2)]**	**Amounts paid[(3)]**
Michel Giannuzzi, Chairman of the Management Board				
Fixed compensation[(1)]	645,000	645,000	700,000	700,000
Variable compensation[(1)]	1,105,000	648,062	851,900	711,011
Exceptional compensation[(1)]	-	-	-	62,372
Benefits in Kind	4,458	4,458	3,789	3,789
Total	**1,754,458**	**1,297,520**	**1,555,689**	**1,477,172**
Fabrice Barthélemy, member of the Management Board and Chief Financial Officer				
Fixed compensation[(1)]	275,385	275,385	295,000	295,000
Variable compensation[(1)]	238,000	161,668	178,328	146,770
Exceptional compensation[(1)]	-	-	300,000	300,000
Benefits in Kind	2,845	2,845	2,924	2,924
Total	**516,230**	**439,898**	**776,252**	**744,694**
Vincent Lecerf, member of the Management Board and Executive Vice President of Human Resources				
Fixed compensation[(1)]	266,154	266,154	280,000	280,000
Variable compensation[(1)]	225,120	155,301	166,740	134,819
Exceptional compensation[(1)]	-	-	40,000	40,000
Benefits in Kind	2,809	2,809	2,906	2,906
Total	**494,083**	**424,264**	**489,646**	**457,725**

(1) Gross compensation before tax.
(2) Compensation due in respect of relevant fiscal year, regardless of payment date.
(3) Compensation paid during fiscal year.

Compensation of Michel Giannuzzi, Chairman of the Management Board

In 2012 and until November 21, 2013, Mr. Giannuzzi had an employment contract with *Société d'Investissement Familiale* (SIF), which was terminated as of the Company's initial public offering in accordance with the recommendations of the Afep-Medef Code. Since November 22, 2013, Mr. Giannuzzi has received compensation in his capacity as Chairman of the Management Board.

In such capacity, Mr. Giannuzzi currently receives an annual base salary of €700,000, which will be subject to change beginning on January 1, 2015. He is also eligible for a performance-based bonus payable no later than March 31 of the following year and composed of two parts:

(i) the first part is contingent on the Company's achievement of quantitative performance goals defined at the beginning of the fiscal year by the Supervisory Board upon proposal of the

Nominations and Compensation Committee. For 2013, these performance goals were linked to adjusted EBITDA and operating cash flow of the Group. This part is calculated as 70% of his base salary times a multiple between 0% and 200%. Therefore, to the extent these performance goals are exceeded, Mr. Giannuzzi could receive a maximum of 140% of his base salary.

(i) the second part is based on Mr. Giannuzzi's achievement of individual performance goals defined at the beginning of the fiscal year by the Supervisory Board upon proposal of the Nominations and Compensation Committee. This part is calculated as 30% of his base salary times a multiple between 0% and 100%. Therefore, to the extent these performance goals are achieved or exceeded, Mr. Giannuzi could receive a maximum of 30% of his base salary.

No exceptional compensation was awarded to Mr. Giannuzzi for the year ended December 31, 2012. As a result of the termination of his employment agreement, Mr. Giannuzzi received payment for his remaining 2013 paid vacation, which payment is included in Table 2 - Summary Table of Compensation of Each Member of the Management Board (Table 2 of the AMF Recommendation) under "Exceptional Compensation".

Mr. Giannuzzi also benefits from a company car.

Mr. Giannuzzi will receive an additional €300,000 bonus to be paid in November 2017, provided that he remains within the Group until the payment date.

Compensation of Fabrice Barthélemy

Mr. Barthélemy receives no compensation for his duties as a member of the Management Board, but is instead compensated for his role as Chief Financial Officer of the Group.

Mr. Barthélemy has an employment contract with the Company. Under this contract, he receives fixed compensation as well as variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee, and the amount of which is fixed by the Supervisory Board upon such Committee's proposal. Seventy percent of his variable compensation depends on the Group's achievement of certain economic performance measures based on adjusted EBITDA and operating cash flow, and 30% depends on the achievement of individual objectives. Mr. Barthélemy's variable compensation may vary between 0% and 85% of his fixed compensation depending on the achievement of these targets set by the Supervisory Board.

No exceptional compensation was awarded to Mr. Barthélemy for the year ended December 31, 2012. In 2013, Mr. Barthélemy received exceptional compensation of €300,000 for his essential contribution to the success of the Company's initial public offering. This bonus was fixed by the Chairman of the Management Board following the recommendations of the Nominations and Compensation Committee, which had voted on the subject at its meeting of September 9, 2013.

Mr. Barthélemy also benefits from a company car.

Compensation of Vincent Lecerf

Mr. Lecerf receives no compensation for his duties as a member of the Management Board, but is instead compensated for his role as Executive Vice President, Group Human Resources.

Mr. Lecerf has an employment contract with the Company. Under this contract, he receives fixed and variable compensation based on award criteria that are reviewed annually by the Nominations and Compensation Committee, and the amount of which is fixed by the Supervisory Board upon such Committee's proposal. Seventy percent of his variable compensation depends on the Group's achievement of certain economic performance measures based on adjusted EBITDA and operating cash flow of the Group, and 30% depends on the achievement of individual objectives. Mr. Lecerf's variable compensation may vary between 0% and 85% of his fixed compensation depending on the achievement of these targets set by the Supervisory Board.

No exceptional compensation was awarded to Mr. Lecerf for the year ended December 31, 2012. In 2013, Mr. Lecerf received exceptional compensation of €40,000 for his contribution to the success of the Company's initial public offering. This bonus was fixed by the Chairman of the Management Board following the recommendations of the Nominations and Compensation Committee, which had voted on the subject at its meeting of September 9, 2013.

Mr. Lecerf also benefits from a company car.

15.1.3 Fees and other Compensation Received by Members of the Supervisory Board for Fiscal Years 2012 and 2013

The following table sets forth the attendance fees and other compensation received by members of the Supervisory Board. At the shareholders' meeting of May 30, 2012, the maximum amount of attendance fees for 2012 was fixed at €35,000, all of which was granted to Ms. Bonnet-Bernard in exchange for her service as Chairwoman of the Audit Committee. At the shareholders' meeting of November 4, 2013, the total amount of annual attendance fees for Supervisory Board members was set at €450,000, until otherwise resolved. On October 9, 2013, subject to the vote of the shareholders' meeting, the Supervisory Board determined the allocation of this amount as follows:

- a base amount of €35,000 per year is allocated to each of the members of the Supervisory Board, with each absence from a board meeting resulting in a deduction of €3,000 from such amount;
- an additional €35,000 is allocated to the Chairman of the Supervisory Board;
- an additional €10,000 is allocated to the Vice Chairman of the Supervisory Board;
- €5,000 per year is allocated to each member of each of the specialized committees of the Supervisory Board, with each absence from a committee meeting resulting in a deduction of €1,000 from such amount; and
- an additional €15,000 and €10,000 are allocated to the Chairman of the Audit Committee and the Chairman of the Nominations and Compensation Committee, respectively.

This allocation will remain in effect until a decision to the contrary by the Supervisory Board or reduction of the global amount allocated by the Company's shareholders' meeting.

Table 3 - Summary Table of Compensation of Each Member of the Supervisory Board

Members of the Supervisory Board	Gross Amounts Paid During Fiscal Year 2012 *(in euros)*	Gross Amounts Paid During Fiscal Year 2013 *(in euros)*
Sonia Bonnet-Bernard		
Attendance Fees	35,000	36,973
Other Compensation	–	–
Bernard-André Deconinck		
Attendance Fees	–	3,945
Other Compensation	120,155[(1)]	122,786[(1)(2)]
Didier Deconinck		
Attendance Fees	–	6,904
Other Compensation	117,102[(1)]	122,786[(1)(2)]
Eric Deconinck		
Attendance Fees	–	3,452
Other Compensation	60,289[(1)]	69,263[(1)(2)]
Jacques Garaïalde		
Attendance Fees	–	3,945
Other Compensation	–	–
Josselin de Roquemaurel		
Attendance Fees	–	3,945
Other Compensation	–	–
Françoise Leroy		
Attendance Fees	–	4,438
Other Compensation	–	–
Gérard Buffière		
Attendance Fees	–	4,932
Other Compensation	–	–
Jean-Philippe Delsol		
Attendance Fees	–	3,156
Other Compensation	–	–

(1) Compensation paid by *Société d'Investissement Familiale* (SIF).

(2) Compensation paid by *Société d'Investissement Deconinck* (SID).

15.1.4 Stock Subscription or Purchase Options Granted During 2013 to Each Member of the Management Board by the Company or Any Group Entity

No stock subscription or purchase options were granted to members of the Management Board in 2013.

Table 4 - Stock Subscription or Purchase Options Granted During 2013 to Each Member of the Management Board by the Company or Any Group Entity

Name of executive officer	No. and date of plan	Option type (subscription or purchase)	Valuation of the options according to the method used for consolidated financial statements	Number of options allocated during the financial year	Exercise price	Exercise period
Michel Giannuzzi	-	-	-	-	-	-
Fabrice Barthélemy	-	-	-	-	-	-
Vincent Lecerf	-	-	-	-	-	-
Total	-	-	-	-	-	-

15.1.5 Stock Subscription or Purchase Options Exercised During 2013 by Each Member of the Management Board

Not applicable.

Table 5 - Stock Subscription or Purchase Options Exercised During 2013 by Each Member of the Management Board

Name of executive officer	No. and date of plan	Number of options exercised during the fiscal year	Exercise price
Michel Giannuzzi	-	-	-
Fabrice Barthélemy	-	-	-
Vincent Lecerf	-	-	-
Total	-	-	-

15.1.6 Performance Shares Allocated to Company Officers During 2013

The following table sets forth information on performance shares, all non-qualifying (that is to say, not falling within the scope of Articles L.225-197-1 et seq. of the French Commercial Code), that were awarded to members of the Company's Management Board in 2013:

Table 6 - Performance Shares[1] Allocated During the Year to Each Company Officer by the Company or by Any Group Company

Name of company officer	No. and date of plan	Number of shares allocated during the year[2]	Valuation of the shares according to the method used for the consolidated financial statements	Vesting Date	Availability Date	Performance conditions
Michel Giannuzzi[3]	Plan No. 4– 10/9/13	61,290	1,777,410	July 1, 2016	July 1, 2016	(1)
Fabrice Barthélemy	Plan No. 4– 10/9/13	15,512	449,848	July 1, 2016	July 1, 2016	(1)
Vincent Lecerf	Plan No. 4– 10/9/13	15,481	448,949	July 1, 2016	July 1, 2016	(1)
Total		**92,283**	**2,676,207**			

(1) The Group has put in place a long-term incentive plan for senior executives and employees (the "2013 LTIP"). The purpose of the plan is to give certain executive officers and employees of the Group an economic interest in the medium-term growth of the Group and in its future results. For this reason, the executive officers and employees who are beneficiaries of the plan were granted performance shares, subject to the following conditions: (i) remaining with the Group during a three-year vesting period and (ii) achievement of performance criteria, such that the total number of shares delivered will be between 0 and 1.5 times the number of shares originally granted, depending on the degree to which the Company achieves its performance objectives. These objectives are based on the Group's net debt and adjusted EBITDA over the 2013-2016 period. The grant made in December 2013 will vest in July 2016.

(2) On the vesting date, the Company has the right to pay beneficiaries a cash equivalent instead of the preference shares due to them pursuant to the 2013 LTIP.

(3) For so long as he remains Chairman of the Management Board, Mr. Giannuzzi is required to own the equivalent of 50% of the shares of the Company granted to him in connection with the Long Term Incentive Plan (LTIP), after tax impact.

15.1.7 Performance Shares Becoming Available During 2013 for Each Company Officer

Table 7 - Performance Shares Becoming Available During 2013 for Each Company Officer

Due to their various vesting and retention periods, no performance shares belonging to the company officers became available – that is to say, transferable on the market – in 2013.

15.1.8 History of Allocation of Stock Subscription or Purchase Options

No stock subscription or purchase options were granted during the fiscal years ended December 31, 2011, 2012 or 2013.

No stock subscription or purchase option plan is in effect as of the date of this Registration Document.

Table 8 - History of Allocations of Stock Subscription or Purchase Options - Information on Subscription or Purchase Options

	Plan No. 1	Plan No. 2	Plan No. 3	Plan No. 4
Date of shareholders' meeting.................................	-	-	-	-
Date of Management Board meeting	-	-	-	-

Total number of shares that may be subscribed for or purchased, including the number that may be subscribed for or purchased by:	-	-	-	-
The Company Officers	-	-	-	-
- *Michel Giannuzzi*	-	-	-	-
- *Fabrice Barthélemy*	-	-	-	-
- *Vincent Lecerf*	-	-	-	-
- *Sonia Bonnet-Bernard*	-	-	-	-
- *Bernard-André Deconinck*	-	-	-	-
- *Didier Deconinck*	-	-	-	-
- *Eric Deconinck*	-	-	-	-
- *Jacques Garaïalde*	-	-	-	-
- *Josselin de Roquemaurel*	-	-	-	-
- *Alain Vourch*	-	-	-	-
- *Françoise Leroy*	-	-	-	-
- *Gérard Buffière*	-	-	-	-
- *Eric La Bonnardière*	-	-	-	-
Starting date for option exercise	-	-	-	-
Expiration date	-	-	-	-
Subscription or purchase price	-	-	-	-
Terms of exercise (where the plan includes several tranches)	-	-	-	-
Number of shares subscribed as of the date of this Registration Document	-	-	-	-
Cumulative number of stock subscription or purchase options canceled or expired	-	-	-	-
Subscription or purchase options remaining at the end of the fiscal year	-	-	-	-

15.1.9 Stock Subscription or Purchase Options Granted to the Top Ten Employees

No stock subscription or purchase options were granted during the fiscal years ended December 31, 2011, 2012 or 2013.

No stock subscription or purchase option plan is in effect as of the date of this Registration Document.

Table 9 - Stock Subscription or Purchase Options Granted to the Top Ten Employees

	Total number of options granted/shares subscribed or purchased	**Average weighted price**	**Plan**
Options granted during the year, by the issuer and by any group company to the ten employees of the issuer or any group company awarded the largest number of options (overall figure)	-	-	-
Options on the issuer and the companies previously mentioned exercised during the year by the ten employees of the issuer and such companies who purchased or subscribed for the greatest number of options (overall figure)	-	-	-

15.1.10 Allocations of Free Shares

Table 10 – History of Allocations of Free Shares

Table 10, "History of Allocations of Free Shares", can be found in Section 17.2.3, "Free Shares".

15.1.11 Employment Agreements, Retirement Payments, and Departure Compensation of Members of the Management Board

Table 11 - Employment Agreements, Retirement Payments, and Departure Compensation of Members of the Management Board

Members of the Management Board	**Employment Agreement**		**Supplemental Pension Plan**		**Severance or other benefits due or likely to become due as a result of termination or change of office**		**Compensation under a non-compete clause**	
	Yes	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Michel Giannuzzi[(1)] Chairman of the Management Board Beginning of term: 11/26/2013 End of term: 11/26/2016		✔		✔	✔		✔	
Fabrice Barthélemy Member of the Management Board and Chief Financial Officer Beginning of term: 11/26/2013 End of term: 11/26/2016	✔			✔		✔	✔	
Vincent Lecerf Member of the Management Board and Executive Vice President of Human Resources; Beginning of term: 11/26/2013 End of term: 11/26/2016	✔			✔		✔	✔	

(1) Mr. Giannuzzi had an employment agreement with *Société d'Investissement Familiale* (SIF), which was assigned to the Company in connection with the merger of SIF into the Company. Effective as of the initial public offering, this employment agreement was terminated by Mr. Giannuzzi's resignation in order to comply with the recommendations of the Afep-Medef Code. The arrangements described in this Section 15.1.11, "Employment Agreements, Retirement Payments, and Departure

Compensation of Members of the Management Board" are the terms that apply to Mr. Giannuzzi in his capacity as Chairman of the Management Board.

Supplemental Pension Plan

No members of the Management Board benefit from supplemental pension plans.

Severance or other benefits due or likely to become due as a result of termination or change of office

Subject to the performance requirements defined below, Mr. Giannuzzi will be entitled to a severance payment equal to two years of his gross base salary and bonus during the twelve months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract). In the event that Mr. Giannuzzi is to receive both severance pay and the non-compete payment described below, the total amount that he receives will be limited to two years of the gross base salary and bonus received during the twelve months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract).

Performance is measured by the extent of achievement of annual performance goals defined by the Supervisory Board upon the proposal of the Nominations and Compensation Committee, which serve as the basis for calculating variable compensation. The amount is equal to the average performance achieved by Mr. Giannuzzi during the three calendar years preceding his departure. In the event that his departure should occur within the next three calendar years, performance will be measured by the extent of achievement of the annual performance goals used as the basis for calculating the variable portion of his compensation as Chairman of the Management Board and his compensation as an employee (see Section 15.1.2, “Compensation of Each Member of the Management Board for Fiscal Years 2012 and 2013”).

The severance payment is contingent on achieving 50% to 100% of the performance goals (i.e., no payment will be made unless the performance goal is reached to the extent of at least 50% and full payment will be received if the performance goal is achieved to the extent of 100%). The severance payment will be calculated in strict proportion to the extent of achievement of the performance goal (for example, if the performance goal is achieved to the extent of 90%, the severance payment will be 90% of the amount defined above).

Subject to achievement of the performance conditions, the Company will be required to pay this severance payment in the event of Mr. Giannuzzi’s forced departure as Company officer (including, in particular, as a result of a change of control or a disagreement as to strategy) on the initiative of the Supervisory Board, regardless of whether Mr. Giannuzzi is removed or his mandate is not renewed. This payment would not be available in the event of serious misconduct (defined as misconduct of such extreme seriousness as to preclude remaining in office) or gross misconduct (defined as extremely serious misconduct by an officer with the intent to harm the Company).

The conditions set forth above are consistent with the recommendations of the Afep-Medef Code, except as follows. The Supervisory Board chose to ensure that Mr. Giannuzzi’s severance payment would be due only in the event of his forced departure, in accordance with the recommendations of the Afep-Medef Code, without, however, limiting such events to change of control or disagreement on strategy. The Supervisory Board believes that, given the performance conditions to which these payments are subject, combined with the exclusion of serious or gross misconduct, these measures provide the protections sought by the Afep-Medef Code.

Corporate Officer Unemployment Insurance

The Company has obtained company officer unemployment insurance on behalf of Mr. Giannuzzi, which would cover Mr. Giannuzzi in the event of his forced departure.

Compensation Under a Non-Compete Clause

Mr. Giannuzzi benefits from a clause providing for payment in the event that the non-compete clause provided for in connection with his position is triggered. Messrs. Barthélemy and Lecerf also benefit from clauses providing for payment in the event that the non-compete clauses in their respective employment agreements are triggered.

Mr. Giannuzzi will receive compensation for his non-compete clause in an amount equal to his gross base salary and bonus received during the twelve months prior to his departure from his position as Chairman of the Management Board (including, if applicable, pursuant to his employment contract with SIF). For more information, see Section 15.1.2, "Compensation of Each Member of the Management Board for the Fiscal Years 2012 and 2013". This compensation will be payable in 24 monthly payments for the duration of the non-compete clause and will be deducted from Mr. Giannuzzi's severance payment, such that the total amount received in severance and non-compete payments will not exceed two years of gross base salary and bonus received during the twelve months preceding his departure. The Company has the right to waive the non-compete clause.

Based on the non-compete clause in his contract, Mr. Barthélemy would receive, each month for twelve months, a payment equal to (i) 50% of his average monthly salary during the twelve months preceding the termination of his employment contract (assuming termination at the Company's initiative) or (ii) one-third of his average monthly salary during the twelve months preceding the termination of his employment contract (assuming termination at his own initiative). The Company has the right to waive the non-compete clause.

Based on the non-compete clause in his contract, Mr. Lecerf would receive, each month for twelve months, a payment equal to 40% of his average monthly salary during the twelve months preceding the termination of his employment contract. The Company has the right to waive the non-compete clause.

15.2 AMOUNT OF PROVISIONS MADE OR RECORDED BY THE COMPANY OR BY ITS SUBSIDIARIES FOR THE PAYMENT OF PENSIONS, RETIREMENT PLANS OR OTHER BENEFITS

Members of the Management Board do not receive any specific pension benefits. Mr. Giannuzzi, as a Company officer, and Messrs. Barthélemy and Lecerf, pursuant to their employment agreements with the Company, benefit from the same retirement benefits as other employees of the Company. The Company has therefore not set aside any amounts for the payment of pension, retirements or other similar benefits for the members of the Management Board.

16
OPERATION OF MANAGEMENT AND SUPERVISORY BOARDS

16. OPERATION OF MANAGEMENT AND SUPERVISORY BOARDS

16.1 TERMS OF OFFICE OF MEMBERS OF MANAGEMENT AND SUPERVISORY BOARDS

For the expiration dates of the terms of office of the Company's Management Board and Supervisory Board members, see Section 14.1, "Management Board, Supervisory Board and Executive Committee".

16.2 INFORMATION ON SERVICE CONTRACTS LINKING MEMBERS OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD TO THE COMPANY OR ANY OF ITS SUBSIDIARIES

As of the filing date of this Registration Document, the Company is a party to an assistance agreement with SID relating to determination of the Company's strategy. See Section 19.1.3, "Assistance Agreement with *Société Investissement Deconinck* (SID)" for a more detailed description of this agreement. Pursuant to this agreement, as the controlling shareholder and under the guidance of its Management Board, which has had a long and successful relationship with the Company, SID participates in defining the Company's strategy.

In addition, Tarkett and SID have entered into a service agreement pursuant to which Tarkett provides SID with administrative support services including corporate secretary and accounting services. See Section 19.1.2, "Service Agreement with *Société Investissement Deconinck* (SID)" for a more detailed description of this agreement.

The agreement between the Company and *Société d'Investissement Familiale* (SIF) dated March 22, 2012 was terminated on November 21, 2013 prior to the Company's initial public offering.

16.3 OPERATION OF THE MANAGEMENT BOARD

Articles 11 through 16 of Tarkett's Bylaws (see Sections 21.2.2.1 to 21.2.2.1.6), within the framework of applicable laws and regulations, sets forth the allocation of tasks among members of management, the organization and operation of the Management Board, and the rights and obligations of its members.

16.3.1 Duties and Powers of the Management Board

Subject to the powers expressly attributed by the law or the Company's Bylaws to the Supervisory Board or the shareholders' meeting and those requiring the prior authorization of the Supervisory Board, and within the limits of the corporate purpose, the Management Board is vested with the most extensive powers to act in all circumstances in the name and on behalf of the Company.

At least once per quarter, the Management Board presents a report to the Supervisory Board. Within three months after the close of each fiscal year, the Management Board finalizes and delivers the annual company and consolidated financial statements, as well as the report to be presented to the annual shareholders' meeting, to the Supervisory Board for review. It also provides the Supervisory Board with a proposed allocation of the previous year's results.

In addition, the Supervisory Board may ask the Management Board at any time to provide a report on its management and current operations, in addition to provisional accounts, if necessary.

The Management Board convenes the general shareholders' meeting, sets its agenda and carries out its decisions.

The Company's Bylaws set forth the Management Board decisions that are subject to the prior authorization of the Supervisory Board. A list of such decisions is included in Section 21.2.2.1.5, "Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)".

16.3.2 Separation of Responsibilities Among Management Board Members

In its dealings with third parties, the Company is bound by the actions of the Management Board even where they are not within the corporate purpose, unless the Company proves that the third party knew that the action exceeded such corporate purpose or could not have been unaware of that fact in light of the circumstances.

Subject to Supervisory Board authorization, the members of the Management Board may allocate their management tasks among themselves. However, such allocation shall in no event have the effect of altering the collective nature of the Management Board's management of the Company.

16.3.3 Management Board Meetings

The Management Board meets as often as necessary in the interest of the Company. It may be convened by its Chairman or any other member by any means, including orally. Management Board meetings may be held by video conference or other means of telecommunication.

Decisions are taken by the majority of members present (including participation by video or telephone conference) or represented.

In the event of a tie, the vote of the meeting's chairman does not prevail unless the chair of the meeting is the Chairman of the Management Board.

Minutes are recorded in a special ledger kept at the registered office and are signed by the secretary or another member of the Management Board.

16.3.4 Work Performed by the Management Board During the Fiscal Year Ended December 31, 2013

The Management Board met nine (9) times in 2013. The attendance rate was 100%.

Although Tarkett's Management Board did not meet during the remainder of 2013 following the Company's initial public offering, this Registration Document nevertheless reports on the Management Board's activities throughout 2013, including its activities with respect to the Company's initial public offering and pre-IPO reorganization.

Its annual activities included the following:
- report to the Supervisory Board on the Company's activities during the fourth quarter of 2012;
- review and closing of the company accounts for the fiscal year ended December 31, 2012;
- review and closing of the consolidated accounts for the fiscal year ended December 31, 2012 and the half year ended June 30, 2013;
- proposed allocation of the 2012 results;
- management report on the Company and the Group, and draft resolutions;

- prevention of business difficulties;
- convening the annual shareholders' meeting of May 23, 2013;
- proposed amount of attendance fees.

Its activities with respect to review of agreements and offices included the following:
- related-party transactions within the meaning of Articles L.225-86 et seq. of the French Commercial Code;
- the terms of office of the members of the Supervisory Board;
- authorization to enter into a service agreement with SIF for 2013.

Its activities with respect to the Company's initial public offering included the following:
- Tarkett's pre-IPO reorganization;
- the decision to list the Company's shares;
- the conversion of preferred shares into ordinary shares and the related modification to the Company's Bylaws;
- the division of the par value of Tarkett's shares by four and the related modification to the Company's Bylaws;
- the mechanism for determining that the condition precedent of the definitive listing of the Company's shares on Euronext Paris had been fulfilled;
- the issuance of new preferred shares in connection with the liquidation of Tarkett's share grant plan ("Management Equity Plan" or "MEP") of October 30, 2007;
- adjustments to the rights of the beneficiaries of Tarkett's 2011, 2012 and 2013 long-term incentive plans ("LTIPs").

16.4 OPERATION OF THE SUPERVISORY BOARD

On November 21, 2013, pursuant to Articles 17 to 23 of the Company's Bylaws, Tarkett's Supervisory Board adopted Internal Regulations governing its organization and operation and the rights and responsibilities of its members. The Internal Regulations follow best practices, in particular the recommendations of the Afep-Medef Code, with respect to ensuring compliance with fundamental principles of corporate governance. They may be modified at any tie by vote of the Supervisory Board.

16.4.1 Duties and Powers of the Supervisory Board

The Supervisory Board continuously oversees the Management Board's management of the Company as provided for by the law, the Company's Bylaws and the Internal Regulations of the Supervisory Board and its committees. In particular, the Supervisory Board is invested with the following specific powers:
- verification and review of the company and consolidated interim and annual financial statements prepared by the Management Board;
- authorization to the Management Board, with the right to delegate within limits set by the Supervisory Board, to sell real property, to sell all or a portion of its equity investments, and to give security as well as deposits, backing or guarantees in the name of the Company.
- preparation of reports for the Shareholders' Meeting:
    - Each year at the Shareholders' Meeting, the Supervisory Board presents its comments on the Management Board's report and on the company and consolidated financial statements for the previous year.
    - The Chairman of the Supervisory Board is required to attach an additional report regarding the conditions under which the work of the Supervisory Board was

prepared and organized, as well as the internal control procedures put in place by Tarkett.

- Prior Approval of Key Management Board Decisions
  - A list of Management Board decisions requiring prior approval of the Supervisory Board is included in Article 16 of the Company's Bylaws (see Section 21.2.2.1.5, "Powers and Duties of the Management Board (Articles 16 of the Bylaws and 3.2 of the Supervisory Board's Internal Regulations").

16.4.2 Organization and Operation of the Supervisory Board

16.4.2.1 Information Provided to the Supervisory Board

Following their appointment, on January 30, 2014, the Supervisory Board's new members (Ms. Françoise Leroy, Messrs. Gérard Buffière and Jean-Philippe Delsol) and Mr. Eric La Bonnardière were provided with additional training at the Sedan industrial site regarding the Company and its subsidiaries, their activities and their industry.

Either the Chairman or the Vice Chairman provides the members of the Supervisory Board, sufficiently in advance, with the information or documents necessary to enable them to properly perform their duties.

In addition, at least once per quarter, the Management Board presents a report to the Supervisory Board on the conduct of the Company's business.

Finally, members of the Supervisory Board are informed by the Management Board or the Chairman of the Management Board as to events or transactions that are significant for the Tarkett Group.

16.4.2.2 Supervisory Board Meetings

Supervisory Board meetings may be convened by any means, including email, with at least five business days' notice. Meetings take place at the Company's registered office or at any other location indicated in the notice of meeting. The notice of meeting must contain the meeting agenda.

The Supervisory Board may validly deliberate only if at least one-half of its members are present. Decisions are by a majority of members present or represented. Each member of the Supervisory Board has one vote and may not represent more than one other member. In the event of a tie, only the vote of the Chairman of the Supervisory Board prevails; the vote of the meeting's chair does not prevail unless the chair of the meeting is the Chairman of the Supervisory Board.

Deliberations of the Supervisory Board are recorded in minutes prepared pursuant to applicable legal requirements and signed by the meeting's chair and at least one member of the Supervisory Board, or, if the meeting's chair is unavailable, by two members of the Supervisory Board.

Copies or extracts of Supervisory Board minutes are certified by the Chairman of the Supervisory Board, the Vice Chairman of the Supervisory Board, or any member of the Management Board.

16.4.2.3 Supervisory Board Compensation

The shareholders' meeting may allocate an annual amount of attendance fees to members of the Supervisory Board as compensation for their functions. Based on the recommendation of the Nominations and Compensation Committee, the Supervisory Board (i) freely allocates the attendance fees allocated by the general shareholders' meeting among its members; (ii) determines the amount of compensation paid to the Chairman and the Vice Chairman; and (iii) may, in addition, allocate exceptional compensation to certain of its members for assignments or offices entrusted to them as it deems appropriate.

16.4.2.4 Observers on the Supervisory Board

The general shareholders' meeting and the Supervisory Board may each nominate observers who may be natural persons or legal entities and in a number not to exceed two. Observers are appointed for a term of four (4) years. They must receive notice of each Supervisory Board meeting pursuant to the same terms and conditions as those that apply to members of such Board. Moreover, they must comply with the provisions of the Internal Regulations of the Supervisory Board. Mr. Eric La Bonnardière has been an observer on the Supervisory Board since November 26, 2013.

16.4.3 Evaluation of the Organization and Operation of the Supervisory Board

In accordance with Article 8 of its Internal Regulations, Tarkett's Supervisory Board conducts a self-evaluation once a year, following the report of the Nominations and Compensation Committee. This evaluation is carried out on the basis of the responses to an individual anonymous questionnaire sent to each member of the Supervisory Board.

Moreover, a formal evaluation is carried out at least every three years, either under the direction of an independent member of the Supervisory Board or with the help of an external consultant.

For 2013, the evaluation of the composition, operation and organization of the Supervisory Board and its committees was not carried out prior to listing of the Company's shares on Euronext Paris and the adoption of the Internal Regulations calling for such evaluation. At its meeting on February 17, 2014, the new Supervisory Board discussed its operation and performance. At the time of this self-evaluation, and taking into consideration the opinion of the Nominations and Compensation Committee, the company officers made the following comment: on the basis of the sole meeting held since the Company's reorganization and initial public offering, on December 17, 2013, it appears that the Supervisory Board functioned well and that everything required for it to continue operating well in the future is in place. It was noted that a full evaluation would be carried out the following year on the basis of a full year of work by the Supervisory Board and its committees.

16.4.4 Work Performed By the Supervisory Board During the Fiscal Year Ended December 31, 2013

During the fiscal year ended December 31, 2013, the Supervisory Board met twelve (12) times pursuant to notice given in accordance with the Company's Bylaws and the Board's Internal Regulations. The average attendance rate was 97.75%.

The activities of the Supervisory Board of Tarkett as a listed company were quite limited, given the Company's initial public offering date of November 21, 2013. Thus, a single meeting of the

Supervisory Board was held, on December 17, 2013. However, this Registration Document reports on the Supervisory Board's activities throughout 2013, including its activities with respect to the Company's initial public offering and pre-IPO reorganization.

Its annual activities included the following:

- approval of the reports of the Supervisory Board of December 17, 2012 as well as of February 26, April 25, May 23, June 18, July 30, September 17 and 27, October 9 and November 21, 2013;
- activity of the fourth quarter of 2012 and of the first, second and third quarters of 2013;
- review and closing of the company and consolidated accounts for the fiscal year ended December 31, 2012;
- prevention of business difficulties;
- renewal of the term of the Vice Chairman of the Supervisory Board;
- the strategic plan;
- approval of the 2014 budget;
- approval of "Key Decisions" and various financial transactions.

Its activities relating to approval of related-party agreements included the following:

- Engagement Letter among Tarkett, KKR International Flooring 2 Sarl, Deutsche Bank AG, Paris branch, and J.P Morgan Securities plc. ;
- Engagement Letter among Tarkett, KKR International Flooring 2 Sarl and KKR Capital Markets Limited;
- Underwriting Agreement among Tarkett, KKR International Flooring 2 Sarl, Deutsche Bank AG, J.P Morgan Securities plc, HSBC France, Merryl Lynch International, Crédit Agricole Corporate & Investment Bank and CommerzBank;
- Assistance and Guidance Agreement between SID and Tarkett;
- Services Agreement for Services Billed by Tarkett to SID;
- Services Agreement for Services Billed by SIF to Tarkett SA;
- Services Agreement for Services Billed by Tarkett SA to SID;
- Escrow Agreement among SIF, Tarkett SA and the Managers.

Its activities with respect to the Company's initial public offering included the following:

- the decision to list the Company's shares;
- nomination of two additional independent members to the Supervisory Board following the IPO;
- post-IPO attendance fees; guidelines for the post-IPO Tarkett/SID agreement;
- review of future Bylaws and Internal Regulations in connection with the IPO;
- review of financial resolutions in connection with the IPO;
- the agreement as company officer of Michel Giannuzzi in connection with the IPO;
- Tarkett's pre-IPO reorganization;
- corporate governance;
- modification of the share capital;
- presentation of post-IPO director and officer insurance;
- adoption of the market ethics charter;
- financial disclosure policy.

16.5 SUPERVISORY BOARD COMMITTEES

Pursuant to Article 22 of the Company's Bylaws and to Article 9 of the Supervisory Board's Internal Regulations, the Supervisory Board may decide to form committees charged with examining questions submitted by itself or its Chairman.

At its meeting on September 17, 2013, the Company's Supervisory Board decided to create two committees – an audit committee and a nominations and compensation committee. These committees do not replace the Management Board or the Supervisory Board, which have sole legal decision-making power in their respective areas of authority, but rather issue proposals, recommendation and opinions in their areas of expertise.

The Internal Regulations of the Supervisory Board and its committees were adopted at the Supervisory Board's meeting of September 17, 2013 and entered into effect on November 26, 2013. The descriptions below reflect the Internal Regulations of the committees (see Section 21.2, "Constitutive Documents and Bylaws" for more information on the Supervisory Board's Internal Regulations).

16.5.1 Audit Committee

The Company's Supervisory Board has established an Audit Committee and set the following rules for its internal governance.

16.5.1.1 Composition

Members of the Audit Committee are appointed for a period coinciding with their appointment as members of the Supervisory Board. When selecting members of the Audit Committee, particular consideration is given to their competence in the areas of finance and accounting.

Based on its Internal Regulations, the Audit Committee is required to have between two and four members, at least two of whom (including the Chairman) must be independent members of the Supervisory Board.

As of the date of this Registration Document, this committee is composed of Ms. Sonia Bonnet-Bernard (Chairwoman), Ms. Françoise Leroy and Mr. Josselin de Roquemaurel (see Section 14.1.2, "Supervisory Board", for biographical information). Independent members represent more than 66% of the Audit Committee. As a result, the Audit Committee's composition complies with the Afep-Medef Code, which requires a majority of independent members within this committee.

The Audit Committee's Internal Regulations provide that the secretary may be any person designated by the chairman of the committee or with the chairman's approval.

16.5.1.2 Duties

The Audit Committee is responsible for monitoring the preparation and auditing of accounting and financial information, as well as for ensuring the efficiency of risk-monitoring and internal control procedures to facilitate the Supervisory Board's review and approval thereof.

Accordingly, the Audit Committee's Internal Regulations set out its main responsibilities as follows:

- monitoring the preparation of financial information (in particular, annual or interim reports and consolidated financial statements);

- monitoring internal control, internal audit and risk management systems relating to financial and accounting information;
- monitoring the review of the individual company and consolidated financial statements by the Company's statutory auditors; and
- monitoring the independence of the statutory auditors.

The Audit Committee regularly reports to the Supervisory Board and informs it without delay of any difficulties that it encounters.

16.5.1.3 Operation

The Audit Committee may conduct meetings in person or via video or telephone conference pursuant to the same rules as the Supervisory Board, when convened by its Chairman or secretary, so long as at least half of its members are present.

The Audit Committee makes recommendations to the Supervisory Board, indicating the number of votes a particular matter of business has received.

The Audit Committee meets as often as necessary and, in any event, at least twice a year in connection with the Group's preparation of annual and interim financial statements. The Audit Committee's meetings are held prior to the meeting of the Supervisory Board and, to the extent possible, are held at least two (2) days prior when the Audit Committee's agenda includes examination of interim or annual financial statements prior to their review by the Supervisory Board.

16.5.1.4 Activities of the Audit Committee in 2013

The Audit Committee met four (4) times during 2013, in particular prior to the Supervisory Board meetings called to approve the financial statements prepared by the Management Board, and reported on its work to the Supervisory Board.

In 2013, the Audit Committee's work focused principally on reviewing (i) the Group's 2012 annual consolidated financial statements, (ii) the Group's condensed interim consolidated financial statements for the six months ended June 30, 2013, (iii) the 2013 audit plan, (iv) specific line items including operating income, exceptional items, financial and tax income, the Group's balance sheet, cash flows and the Group's indebtedness and (v) the Group's annual risk mapping exercise for 2013.

Audit Committee attendance was 100% in 2013.

16.5.2 Nominating and Compensation Committee

The Company's Supervisory Board has established a Nominations and Compensation Committee and set the following rules for its internal governance:

16.5.2.1 Composition

The Nominations and Compensation Committee members are appointed for a period coinciding with their appointment as members of the Supervisory Board. When selecting members of the Nominations and Compensation Committee, particular consideration is given to the independence of members, as well as their competence in the selection and remuneration of senior executives and company officers for listed companies.

Based on its Internal Regulations, the Nominations and Compensation Committee is required to have between two (2) and four (4) members, at least two (2) of whom (including the Chairman) must be independent members of the Supervisory Board. For more information on the definition of independence, see Articles 17 to 19 of the Bylaws and Article 1 of the Supervisory Board's Internal Regulations.

As of the date of this Registration Document, the Nominations and Compensation Committee is composed of Gérard Buffière (Chairman), Françoise Leroy, Jacques Garaïalde and Bernard-André Deconinck (see Section 14.1.2, "Supervisory Board", for biographical information). Therefore, the composition of this committee (two (2) independent members out of a total of four (4) members) does not comply with the Afep-Medef Code, which requires a majority of independent members (see Section 16.6, "Statement Relating to Corporate Governance").

The Nominations and Compensation Committee's Internal Regulations provide that the secretary may be any person designated by the Chairman of the Committee or with the Chairman's approval.

16.5.2.2 Duties

The Nominations and Compensation Committee is a specialized committee of the Supervisory Board whose main function is to assist the Supervisory Board in appointing members of the Executive Committees of the Company and the Group, as well as in determining and regularly reviewing the compensation and benefits awarded to the Company's senior executives (as such term is defined in the Supervisory Board Internal Regulations), including any deferred benefits and/or voluntary or compulsory redundancy payments awarded by the Group.

Accordingly, it carries out the following functions:

- proposing the appointment of independent members of the Supervisory Board, of the Management Board and of the Supervisory Board's committees, and examining and assessing the application of non-independent members to the Supervisory Board;
- conducting an annual assessment of the independence of the Supervisory Board members;
- examining and proposing all aspects of and conditions to the remuneration of principal senior executives and the Group's executive management;
- reviewing and making proposals to the Supervisory Board with respect to attendance fees; and
- reviewing any exceptional compensation relating to missions given by the Supervisory Board to any of its members outside the ordinary course of business.

16.5.2.3 Operation

The Nominations and Compensation Committee may conduct meetings in person or via video or telephone conference pursuant to the same rules as the Supervisory Board, when convened by its Chairman or secretary, so long as at least half of its members are present.

The Nominations and Compensation Committee makes recommendations to the Supervisory Board, indicating the number of votes a particular matter of business has received.

The Nominations and Compensation Committee meets as often as necessary and, in any event, at least once (1) a year prior to the Supervisory Board's meeting on its members' independence and in advance of any Supervisory Board meeting during which matters of Management Board compensation or Supervisory Board attendance fees are to be decided. For more information on the definition of independence, see Articles 17 to 19 of the Bylaws and Article 1 of the Supervisory Board Internal Regulations.

16.5.2.4 Activities of the Nominations and Compensation Committee during 2013

The Nominations and Compensation Committee met three times during 2013 and reported on its work to the Supervisory Board.

In 2013, the Nominations and Compensation Committee's work focused, in particular, on (i) the development of senior executives' teams within the Group, (ii) the performance of senior executives, (iii) the achievement of economic objectives for senior executives and (iv) changes in compensation.

Nominations and Compensation Committee attendance was 100% in 2013.

16.6 STATEMENT RELATING TO CORPORATE GOVERNANCE

The Company adheres to the Corporate Governance Code for Listed Companies of the *Association Française des Entreprises Privées* ("AFEP") and of the *Mouvement des Entreprises de France* ("MEDEF") (hereinafter, the "Afep-Medef Code").

The Afep-Medef Code may be consulted on the Internet at http://www.medef.com/. The Company keeps copies of such code available to the members of its governing bodies at all times.

Tarkett believes that it complies with the principles of corporate governance defined in the Afep-Medef Code, since the Code's stated principles are compatible with the organization, size and means of the Tarkett group. The recommendations with which the Company does not strictly comply are set forth and explained below:

- Termination payments for members of the Management Board (Recommendation 23.2.5, "Termination Payments"). The performance requirements set by the Board must be demanding and may not allow for the indemnification of an executive director, unless his or her departure is imposed, regardless of the form of this departure, and linked to a change in control or strategy.

    - As from the initial public offering, the Supervisory Board chose to ensure that Mr. Giannuzzi's termination payment would be due only in the event of his forced departure, in accordance with the recommendations of the Afep-Medef Code, without, however, limiting such events to change of control or disagreement on strategy. The Supervisory Board believes that, given the performance requirements to which these payments are subject, combined with the exclusion of serious misconduct or gross negligence, these measures provide the protections sought by the Afep-Medef Code.

- The proportion of independent members on Nomination and Compensation Committees (Recommendations 17.1, 18.1).

- The Nominations and Compensation Committee is composed of four (4) members, half of whom are independent, including the Chairman. The current composition of this committee (two (2) independent members out of a total of four (4) members) does not comply with the Afep-Medef Code, which requires a majority of independent members. This composition reflects the wishes of the shareholders to have two (2) members appointed by each of the two principal shareholders, each with recognized experience on these subjects.

16.7 ORGANIZATION OF INTERNAL CONTROL AND RISK MANAGEMENT

16.7.1 Objectives and Frame of Reference

The Company's risk management and internal control systems use a variety of methods, procedures and actions in order to:

- identify, analyze and control risks that could have a material effect on the assets, results, operations or objectives of the business, whether they are operational, commercial, legal or financial in nature or whether they relate to compliance with laws and regulations;

- ensure operational efficiency and the efficient use of resources; and

- ensure the reliability of financial information.

The Committee has deployed an internal control system based on the principles defined by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), described below, which are intended to provide reasonable assurance as to achievement of the Group's objectives and the reliability of its financial information.

16.7.2 Internal Control and Risk Management System

16.7.2.1 Organizational Framework

Tarkett's organization is decentralized, relying on local executives, and set in a framework that reflects the Group's philosophy with respect to ethics, organization and control.

This organizational framework relies on the following:

- a set of values and principles disseminated throughout the Group whenever new employees arrive and relayed by recurring training and reminders. These principles are embedded in the Company's Code of Ethics and policies on anti-trust compliance and corruption prevention;

- the founding principles at the heart of the Group's values, such as responsibility and exemplary behavior, which are relayed throughout the organization and the various areas of responsibility and support;

- the harmonization of financial processes through implementation of an integrated information system used by the majority of the Group's entities; and

- an internal control manual, Tarkett Risks And Controls Evaluation ("TRACE"), internal function-specific procedures used by all of the Group's subsidiaries, as well as rules for delegation of authority and division of duties.

The primary participants in this system are as follows:

- Senior Management, which is ultimately responsible for risk management and internal control and which relies on the following:

  - the Group and divisional finance departments, on the one hand; and

  - the operational departments (divisional presidents) and functional departments on the other.

- The Audit and Internal Control Department is part of the Finance Department and reports functionally to the Audit Committee. It is charged with the following:

  - guiding the risk management and internal control system; and

  - ensuring compliance with Group rules at the entity level, evaluating risks in areas covered by its audits and recommending improvements relating to internal control.

The Audit and Internal Control Department also relies on a network of internal divisional auditors who manage these procedures within their areas.

- the Audit Committee is responsible for monitoring the preparation and audit of accounting and financial information, as well as for ensuring the efficiency of risk-monitoring and internal control procedures to facilitate the Supervisory Board’s review and approval thereof.

16.7.2.2 Identification and Evaluation of Risks

Risk Mapping:

In 2010, Tarkett created a risk map that is updated every two years, or more frequently in the event of significant changes in the environment. The process for identifying risks uses a three-step method:

- First, the Audit and Internal Control Department, supported by outside experts, interviews members of the Executive Committee and key employees holding strategic positions at the Group level and in the divisions in order to identify risks within their areas.

- The Audit and Internal Control Department then creates a synthesis of the main risks, specifying their definition, frequency, impacts (such as financial, human, legal or reputational) and the degree to which they are controlled.

- The risk map and actions plans are then reviewed and approved by the Executive Committee and presented to the Supervisory Board’s Audit Committee.

In 2013, the Group’s risk map was sent to the operational divisions (geographic zones) in order to take regional or sectoral specificities into account and to disseminate the Group’s view of its risks more broadly throughout the Group.

The relevant departments (whether operational divisions or cross-divisional functions) prepare actions plans based on the primary risks identified.

Ongoing Monitoring:

Risk-awareness is updated on an ongoing basis through monitoring procedures relating to both competition and technology, as well as actions by specialized departments (such as Insurance and World Class Manufacturing) that participate in oversight of fire, security, and environmental risks, in particular.

Monthly activity reviews enable the Group's operational entities to rapidly report information to Group management, and facilitate the identification of risks, updating of the risk map and implementation of action plans to manage the risks.

16.7.2.3 Control Activities

Control activities are defined in the TRACE manual. For each principal process this manual presents the major risks and objectives, as well as a description of the related controls, applicable to the Group as a whole. This mechanism constitutes a common reference for management of the local entities, which is responsible for supplementing it locally with additional control activities for dealing with specific risks.

Self-Evaluations

The Group's subsidiaries are subject to an annual internal control self-evaluation intended to assess their compliance with the internal control manual. The self-evaluation is approved by the management of the relevant entities pursuant to their responsibility for implementing internal control and the quality of their self-evaluation. This self-evaluation is carried out using dedicated software such as e-TRACE or Enablon.

All of the Group's subsidiaries are required to participate. In 2013, the Group's Tandus subsidiaries in the U.S. and Canada were integrated into the Tarkett internal control system.

The Audit and Internal Control Department analyses and distributes a synthesis of the results to the interested parties. The results of the self-evaluation are reviewed at the divisional level with the Group's chief financial officer, the internal chief financial officer and internal controller for the relevant divisions, and the Audit and Internal Control Department.

A review is also conducted for each process by the relevant Group-level department.

Action plans resulting from these reviews are implemented by local management under the responsibility of divisional or functional management.

Internal Control Testing and Internal Audits

Self-evaluation is supplemented by testing of key controls under the TRACE manual, carried out by internal divisional controllers, as well as by internal audits carried out by the Audit and Internal Control Department.

16.7.2.4 Steering

On the basis of an audit plan approved in advance by the Audit Committee, the four-member internal audit team carried out 24 audits in 2013. The audit plan is composed of repeated audits of subsidiaries, primarily of a financial nature, as well as of "transverse" audits with respect to an operational process or particular risk.

Each audit is the subject of a report that includes an action plan prepared by the relevant entities in order to correct any weaknesses that are discovered. An action plan monitoring process ensures that the identified weaknesses are corrected, and relies on:

- quarterly reporting on the entities' progress in implementing the action plan;

- since the beginning of 2013, follow-up monitoring by the division's internal controllers within six months following the internal audit; and

- monitoring by internal audit, if necessary, with respect to critical matters.

Internal Control Performance Indicators

The Audit and Internal Control Department has put in place and follows a series of quarterly internal control performance indicators, including the rate of compliance with 50 key controls identified by the manual, Separation of Duties ("SOD") risks, progress on action plans and coverage of tests carried out by the internal controllers.

16.7.3 Preparation and Processing of Accounting and Financial Information

Financial information is subject to a rigorous process relying on the following:

- *A common reference*. The financial statements are prepared in accordance with IFRS standards. This reference is communicated to the Group's subsidiaries through the Financial Manual, supplemented by monthly instructions. Moreover, the TRACE internal control manual described above includes various processes that affect the production of financial information (for example, with respect to closing, cash, payroll, procurement, sales, inventory, fixed assets, information technology, and consolidation).

- An integrated information system. Most of the subsidiaries manage operational and financial flows using the Group's integrated SAP information system. The deployment of a single financial model within SAP ("One Finance") ensures homogenization and optimization of practices, as well as improved control.

- A unified reporting and consolidation software package. Financial information is reported through the SAP/Business Objects Financial Consolidation ("B.O.F.C.") tool, which is used for all financial reporting, including budget; forecasts; and monthly, quarterly, interim and annual reports. This all-in-one system ensures consistency between internal steering and external communications.

- Monitoring of consistency and analyses of financial information. Automated monitoring within the reporting tool; detailed activity reviews by the Group and divisional control teams; or specific analyses, such as with respect to changes in the scope of consolidation, currency effects or non-recurring operations, by the Group Consolidation teams ensure tight control of the financial information produced.

The principal participants in the process are as follows:

- The Finance Department, which relies on the central functional departments (Financial Control, which oversees Consolidation and Group Risk Management, Treasury, Taxes, and Audit and Internal Control) and the divisional finance departments, which supervise the subsidiaries' financial controllers.

- The external auditors, who, through their work, contribute to improving the consolidated account preparation process. The combination of audits of the individual company accounts and audits of the consolidated accounts ensures broad coverage of the Group.

The reliability of the Group's accounting and financial information depends on the following:

- A strategic three-year plan, led by the Chairman of the Management Board and the Group Chief Financial Officer, in coordination with the operational divisions. This plan enables the Group to set annual strategic goals and the related annual financial objectives. This plan is approved annually by the Supervisory Board.

- An annual budgetary process. This process, led by the Group and divisional management teams, focuses on operational financial aggregates such as operating result, changes in working capital requirements and investment in tangible and intangible fixed assets. The financial items are consolidated month by month using the same tool that is used for consolidation of real results (Business Objects Financial Consolidation) with a comparable level of granularity, permitting monthly and immediate comparison of monthly performance of operational financial aggregates with monthly budget objectives. The annual budget, which is generally prepared during the fourth quarter for the following year, is reviewed and approved by the Supervisory Board in December.

- Three forecasts processes per year: these forecasts focus on the same financial aggregates as the annual budget and therefore use the same consolidation methods in B.O.F.C, with the same level of granularity. These forecasts are generally performed in March, June and September and are based on the real results for the months already ended. Their purpose is to estimate the remaining months' results through the end of the relevant fiscal year in order to compare the re-estimated year with the annual budgetary objectives. These forecasts are reviewed and approved by the Group's Management Board.

- Complete monthly closings, including a full balance sheet, income statement through net income, and cash flow, reported and consolidated in the same way as the annual and interim accounts in Business Objects Financial Consolidation.

- Monthly performance review meetings: these meetings, led by the Chairman of the Management Board, the Chief Financial Officer and the Group Financial Controller, are carried out for all operational divisions, which are generally represented by their chairman and their chief financial officer. Variance analyses (such as with respect to volume, product mix, currency effects, effect of cost of purchases and cost of sales, industrial productivity, effects of monthly payments, non-recurring items, etc.) are reviewed in order to understand the main drivers of the month's performance and to define action plans for future months.

17
EMPLOYEES

17. EMPLOYEES

17.1 OVERVIEW

17.1.1 Number and Breakdown of Employees

As of December 31, 2013, the Group had 10.850 employees, as compared with 10.670 as of December 31, 2012 and 9,152 as of December 31, 2011. This increase is due in particular to the Group's acquisition of Tandus in 2012.

The Group paid €507.5 million in salaries in 2013, as compared to €445.7 million in 2012 and €400.8 million in 2011.

As of December 31, 2013, the Group's employees were located in France, Sweden, Belgium, the United Kingdom, Italy, Luxembourg, Germany, Spain, Portugal, Greece, Turkey, Norway, Finland, Denmark, Poland, Brazil, Australia, China, India, Singapore, Russia, Serbia, Bosnia, Hungary, Belarus, Ukraine, Kazakhstan, the United States, Canada and the Netherlands.

The table below sets forth the number of employees of the Group as of December 31, 2011, 2012 and 2013 by professional category.

	December 31,		
Professional Category	**2011**	**2012**	**2013**
Administrative	693	848	847
Research and development	194	255	265
Sales and marketing	1,764	1,885	1,927
Factories	4,423	5,128	5,159
Warehouses	2,078	2,554	2,652
Total	**9,152**	**10,670**	**10,850**

The table below sets forth the number of employees of the Group as of December 31, 2011, 2012 and 2013 by geographic region.

	December 31,		
Geographic Region	**2011**	**2012**	**2013**
EMEA	3,802	3,750	3,723
of which France	*984*	*977*	*961*
North America	1,851	3,255	3,185
CIS	3,172	3,348	3,490
Latin America	207	188	211
Asia-Pacific	120	129	241
Total	**9,152**	**10,670**	**10,850**

The table below shows the percentage of women in the Group's workforce over the last two fiscal years.

Percentage of women	December 31, 2012	2013
Percentage of women in the total workforce	27%	26%
Percentage of women in management.....................	18%	17%

The table below shows the change in the breakdown of the Group's workforce by type of employment contract over the last two fiscal years. (The category "Other contracts" includes temporary contracts, which are of different legal types depending on the country.)

Percentage by contract type	December 31, 2012	2013
Open-ended contracts	95.7%	96.2%
Other contracts	4.3%	3.8%

The table below shows the change in the age structure of permanent employees over the last two fiscal years.

Age of Employees	December 31, 2012	2013
Less than 20...	0.5%	0.3%
20 - 30..	16.0%	16.3%
31 - 40..	28.8%	28.9%
41 - 55..	29.1%	28.5%
51 - 60..	20.8%	20.9%
60 and above	4.8%	5.2%

17.1.2 Employment and Working Conditions

The table below shows the change in the workforce over the last three fiscal years.

Employment	2011	2012	2013
Turnover in open-ended and fixed-term employees[1]	Not available	10.6%	13.4%
Hire rate including open-ended and fixed-term employees..	12.4%	11.5%	14.4%
Percentage of disabled employees / total employees (in countries where such reporting is authorized)	1.5%	1.9%	1.4%

(1) Excluding internal transfers.

The table below shows the change in absenteeism over the last two fiscal years.

Working conditions	2012	2013
Rate of absenteeism[1]...	2.4%	2.5%

(1) Number of days absent out of the total theoretical number of working days.

The table below shows the evolution of workplace safety over the last three fiscal years.

Workplace safety	2011	2012	2013
Number of accidents leading to an absence from work	58	58	42
Frequency rate[(1)]	5.5	3.5	2.5
Number of fatal accidents	0	0	0

(1) In number of accidents (resulting in at least one day of lost work) per million hours worked.

One of the Group's key priorities is the health and safety of its employees. The Group implements procedures and action plans to identify, assess and mitigate the main risks associated with its activities.

The Group offers its employees training with respect to health and safety that is adapted to their own work environment and related hazards. Through its training program, the Group increases awareness to prevent occupational risks and ensure employee safety in the workplace.

The Group has also developed two programs to improve the safety of its production sites: the World Class Manufacturing ("WCM") program and the Safety Action Plan.

Under the WCM program, which was launched in February 2009, the Group trains its employees in new production techniques that are more secure. Employees trained through this program are then asked to train employees at other production sites. The Group has found these results to be encouraging and has noted a significant reduction in the number of accidents at its production sites.

Under the Safety Action Plan, in 2008, the Group appointed a security expert to conduct an audit of the operations and behavior of production line operators within the Group's 30 plants. The Safety Action Plan was then prepared, in coordination with employees, to establish a list of operational standards and best practices to adopt in the workplace. The implementation of this plan has divided the frequency rate of accidents by four (including falls, collisions, etc.), decreasing from 12.8 per one million hours worked in 2008 to 2.5 in 2013.

Through these initiatives, the Group has managed to significantly decrease accidents at its production sites. Accidents with lost work time went from 58 in 2012 to 42 in 2013, a 27.6% reduction.

Professional Diversity

The Group maintains a policy to respect professional diversity. It conducts country-by-country outreach plans, including through the Group's Code of Ethics, and seeks to maintain a dialogue with social partners in certain countries (including France) on topics such as disabilities, age discrimination and gender diversity.

This policy has allowed the Group to promote people with disabilities within the Group.

The Group also pays particular attention to gender diversity. The number of female executives now represents 17% of the Group's top 150 executives. Two women are members of the Executive Committee, whereas in 2010 there were no female members.

This policy has been recognized by the Group's employees; in responding to the Group's internal survey, 65% of participants believed the Company was actively supporting diversity in the workplace (with only 11 % of participants taking a negative view).

17.1.3 Training

The Group seeks to constantly develop the skills of its employees. One of the ways the Group accomplishes this is through a review process whereby customized plans are developed for employees. 2.900 employees completed the review process in 2013, as compared to 680 in 2010.

The Group has also implemented other training initiatives, including the following:

- the Manager@Tarkett program, a four-day managerial training seminar that over 900 employees have completed;
- the Project Management@Tarkett program, which 700 employees have completed; and
- training associated with the WCM program.

In 2013, the total number of employees trained was 6,496 and the number of training hours was 240,518. At constant scope of consolidation, the number of employees trained in 2013 increased from 38% of the Group's workforce in 2011 to 60% in 2013. In 2012, the increase in training was primarily due to the Group's deployment of the WCM program and its implementation of the SAP platform. These efforts continued in 2013.

This increase reflects the Group's desire to enhance the skills of its employees.

	Fiscal Year		
Training	**2011**	**2012**	**2013**
Employees that completed training programs	3,321	6,523	6,496
Total number of training hours	76,089	272,536	240,518

17.1.4 Employee Relations

Employee representative bodies exist within each subsidiary of the Group in accordance with applicable regulations. The rights, obligations and functioning of these bodies vary from country to country, depending on applicable local legislation.

The Group has a European Works Council, the "Tarkett Forum" which meets annually. In addition, Group management maintains a dialogue with this committee's five-member bureau, which meets every quarter.

In France, the employee relations dialogue takes place both at "company" level and at "site" level. At the "company" level, each legal entity has, depending on the number of employees and the complexity of its structure, either a works council or a central works council and employee representatives. Each entity's management negotiates agreements with the labor unions on topics such as incentive schemes, professional equality between men and women or the reduction and scheduling of work hours. At the "site" level, there are employee representatives and a site works council. The management of each site chairs the representative bodies and may negotiate site agreements with union representatives.

Finally, with respect to health and safety, all of the Group's sites in France are covered by health, safety and working conditions committees (*comités d'hygiène, de sécurité et des conditions de travail*, or "CHSCT").

The Group encourages ongoing employee dialogue, resulting in local labor agreements.

As of December 31, 2013, the Group had 10,850 employees, some of whom were union members. The Group believes it has satisfactory relationships with its employees and has not experienced any significant labor disputes since early 2008. Following the economic crisis in 2009, this policy enabled the Group to adjust the size of its workforce downward by 14.2% without any labor unrest and in compliance with its schedules and budgets.

17.2 SHAREHOLDINGS AND STOCK SUBSCRIPTION OR PURCHASE OPTIONS HELD BY MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD AND CERTAIN EMPLOYEES OF THE GROUP

17.2.1 Direct and Indirect Shareholding of the Members of the Management Board and Members of the Supervisory Board in the Company's Share Capital

Direct and indirect shareholding of the members of the Management Board and Supervisory Board in the Company's share capital is as follows:

Corporate Officers	Number of ordinary shares with simple voting rights[1]	Percentage of share capital	Percentage of voting rights	Number of shares granted under plans		
				LTIP 2011[3]	LTIP 2012[3]	LTIP 2013[3]
Members of the Management Board						
Michel Giannuzzi[2][4]	204,152	0.32%	0.32%	25,200	25,200	61,290
Fabrice Barthélemy[2].........	37,276	0.06%	0.06%	8,800	8,800	15,512
Vincent Lecerf[2]................	37,100	0.06%	0.06%	8,800	8,800	15,481
Members of the Supervisory Board						
Sonia Bonnet-Bernard	4	0.00%	0.00%	-	-	-
Didier Deconinck[4]...........	11,312	0.02%	0.02%	-	-	-
Bernard-André Deconinck.	1,004	0.00%	0.00%	-	-	-
Eric Deconinck..................	1,004	0.00%	0.00%	-	-	-
Jacques Garaïalde..............	1,004	0.00%	0.00%	-	-	-
Josselin de Roquemaurel ...	1,004	0.00%	0.00%	-	-	-
Françoise Leroy	1,000					
Gérard Buffière	1,050	0.00%	0.00%	-	-	-
Jean-Philippe Delsol	590	0.00%	0.00%	-	-	-
Total	**295,910**	**0.46%**	**0.46%**	**42,800**	**42,800**	**92,283**

(1) Pursuant to Article 8.4 of the Company's Bylaws in effect as of the date of this Registration Document, fully paid up shares that have been held in registered form for at least two years following the Company's initial public offering have double voting rights.

(2) Including the free shares granted at the time of the initial public offering in connection with the Management Equity Plan ("MEP"). These grants were of 112,652 shares for Michel Giannuzzi, 24,416 shares for Fabrice Barthélemy and 24,230 for Vincent Lecerf. (For a detailed description of the MEP, see "Employee Share Incentive Plans" in the English Information Document dated October 4, 2013, page 131.)

(3) The number of free shares that will be definitively granted pursuant to the LTIP 2011, the LTIP 2012 and the LTIP 2013 may vary between 0 and 1.5 times to the number of shares initially granted as shown in this table, based on

the Company's performance. Moreover, the Company may opt to pay beneficiaries of the LTIP 2012 and the LTIP 2013 in cash in lieu of the shares due to them (see Section 17.2.3, "Free Shares").

(4) Shares held by the chief executive and related persons.

17.2.2 Stock Subscription or Purchase Options

As of the filing date of this Registration Document, no members of the Management Board or the Supervisory Board held stock subscription or purchase options.

17.2.3 Free Shares

As of the filing date of this Registration Document, the Group has three incentive plans providing for grants of free shares.

The Group has established a long-term incentive plan known as "LTIP 2011." In connection with this plan, approximately one hundred executives and employees of the Group received preferred shares, subject to the following conditions: (i) remaining with the Company during a three-year vesting period (except for non-French tax residents who choose a five-year vesting period), (ii) a two-year share holding period (except for non-French tax residents who choose a five-year vesting period) and (iii) certain performance criteria, such that the number of shares delivered may vary between 0 and 1.5 times the number of shares initially granted, depending on the degree to which the Company achieves its performance objectives. The grant will vest on July 1,2014, the date from which the two-year holding period begins to run. As an exception, for certain managers residing outside of France, the final allocation of shares will take place on July 1, 2016 with no required holding period.

The Group also put in place a long-term incentive plan called "LTIP 2012" in connection with which approximately 120 executives and employees were granted preferred shares, subject to the following conditions: (i) remaining with the Group during a three-year vesting period and (ii) performance criteria, such that the total number of shares delivered will be between 0 and 1.5 times the number of shares originally granted, depending on the degree to which the Company achieves its performance objectives. The grant will vest on July 1, 2016. On the vesting date, the Company may opt to pay in cash in lieu of delivering preferred shares. The shares granted under the LTIP 2012 Plan are not subject to any holding period.

Moreover, the LTIP 2011 and LTIP 2012 have been amended to provide for the grant of existing shares rather than new shares to their respective beneficiaries.

Finally, the Group put in place a new long-term incentive plan called "LTIP 2013" in connection with which approximately 125 executives and employees were granted free shares, subject to the following conditions: (i) remaining with the Group during a three-year vesting period and (ii) performance criteria, such that the total number of shares delivered will be between 0 and 1.5 times the number of shares originally granted, depending on the degree to which the Company achieves its performance objectives. The grant will vest on July 1, 2016. On the vesting date, the Company may opt to pay in cash in lieu of delivering preferred shares. The shares granted under the LTIP 2013 Plan are not subject to any holding period.

The following table sets forth information on the Group's share incentive plans as of the filing date of this Registration Document, including allocations made under these plans to the members of the Supervisory Board, the Management Board and certain employees of the Company.

	Plan No. 1 LTIP 2011	**Plan No. 2 LTIP 2012**	**Plan No. 3 LTIP 2013**
Date of shareholders' meeting	December 22, 2011 and November 4, 2013[(2)]	N/A	N/A
Date of Management Board's decision	December 22, 2011	December 4, 2012	October 9, 2013[(5)]
Total number of shares granted	238,000	275,600	406,000
Number of shares granted to:			
- *Michel Giannuzzi*[(6)]	*25,200*	*25,200*	*61,290*
- *Fabrice Barthélemy*[(6)]	*8,800*	*8,800*	*15,512*
- *Vincent Lecerf*[(6)]	*8,800*	*8,800*	*15,481*
Date on which shares will vest[(1)]	July 1, 2014	July 1, 2015	July 1, 2016
End date of retention period	July 1, 2016	July 1, 2015	July 1, 2016[(7)]
Performance conditions	[(3)]	[(4)]	[(5)]
Number of shares vested as of the date of the visa on this Registration Document	0	0	0
Number of shares canceled or expired	40,600	9,000	0
Number of shares remaining as of the date of the visa on this Registration Document	197,400	266,600	406,000

(1) Under certain circumstances, in the event employment is terminated prior to the end of the vesting period shares may be granted on a pro rata basis.

(2) The Company's General Shareholders' Meeting of November 4, 2013 authorized the modification of the LTIP 2011 to provide for the delivery of existing ordinary shares, subject to the conversion of the Company's preferred shares into ordinary shares. The other terms of the authorization of the General Shareholders' Meeting of December 22, 2011 remain applicable, subject to conforming changes.

(3) The distribution will be made on the basis of compliance with a condition of economic performance (based on the Group's medium- to long-term strategic plan), as well as a presence requirement for beneficiaries throughout the three-year period. The total number of shares granted under the LTIP 2011 may not exceed 296,100 shares, representing 0.5% of the Company's share capital.

(4) This plan was put in place in December 2012. It consists of grants of free shares that do not come within the scope of Articles L.225-197-1 et seq. of the French Commercial Code or, at the option of the Company and in compliance with applicable legislation, exceptional compensation in an amount equal to the value of such shares. These shares or cash payments will be definitively granted or paid in July 2015, subject to presence and performance conditions relating to the achievement of the Group's strategic objectives. These shares or cash payments will be effective in July 2015, with no retention period. The total number of shares granted under the LTIP 2012 may not exceed 399,900 shares, representing approximately 0.65% of the Company's share capital.

(5) This plan was put in place in October 2013. In addition to the October 2013 grant, an exceptional grant of rights to receive 128,400 shares was made on the date of the Company's initial public offering to approximately 30 MEP shareholders who were eligible for the LTIP 2013 plan. The LTIP 2013 consists of grants of free shares that do not come within the scope of Articles L.225-197-1 et seq. of the French Commercial Code or, at the option of the Company and in compliance with applicable legislation, exceptional compensation in an amount equal to the value of such shares. These shares or cash payments will be definitively granted or paid in July 2016, subject to presence and performance conditions relating to the achievement of the Group's strategic objectives. These shares or cash payments will be effective in July 2016, with no retention period. The total number of shares granted under the LTIP 2013 may not exceed 416,400 shares, representing approximately 0.66% of the Company's share capital.

(6) With respect to members of the Management Board, the LTIP 2013 provides for an overall limit of 16.2% of the October 2013 grant and 37% of the additional exceptional grant for MEP shareholders (see Note 5 above).

(7) As from the date of the Company's initial public offering, Mr. Michel Giannuzzi is required to retain, throughout his term as Chairman of the Management Board, a number of shares of the Company corresponding to 50% of the shares granted (after tax impact) in connection with the Long Term Incentive Plan (LTIP). Furthermore, the members of the Management Board and of the Executive Committee must retain a number of shares of the Company corresponding to 33% of the Company shares granted (after tax impact) in connection with this plan for the duration of their terms in office.

(8) Not taking into account shares granted under the MEP, the exact number of which is given in Note 2 to Table 17.2.1, "Direct and Indirect Shareholding of the Members of the Management Board and Members of the Supervisory Board in the Company's Share Capital".

17.3 PROFIT-SHARING AGREEMENTS AND INCENTIVE SCHEMES

17.3.1 Profit-Sharing Agreements

Pursuant to Articles L.3322-2 and L.3324-1 of the French Labor Code, profit-sharing agreements are required within companies with more than 50 employees that realize a tax benefit above 5% of shareholders' equity. As a result, a profit-sharing agreement was entered into in certain of the Group's French entities.

17.3.2 Incentive Schemes

Pursuant to Article L. 3312-1 of the French Labor Code, an incentive scheme is an optional mechanism whose purpose is to give employees collectively a share in the business's success, more specifically its performance and results, by using a formula to calculate immediately available bonuses. The Company maintains incentive schemes within certain of its French entities, each of which has a fixed term of three years. Each incentive scheme has its own formula for calculating bonus payments.

17.3.3 Company Savings Plans and Similar Plans

Pursuant to Article L. 3332-3 of the French Labor Code, companies with profit-sharing plans are required to maintain company savings plans. A group or company savings plan is a collective savings system that offers employees of the companies belonging to the plan the ability, with the help of their employers, to build investment portfolios. In particular, company savings plans can receive amounts under a profit-sharing or incentive agreement, as well as voluntary contributions. Amounts invested in a company savings plan cannot be withdrawn for five years, except in the early-withdrawal cases provided for by law. The Group created a company savings plan on June 29, 2004 for a term of one year, renewable automatically. This plan offers employees who have been with the Company for over three months the ability to allocate amounts paid to them immediately and in full to subscribe for shares in company investment funds (*fonds communs de placement d'entreprises*, or "FCPE").

18
MAIN SHAREHOLDERS

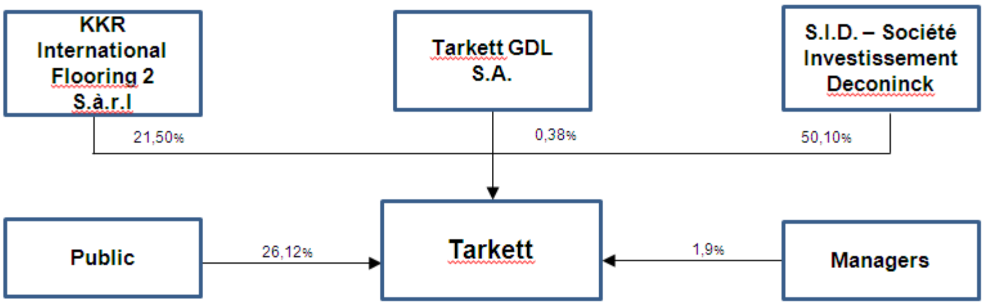
18. MAIN SHAREHOLDERS

18.1 ORGANIZATION OF THE TARKETT GROUP

18.1.1 Simplified Group Organizational Chart

The following simplified organizational chart shows the Group's ownership structure as of the filing date of this Registration Document.

Ownership percentages are expressed as percentages of the Company's share capital. For more information on the Company's shareholders as of the filing date of this Registration Document, see Section 18.1.3, "Share Capital Breakdown and Voting Rights".



18.1.2 Principal Direct and Indirect Shareholders

As of the filing date of this Registration Document, to the Company's knowledge, the only shareholders directly or indirectly holding more than 5% of the Company's share capital or voting rights are *Société Investissement Deconinck* ("SID") and KKR International Flooring 2 S.à.r.l., an affiliate of KKR ("KKR International Flooring"). In addition, Tarkett GDL S.A. and certain of the Company's employees and executives hold shares representing less than 2% of the Company's share capital and voting rights.

Société Investissement Deconinck

SID is wholly owned, directly and indirectly, by the members of the Deconinck family. SID is a French simplified stock company (*société par actions simplifiée*), the registered office of which is located at 2, rue de l'Egalité in Nanterre (92748), and which is registered with the Trade and Companies Register of Nanterre under number 421 199 274. As of the filing date of this Registration Document, SID's share capital is €42,333,415.07, divided into 277,689 shares of €152.45 each.

SID's shares of the Company represent 50.10% of the Company's share capital.

KKR International Flooring 2 S.à.r.l. ("KKR International Flooring")

KKR International Flooring is a Luxembourg limited liability company (*société à responsabilité limitée*) affiliated with KKR.

Founded in 1976 and managed by Henry Kravis and George Roberts, the KKR group is a global investment firm with a long history in France and approximately $94.3 billion in assets under management as of December 31, 2013. With offices throughout the world, the KKR group manages investment funds and accounts covering many types of assets. The KKR group seeks to create value by bringing its operational expertise to the companies in its portfolio and by actively monitoring its investments. KKR & Co. L.P. is listed on the New York Stock Exchange (NYSE: KKR).

KKR International Flooring's shares of the Company represent 21.50% of the Company's share capital.

As of the filing date of this Registration Document, the Company has not been informed of any other shareholders holding, directly or indirectly, more than 5% of the Company's share capital or voting rights, either through CACEIS or through the informational mechanism provided for in Article 7 of the Company's Bylaws.

Shareholding by Executives and Employees

Certain executives and employees of the Group hold shares of the Company.

On November 26, 2013, the Company made a definitive grant of ordinary shares to the beneficiaries of the share grant plan known as "MEP", which Tarkett had put in place in October 2007.

Certain executives and employees were also granted rights to receive free shares under the Company's LTIP plans. The final number of such shares will depend on the Company's achievement of certain performance criteria. The LTIP 2011 Plan falls within the scope of Articles L.225-197-1 et seq. of the French Commercial Code, but the LTIP 2012 and LTIP 2013 Plans do not.

For a description of the Group's share plans and grants made thereunder, see Section 17.2.3, "Free Shares".

Treasury Shares

Tarkett GDL S.A. (Luxembourg)

Tarkett GDL S.A. Luxembourg ("Tarkett GDL") is a holding company in the form of a Luxembourg limited liability corporation (*société anonyme*) with share capital of €274,123,080. Its registered office is located at 2, Op der Sang, L-9779 Lentzweiler, and it is registered with the Luxembourg Trade and Companies Register under number B 92.165. It is fully controlled by the Company and holds a number of shareholdings in Group entities. As of the filing date of this Registration Document, Tarkett GDL holds 240,000 shares of the Company, representing approximately 0.38% of the Company's share capital.

18.1.3 Share Capital Breakdown and Voting Rights

The table below shows the Company's shareholders as of the filing date of this Registration Document.

Shareholders	Number of Shares	percent of share capital	percent of voting rights
Société Investissement Deconinck (SID)	31,925,071	50.10%	50.10%
KKR International Flooring 2	13,703,462	21.50%	21.50%
Tarkett GDL	240,000	0.38%	0.00%
Executives and employees of the Company(1)	1,208,888	1.90%	1.90%
Public float	16,645,247	26.12%	26.12%
Other	28	0.00%	0.00%
Total	**63,722,696**	**100%**	**100%**

(1) Including former executives and employees of the Company.

18.1.4 Information on Crossing of Legal Thresholds

To the Company's knowledge and on the basis of notifications filed with the AMF, no other shareholder has declared holding more than 5% of the Company's share capital as of the date of this Registration Document.

18.1.5 Description of the Reorganization Transactions of November 21, 2013

On the pricing date of its initial public offering, the Company carried out a corporate reorganization in order to simplify its ownership structure. The steps that were involved in this reorganization are described briefly below.

In the first instance, SIF, the holding company through which KKR International Flooring and SID held their shares in the Company, was merged into the Company, with KKR International Flooring and the Deconinck family (through SID) each exchanging their preferred shares in SIF for newly issued ordinary shares of the Company. The shares of the Company transferred in this merger were cancelled, resulting in a decrease in the Company's share capital. Subsequently, 307,155 shares held by Tarkett GDL and representing approximately 1.94% of the Company's share capital were sold to SID at a price based on the price for the shares offered in the initial public offering. Thus, following these transactions, the Deconinck family held, through SID, 50.10% of the Company.

Following the transactions summarized above, the Company distributed an exceptional dividend in the amount of €130 million, with an ex-dividend date on the pricing date of the initial public offering, to be paid on the same day.

Next, Partholdi, a holding company through which certain employees and members of management held their shares in the Company, was merged into the Company. In determining the exchange ratio applicable to the Class A, B and C preferred shares, the value of the specific rights attached to each class of shares under the Bylaws was taken into consideration. The shares of the

Company transferred in this merger were cancelled, resulting in a decrease in the Company's share capital. Partholdi's shareholders received newly issued shares of the Company.

In addition, following the various mergers discussed above, the beneficiaries of the Company's MEP share plan set up in October 2007 received their final allocation of shares under the plan (see Section 17.2.3, "Free Shares"). Next, all of the Company's preferred shares were converted into ordinary shares.

Finally, after the above transactions, the par value of the Company's shares, which was then €20, was divided by four, multiplying the number of ordinary shares of the Company by four, with each share having a par value of €5.

18.2 SHAREHOLDERS' VOTING RIGHTS

Article 8 of the Company's Bylaws provides for a double voting right for all fully paid shares held in registered form by the same holder for at least two years. The duration of the shareholding prior to the date of the Company's initial public offering will not be taken into account in determining whether the shares held by a shareholder carry double voting rights.

In accordance with Article L. 225-123 of the French Commercial Code, in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premium, the newly issued shares will carry double voting rights if they are granted to a shareholder in relation to existing shares that already carry double voting rights.

Double voting rights may be exercised at any shareholders' meeting.

Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

A merger or spinoff of the Company has no effect on the double voting right, which may be exercised within the surviving company if the Bylaws of such company so provide.

18.3 CONTROL OF THE COMPANY

As of the filing date of this Registration Document, SID, which holds the Deconinck family's investment, holds 50.10% of the Company's share capital, and KKR International Flooring holds 21.50%.

SID and KKR International Flooring have entered into a shareholders' agreement governing their relationship (see Section 18.4, "Shareholders' Agreement").

The Company is controlled as described above. However, the Company believes that there is no risk of control being exercised in an abusive manner. In that regard, the Company has provided that one-third of the members of its Supervisory Board are independent and that each of its two specialized committees includes two independent members and is chaired by an independent member of the Supervisory Board.

18.4 SHAREHOLDERS' AGREEMENT

In connection with the Company's initial public offering, on November 26, 2013 SID and KKR International Flooring entered into a shareholders agreement (the "Shareholders' Agreement") to govern their relationship as shareholders of the Company.

The parties are deemed to act "in concert" under the Shareholders' Agreement, which includes the following terms:

- As of the IPO listing date, the Supervisory Board was required to include four members appointed upon proposal by SID, two members appointed upon proposal by KKR International Flooring and three independent members. The Shareholders' Agreement does not contain any restriction or voting undertaking with respect to the ongoing composition of the Supervisory Board;

- KKR International Flooring will have the right to nominate one member to each committee of the Supervisory Board so long as one or more of the members appointed upon proposal by KKR International Flooring remains on the Supervisory Board. Apart from this, the Shareholders' Agreement does not contain any other restriction with respect to the composition of the Company's governing bodies, each party remaining free to exercise its voting rights for decisions relating to nomination, co-optation, and removal of members of the Supervisory Board;

- SID and KKR International Flooring are required to consult with each other to seek a common position with respect to any matter of business submitted to a Supervisory Board or shareholders' meeting, although the parties are free to exercise their voting rights at such Supervisory Board or shareholders' meeting if a common position has not been reached. It is noted, however, that if the parties vote differently on one or more of the Key Decisions discussed in Section 21.2.2.1.5, "Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)", both the shareholders' agreement and the "concert" will be terminated as described below;

- To the extent reasonably practicable, each of SID and KKR International Flooring is required to notify the other in the event of a proposed sale of the Company's securities (except in the case of a transfer to one or more financial institutions with a view towards offering such securities);

- KKR funds and their affiliates are required to hold 100% of the share capital and voting rights of KKR International Flooring at all times and may only reduce their shareholding in the Company by causing KKR International Flooring to sell the shares it holds directly in the Company. If the KKR funds and their affiliates were to hold less than 100% of the share capital and voting rights of KKR International Flooring, KKR International Flooring would be required to convert all of its shares of the Company into bearer form.

- Each party is prohibited from acting "in concert" regarding the Company with a third party unless prior approval from the other party has been obtained.

The shareholders' agreement was entered into for a duration of four years to end on November 21, 2017 and will be automatically terminated (unless the parties choose otherwise) upon the occurrence of certain events, including the following:

- One of the parties ceases to hold 5% or more of the Company's share capital and voting rights;

- The parties cease to hold a minimum of 50% in the aggregate of the Company's share capital and voting rights;

- The parties, through their respective Supervisory Board nominees or during a shareholders' meeting, adopt contrary positions with respect to certain key decisions, described in further detail in Section 21.2.2.1.5, "Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)". For these purposes, abstention would not be considered a contrary position;

- The members of the Supervisory Board appointed upon a proposal by KKR International Flooring no longer hold their offices prior to the expiration of the Shareholder Agreement's four-year term, and such members are not replaced by other members appointed upon proposal by KKR International Flooring;

- One of the parties agrees to act "in concert" with a third party, despite the fact that the other party has refused to grant its prior approval;

- SID may terminate the agreement if KKR International Flooring sells more than 5% of its shareholding to a third party (known by KKR International Flooring at the moment of the sale) or allows, to KKR International Flooring's knowledge, a third party to hold 10% (acting alone or "in concert", publicly disclosed prior to the sale) or more of the Company's share capital and voting rights when the purchaser(s) have reasonably been considered hostile in the context of the preliminary information process;

- SID may also terminate the agreement if KKR funds and their affiliates no longer hold, directly or indirectly, 100% of the share capital and voting rights of KKR International Flooring (notwithstanding KKR International Flooring's obligation in such a scenario to convert its shares into bearer form).

18.5 AGREEMENTS THAT COULD RESULT IN A CHANGE OF CONTROL

To the Company's knowledge, as of the filing date of this Registration Document, there are no agreements whose implementation could, at a later date, result in a change in control of the Company.

18.6 TRANSACTIONS BY MEMBERS OF MANAGEMENT IN THE COMPANY'S SECURITIES

The table below shows, as of the filing date of this Registration Document, the share acquisitions, dispositions and exchanges, as well as transactions in related financial instruments, that come within the scope of Articles L.621-18-2 and R.621-43-1 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation.

Name of reporting person	Positions held within the Company	Description of financial instrument	Nature of the transaction	Date	Place	Amount (in euros)
Didier Deconinck	Chairman of the Supervisory Board	Shares	Acquisition of 1,000 shares	11/22/2013	Euronext Paris	29,000.00
Jacques Garaïalde	Vice Chairman of the Supervisory Board	Shares	Acquisition of 1,000 shares	11/28/2013	Euronext Paris	28,650.00
Bernard-André Deconinck	Member of the Supervisory Board	Shares	Acquisition of 1,000 shares	11/22/2013	Euronext Paris	29,000.00
Eric Deconinck	Member of the Supervisory Board	Shares	Acquisition of 1,000 shares	11/22/2013	Euronext Paris	29,000.00
Josselin de Roquemaurel	Member of the Supervisory Board	Shares	Acquisition of 1,000 shares	11/22/2013	Euronext Paris	27,000.00
Françoise Leroy	Member of the Supervisory Board	Shares	Acquisitions: - 741 shares - 259 shares	1/10/2014 1/13/2014	Euronext Paris	21,552.13 7,577.41
Gérard Buffière	Member of the Supervisory Board	Shares	Acquisition of 1,050 shares	11/28/2013	Euronext Paris	30,345.00
DDA BIS	Legal entity affiliated with the Chairman of the Supervisory Board	Shares	Acquisitions: - 10,000 shares - 308 shares	12/18/2013 12/23/2013	Euronext Paris	266 108,00 8,283.54

19 RELATED PARTY TRANSACTIONS

19. RELATED PARTY TRANSACTIONS

19.1 PRINCIPAL RELATED PARTY TRANSACTIONS

Since January 1, 2011, material transactions entered into or ongoing between the Company and related parties consist of the following.

19.1.1 Guarantees

The Company has given its subsidiaries a number of guarantees:

- A counter guarantee provided to Federal Insurance Company ("FIC") pursuant to a general indemnity agreement for a maximum amount of U.S. $75.0 million to permit FIC to issue construction bonds on behalf of FieldTurf Tarkett Inc. As of the end of the fiscal year, the amount outstanding subject to this guarantee was the dollar equivalent of €40.6 million;

- A guarantee covering 50% of a maximum €10 million credit line granted to the Group's Laminate Park joint venture;

- A guarantee given to the retirement insurance company Pri-Pensions to insure Tarkett AB's employee benefit commitments in the amount of SEK 163.2 million;

- A guarantee provided to a raw-materials supplier of the Company's subsidiary Morton Extrusiontechnik (MET) in order to secure MET's payments to such supplier, for a maximum amount of €5 million;

- A guarantee given to Tarkett Finance Inc. to enable it to become an additional borrower under the Company's revolving credit facility dated June 27, 2011, in an amount not to exceed the U.S. dollar equivalent of €100.0 million. However, no drawdowns under this guarantee were outstanding as of year-end;

- A security given by Tarkett S.A. to a lending bank of a credit line. The security is in the form of an assignment of receivables for a maximum authorized amount of €55 million. The credit line, though entered into to finance the Group, was signed by a subsidiary for technical reasons. However, no drawdowns under this guarantee were outstanding as of year-end; and

- A guarantee given to the banks by Tarkett S.A. on behalf of Tarkett Limited (United Kingdom) and FieldTurf Poligras (Spain) to enable them to obtain liquidity arrangements for a total of €3.5 million.

19.1.2 Service Agreement with *Société Investissement Deconinck* (SID)

Tarkett and SID have entered into a service agreement, effective as of January 1, 2014, pursuant to which Tarkett provides SID with administrative support including corporate secretary and accounting services, for an annual cost of €75,000, excluding taxes. In 2013, the services that Tarkett SA provided to SID were invoiced in the amount of €22,000, excluding taxes.

19.1.3 Assistance Agreement with *Société Investissement Deconinck* (SID)

SID and the Company are parties to an assistance agreement relating to determination of the Company's strategy. Under this agreement, SID receives an annual payment of €500,000 (excluding taxes), subject to revision based on an index chosen by SID and the Company, in exchange for its services, including the time spent by the members of its Management Board and its role in defining the strategy of the Company.

19.1.4 Cash Management Agreements

The Company has cash management agreements in place with some of its subsidiaries to organize financing between the Group's entities and manage centralization of the Group's treasury.

19.1.5 Service Agreements

The Company is a party to service agreements with certain of its French and foreign manufacturing subsidiaries dated January 1, 2012 and January 1, 2013, in each case for a term of one year and automatically renewable for additional one-year terms. The purpose of these agreements is to provide management, financial, legal, human resources, marketing and communication services. These agreements represented an aggregate amount of €9.8 million in 2013.

In addition, the Company is a party to IT assistance agreements dated January 1, 2013 with certain of its subsidiaries, for terms of one year, automatically renewable without limitation for additional one-year terms. The purpose of these agreements is to provide IT, project management, development and consulting services (audit and SAP project preparation). These agreements represented an aggregate amount of €15.0 million in 2013.

19.2 STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

Tarkett
Registered office: 2, rue de l'Egalité – 92748 Nanterre
Share Capital: €318,613,480

Statutory Auditors' Special Report on Regulated Agreements and Commitments

General Shareholders' Meeting held to approve the financial statements for the year ending December 31, 2013

To the Shareholders:

In our capacity as the Statutory Auditors of your Company, we hereby present to you our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R.225-58 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R.225-58 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Shareholders' Meeting, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

AGREEMENTS AND COMMITMENTS SUBMITTED TO THE APPROVAL OF THE SHAREHOLDERS' MEETING

Pursuant to Article L.225-88 of the French Commercial Code, we have been informed that the following agreements and commitments were previously approved by your Supervisory Board.

Service Agreement with Société d'Investissement Familiale S.A. ("S.I.F. S.A.")

- Persons concerned:

  Messrs. B.-A. Deconinck, D. Deconinck, E. Deconinck, J. Garaïalde and J. de Roquemaurel, members of the Management Board of S.I.F. S.A., are members of Tarkett's Supervisory Board.

- Nature and purpose:

  S.I.F. S.A., which held more than 10% of Tarkett's voting rights prior to the listing of Tarkett's shares on a regulated market on November 21, 2013, provides certain advice and assistance services to Tarkett's senior management.

  The service agreement was entered into for a total amount of €3,152,000, excluding taxes, for 2013.

  The agreement was authorized by your Supervisory Board on February 26, 2013. This agreement was terminated at the time of Tarkett's initial public offering and the merger of S.I.F. S.A. into Tarkett with retroactive effect to January 1, 2013.

Service Agreement with Société Investissement Deconinck ("S.I.D.")

- Persons concerned:

  Prior to the listing of Tarkett's shares on a regulated market on November 21, 2013, Messrs. B.-A. Deconinck, D. Deconinck and E. Deconinck, shareholders of S.I.F. S.A., which held more than 10% of Tarkett's voting rights, and S.I.D. S.A., which held more than 10% of the voting rights of S.I.F. S.A., were members of Tarkett's Supervisory Board.

  Following Tarkett's initial public offering and the merger of S.I.F. S.A. into Tarkett, Messrs. B.-A. Deconinck, D. Deconinck and E. Deconinck, shareholders of S.I.D., which holds more than 10% of Tarkett's voting rights, are members of Tarkett's Supervisory Board.

- Nature and purpose:

  Prior to the initial public offering, Tarkett provided administrative support, including corporate secretary and accounting services, to S.I.F. S.A. Since the merger of S.I.F. into Tarkett in connection with Tarkett's initial public offering, Tarkett has provided the same services to S.I.D. S.A.

  The service agreement was entered into for a total amount of €22,000, excluding taxes, for the year ended December 31, 2013.

  The agreement between Tarkett and S.I.F. S.A. was authorized by your Supervisory Board on September 17, 2013 and the agreement between Tarkett and S.I.D. S.A. was authorized by your Supervisory Board on December 17, 2013.

Commitment for the benefit of Michel Giannuzzi, Chairman of Tarkett's Management Board

- Person concerned:

  Mr. Michel Giannuzzi, Chairman of Tarkett's Management Board.

Retention bonus

- Nature and purpose:

  At the time of the listing of Tarkett's shares on NYSE Euronext Paris, Mr. Michel Giannuzzi's employment agreement was terminated, leaving in place his corporate office. A retention bonus in the amount of €300,000 will be paid to him on November 1, 2017 if he remains with Tarkett on such date.

  The agreement was authorized by your Supervisory Board on September 27, 2013.

Severance or other benefits due or likely to become due as a result of termination or change of office (after the initial public offering)

- Nature and purpose:

  Subject to the performance requirements defined below, Mr. Giannuzzi will be entitled to a severance payment equal to two years of his gross base salary and bonus during the twelve months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract). In the event that Mr. Giannuzzi is to receive both severance pay and the non-compete payment described below, the total amount that he receives will be limited to two years of the gross base salary and bonus received during the 12 months prior to his departure as Chairman of the Management Board (including, if applicable, pursuant to his employment contract).

  Performance is measured by the extent of achievement of annual performance goals defined by the Supervisory Board upon the proposal of the Nominations and Compensation Committee, which serve as the basis for calculating variable compensation. The amount is equal to the average performance achieved by Mr. Giannuzzi during the three calendar years preceding his departure. In the event that his departure should occur within the next three calendar years, performance will be measured by the extent of achievement of the annual performance goals used as the basis for calculating the variable portion of his compensation as Chairman of the Management Board and his compensation as an employee.

  The severance payment is contingent on achieving 50% to 100% of the performance goals (i.e., no payment will be made unless the performance goal is reached to the extent of at least 50% and full payment will be received if the performance goal is achieved to the extent of 100%). The severance payment will be calculated in strict proportion to the extent of achievement of the performance goal.

  Subject to achievement of the performance conditions, the Company will be required to pay this severance payment in the event of Mr. Giannuzzi's forced departure as Company officer (including, in particular, as a result of a change of control or a disagreement as to strategy) on the initiative of the Supervisory Board, regardless of whether Mr. Giannuzzi is removed or his mandate is not renewed. This payment would not be available in the event of serious or gross misconduct.

  Compensation under a non-compete clause

  Mr. Giannuzzi benefits from a clause providing for payment in the event that the non-compete clause provided for in connection with his office is triggered.

  Mr. Giannuzzi will receive compensation for his non-compete clause in an amount equal to his gross base salary and bonus received during the twelve months prior to his departure from his position as Chairman of the Management Board (including, if applicable, pursuant to his employment contract with SIF). This compensation will be payable in 24 monthly payments for the duration of the non-compete clause. This compensation will be deducted from Mr. Giannuzzi's severance payment, such that the total amount received as severance and non-compete payments will not exceed two years of gross base salary and bonus received during the 12 months preceding his departure. The Company has the right to waive the non-compete clause.

Assistance and Guidance Agreement with S.I.D.

- Persons concerned:

  Messrs. B.-A. Deconinck, D. Deconinck, and E. Deconinck, shareholders of S.I.D., are members of Tarkett's Supervisory Board.

- Nature and purpose:

  S.I.D., which holds more than 10% of Tarkett's voting rights, will assist Tarkett in defining its strategic objectives. The service agreement was entered into for an annual amount of €500,000, excluding taxes. The charge recorded in that regard was €53,425 for the fiscal year ended December 31, 2013

  The agreement was authorized by your Supervisory Board on October 9, 2013.

Engagement Letter with KKR International Flooring 2 Sarl, Deutsche Bank AG, Paris branch, and J.P Morgan Securities plc.

- Persons concerned:

  Messrs. J. Garaïalde, J. de Roquemaurel and A. Vourch, employees of KKR, are members of Tarkett's Supervisory Board.

- Nature and purpose:

  In connection with the company's initial public offering, the banks undertook to provide assistance with respect to the distribution of the company's shares on the market, as well as with respect to the preparation of the necessary documentation and disclosure for doing so.

  This agreement provides that KKR International 2 Sarl would pay the banks' commissions and that the company would pay the banks fees relating to the transaction.

  The agreement was authorized by your Supervisory Board on October 9 and October 23, 2013.

Underwriting Agreement with KKR International Flooring 2 Sarl, Deutsche Bank AG, Paris branch; J.P Morgan Securities plc; HSBC France; Merryl Lynch International; Crédit Agricole Corporate & Investment Bank; and CommerzBank

- Persons concerned:

  Messrs. J. Garaïalde, J. de Roquemaurel and A. Vourch, employees of KKR, are members of Tarkett's Supervisory Board.

- Nature and purpose:

  In connection with the company's initial public offering, the banks undertook to provide assistance with respect to the distribution of the company's shares on the market, as well as with respect to the preparation of the necessary documentation and disclosure for doing so.

  This agreement provides that KKR International 2 Sarl would pay the banks' commissions and that the company would pay the banks fees relating to the transaction.

  The agreement was authorized by your Supervisory Board on October 23, 2013.

Engagement Letter with KKR International Flooring 2 Sarl and KKR Capital Markets Limited

- Persons concerned:

  Messrs. J. Garaïalde, J. de Roquemaurel and A. Vourch, employees of KKR, are members of Tarkett's Supervisory Board.

- Nature and purpose:

  In connection with the company's initial public offering, KKR Capital Markets Limited was engaged to serve as the company's adviser.

  The engagement letter provides that KKR International Flooring 2 Sarl will pay KKR Capital Markets Limited's commissions and that the Company will pay KKR Capital Markets Limited's fees relating to the transaction, up to a limit of €100,000.

  The agreement was authorized by your Supervisory Board on October 23, 2013.

AGREEMENTS PREVIOUSLY APPROVED BY THE SHAREHOLDERS' MEETING

Pursuant to Article R.225-57 of the French Commercial Code, we have been informed that the performance of the following agreements, which were already approved by the shareholders' meeting in previous years, continued during the most recently completed fiscal year.

Implementation of an escrow agreement in connection with the Management Equity Plan

- Nature, purpose and terms and conditions:

  In connection with the creation of a Tarkett equity plan (the "Management Equity Plan"), managers of the Company or its subsidiaries who participate in the Free Share Plan each signed an Escrow Agreement with S.I.F. S.A. and the company.

  This contract relates to the preferred shares without voting rights acquired from S.I.F. S.A. In accordance with the terms of the Escrow Agreement, the company serves as escrow agent on the instructions of the managers and S.I.F S.A.

  The agreement was taken over by Tarkett following the listing of its shares on a regulated market and the merger of S.I.F. S.A. into Tarkett.

The Statutory Auditors,

Paris La Défense and Paris, March 21, 2014

KPMG Audit	Praxor Audit
Philippe Grandclerc *Partner*	Florent Gesbert *Partner*

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FINANCIAL INFORMATION ABOUT THE GROUP'S ASSETS AND LIABILITIES, FINANCIAL CONDITION AND RESULTS

20. FINANCIAL INFORMATION CONCERNING THE GROUP'S ASSETS AND LIABILITIES, FINANCIAL CONDITION AND RESULTS

20.1 GROUP CONSOLIDATED FINANCIAL STATEMENTS

20.1.1 Group Consolidated Financial Statements as of and for the Year Ended December 31, 2013

The Group's consolidated financial statements, prepared in IFRS, as of and for the year ended December 31, 2013, begin on the following page.

Tarkett

Consolidated financial statements
Year ended December 31, 2013

All figures are presented in million of Euros, except if mentioned otherwise.

Tarkett

CONSOLIDATED FINANCIAL STATEMENTS CONTENT

CONSOLIDATED INCOME STATEMENT

	Note	Dec 31, 2013	Dec 31, 2012 restated *
Continuing operations			
Net revenue		**2,516.4**	**2,291.5**
Cost of sales		(1,892.8)	(1,765.8)
Gross profit		**623.7**	**525.7**
Other operating income	(5)	8.9	7.6
Selling and distribution expenses		(248.8)	(213.5)
Research and development expenses		(25.8)	(19.8)
General and administrative expenses		(162.3)	(136.2)
Other operating expenses	(5)	(14.8)	(10.3)
Results from operating activities	(3)	**180.9**	**153.5**
Financial income		1.6	2.5
Financial expenses		(33.0)	(26.5)
Net finance costs	(6)	**(31.4)**	**(24.0)**
Share of profit of equity accounted investees (net of income tax)		(1.4)	(1.9)
Profit before income tax		**148.2**	**127.5**
Income tax expenses	(7)	(47.9)	(42.3)
Profit from continuing operations		**100.3**	**85.2**
Discontinued operations			
Profit / (loss) from discontinued operations (net of income tax)		-	-
Profit for the period		**100.3**	**85.2**
Attributable to:			
Owners of the Company		99.1	83.6
Non-controlling interests (NCI)		1.2	1.6
Profit for the period		**100.3**	**85.2**
Earnings per share			
Basic earnings per share (in EUR)	(14)	1.60	1.35
Diluted earnings per share (in EUR)	(14)	1.58	1.34
Continuing operations			
Basic earnings per share (in EUR)	(14)	1.60	1.35
Diluted earnings per share (in EUR)	(14)	1.58	1.34

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Dec 31, 2013	Dec 31, 2012 restated *
Profit for the period	**100.3**	**85.2**
Other comprehensive income (OCI)		
Foreign currency translation differences for foreign operations	(31.0)	(8.9)
Changes in fair value of cash flow hedges	6.4	0.2
Income tax on other comprehensive income	(2.2)	-
OCI to be reclassified to profit and loss in subsequent periods	**(26.8)**	**(8.8)**
Defined benefit plan actuarial gains (losses)	17.2	(28.9)
Income tax on other comprehensive income	(5.0)	8.8
OCI not to be reclassified to profit and loss in subsequent periods	**12.1**	**(20.1)**
Other comprehensive income for the period, net of income tax	**(14.7)**	**(28.9)**
Total comprehensive income for the period	**85.6**	**56.3**
Attributable to:		
Owners of the Company	84.9	54.8
Non-controlling interests	0.7	1.4
Total comprehensive income for the period	**85.6**	**56.3**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

Tarkett

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Dec 31, 2013	Dec 31, 2012 restated *
ASSETS			
Goodwill	(8)	425.6	449.1
Intangible assets	(9)	110.9	98.4
Property, plant and equipment	(9)	415.4	428.7
Financial assets	(9)	27.5	29.3
Deferred tax assets	(19)	92.7	96.2
Other non-current assets	(12)	0.2	-
Non-current assets		**1,072.3**	**1,101.7**
Inventories	(10)	318.6	333.3
Trade receivables	(11)	279.7	287.6
Other receivables	(12)	59.2	59.9
Cash and cash equivalents	(15)	96.7	81.1
Current assets		**754.2**	**762.0**
TOTAL ASSETS		**1,826.5**	**1,863.7**
EQUITY AND LIABILITIES			
Share capital	(13)	318.6	316.1
Share premium and reserves		145.6	138.8
Retained earnings		126.9	145.0
Net result for the period		99.1	83.6
Equity attributable to owners of the Company		**690.2**	**683.6**
Non-controlling interests		6.1	10.1
Total equity		**696.3**	**693.7**
Interest-bearing loans and borrowings	(15)	501.3	335.7
Other financial liabilities	(16)	4.7	6.8
Deferred tax liabilities	(19)	10.8	5.4
Employee benefits	(21)	122.3	142.2
Provisions and other non-current liabilities	(20)	41.2	38.1
Non-current liabilities		**680.2**	**528.1**
Trade payables	(17)	219.8	244.3
Other liabilities	(18)	167.0	162.6
Interest-bearing loans and borrowings	(15)	24.4	187.2
Other financial liabilities	(16)	5.0	11.6
Provisions and other current liabilities	(20)	33.7	36.2
Current liabilities		**450.0**	**641.9**
TOTAL EQUITY AND LIABILITIES		**1,826.5**	**1,863.7**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

Tarkett

CONSOLIDATED STATEMENT OF CASH FLOWS

		Dec 31, 2013	Dec 31, 2012 restated *
Cash flows from operating activities			
Net profit before tax		148.2	127.5
Adjustments for:			
Depreciation and amortization		105.5	88.8
(Gain) loss on sale of fixed assets		(0.3)	-
Net finance costs		31.4	24.0
Change in provisions and other non-cash items		10.4	7.6
Share of profit of equity accounted investees, net of tax		1.4	1.9
Operating cash flow before working capital changes		**296.4**	**250.0**
Increase (-) / Decrease (+) in trade receivables		-	28.3
Increase (-) / Decrease (+) in other receivables		2.4	(6.6)
Increase (-) / Decrease (+) in inventories		2.0	(20.0)
Increase (+) / Decrease (-) in trade payables		(21.4)	28.7
Increase (+) / Decrease (-) in other payables		0.7	16.9
Effect of changes in working capital		**(16.3)**	**47.2**
Cash generated from operations		**280.2**	**297.2**
Interest paid		(25.6)	(21.9)
Income taxes paid		(47.8)	(45.3)
Other items		(1.2)	0.8
Other operating items		**(74.5)**	**(66.5)**
Net cash from operating activities		**205.6**	**230.7**
Cash flows from investing activities			
Acquisition of subsidiaries net of cash acquired	(2)	(3.5)	(259.2)
Acquisition of property, plant and equipment	(9)	(100.5)	(84.8)
Proceeds from sale of property, plant and equipment	(9)	0.9	0.7
Net cash used in investing activities		**(103.1)**	**(343.3)**
Cash flows from financing activities			
Acquisition of non-controlling interests		(4.4)	-
Proceeds from loans and borrowings		504.0	211.8
Repayment of loans and borrowings		(496.3)	(70.3)
Payment of finance lease liabilities		(0.4)	(0.8)
Disposal of treasury shares		38.1	-
Dividends paid		(124.8)	-
Net cash from / (used in) financing activities		**(83.8)**	**140.7**
Net increase / (decrease) in cash and cash equivalents		**18.8**	**28.1**
Cash and cash equivalents, beginning of period		81.1	53.7
Effect of exchange rate fluctuations on cash held		(3.2)	(0.6)
Cash and cash equivalents, end of period		**96.7**	**81.1**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

Tarkett

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium and reserves	Translation reserve	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance at January 1, 2012 - Restated *	**316.1**	**138.8**	**(63.0)**	**234.1**	**626.0**	**8.7**	**634.8**
Net profit for the period	-	-	-	83.6	**83.6**	1.6	**85.2**
Other comprehensive income	-	-	(8.7)	(20.1)	**(28.8)**	(0.1)	**(28.9)**
Total comprehensive income for the period	**-**	**-**	**(8.7)**	**63.5**	**54.8**	**1.4**	**56.3**
Own shares (acquired) / sold	-	-	-	(0.9)	**(0.9)**	-	**(0.9)**
Share based payment transactions	-	-	-	2.5	**2.5**	-	**2.5**
Acquisition of NCI without a change in control	-	-	-	1.2	**1.2**	-	**1.2**
Acquisition of subsidiary with NCI	-	-	-	(0.2)	**(0.2)**	-	**(0.2)**
Total transactions with shareholders	**-**	**-**	**-**	**2.7**	**2.7**	**-**	**2.7**
Balance at December 31, 2012 - Restated *	**316.1**	**138.8**	**(71.8)**	**300.3**	**683.6**	**10.1**	**693.7**
Balance at January 1, 2013	**316.1**	**138.8**	**(71.8)**	**300.3**	**683.4**	**10.1**	**693.7**
Net profit for the period	-	-	-	99.1	**99.1**	1.2	**100.3**
Other comprehensive income	-	-	(30.5)	16.4	**(14.2)**	(0.5)	**(14.7)**
Total comprehensive income for the period	**-**	**-**	**(30.5)**	**115.4**	**84.9**	**0.7**	**85.6**
Dividends	-	-	-	(124.8)	**(124.8)**	-	**(124.8)**
Own shares (acquired) / sold	-	-	-	38.1	**38.1**	-	**38.1**
Share based payment	-	-	-	6.2	**6.2**	-	**6.2**
Acquisition of NCI without a change in control	-	-	-	(0.5)	**(0.5)**	(4.8)	**(5.3)**
Issue of shares / SIF and Partholdi mergers into Tarkett	2.5	6.8	-	(5.6)	**3.6**	-	**3.6**
Other	-	-	-	(0.9)	**(0.9)**	-	**(0.9)**
Total transactions with shareholders	**2.5**	**6.8**	**-**	**(87.4)**	**(78.1)**	**(4.8)**	**(83.0)**
Balance at December 31, 2013	**318.6**	**145.6**	**(102.3)**	**328.3**	**690.2**	**6.1**	**696.3**

*Comparative periods were restated following the retrospective application of IFRS 11. Please refer to note 1.5.24

GENERAL INFORMATION

Tarkett's consolidated financial statements at December 31, 2013 comprise the Company and its subsidiaries (hereafter the "Group") as well as its interests in associates and joint ventures.

Tarkett is a leading global flooring company, providing integrated flooring and sports surface solutions to professionals and end-users in the residential and commercial markets. The Group is domiciled in France. The company's registered office is at *2 rue de l'égalité, Nanterre*.

February 17th, 2014, the Board of Directors established and authorized the publication of the Consolidated Financial Statements of the Group for the year ended December 31, 2013, which will be submitted for approval to the shareholders' meeting to be held on May 13th, 2014.

NOTE 1 – SIGNIFICANT ACCOUNTING PRINCIPLES

1.1 STATEMENT OF COMPLIANCE

The Consolidated Financial Statements of the Group (including the notes thereto) have been prepared in accordance with the IFRS (International Financial Reporting Standards) as adopted by the European Union as of December 31, 2013.

1.2 BASIS OF PREPARATION

1.2.1 ACCOUNTING POLICIES

The accounting policies applied by the Group in the Consolidated Financial Statements as of December 31, 2013, are the same as those used as of December 31, 2012 with the exception of the changes described below:

a Effective amendments or revisions to existing standards and interpretations applied during the period

The Group has applied the following amendments or revisions to existing standards and interpretations in the preparation of its consolidated financial statements. Those amendments and interpretations were approved by the European Union and their application was mandatory:

- As a result of the amendment to IFRS 7 "Disclosures – Offsetting Financial Assets and Financial Liabilities", the Group has expanded its disclosures about the offsetting of financial assets and financial liabilities. This amendment has no significant impact on the consolidated financial statements.
- Amendment to IAS 1 "Presentation of Items of Other Comprehensive Income": This amendment requires that an entity presents separately the items of other comprehensive income that would be reclassified to profit and loss, in the future if certain conditions are met, from those that would never be reclassified to profit and loss. The amendment also changes the title of the statement of comprehensive income to the statement of profit and loss and other comprehensive income.
- Amendment to IAS 19 "Employee Benefits": IAS 19 revised (2011) requires all remeasurements to be recognized directly in other comprehensive income. As Tarkett was already using this method this amendment has no impact for the Group. Furthermore IAS 19 (2011) requires that remaining unvested past service costs that used to be spread over the vesting period, are to be recognized directly in P&L. This change has a non-significant impact of €0,5m as at December 31, 2012. IAS 19 (2011) also changes the basis for determining the income or expense related to defined benefit plans. As a result of the change, the Group now determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) at the beginning of the annual period. It takes into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. The net interest on the net defined benefit liability (asset) comprises: interest cost on the defined benefit obligation and interest income on plan assets. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. This change has a €1.1m impact for the year ended December 31, 2012.
- IFRS 13 "Fair value measurement": IFRS 13 defines fair value, establishes a framework for measuring fair value and sets out related disclosure requirements. IFRS 13 does not give rise to any new requirements as to when fair value measurements are required or permitted under other IFRSs. It replaces the sometimes inconsistent fair value measurement guidance currently included in individuals IFRSs, with a single source of authoritative

guidance on how to measure fair value. This amendment requires further disclosure requirements (specifically fair value of financial assets and liabilities by level of fair value hierarchy), as detailed in Note 15. In accordance with IFRS 13 transitional provisions, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures and there has been no significant impact on the consolidated financial statements.

- Annual improvements: no significant impact on the annual consolidated financial statements.

b Early adoption of standards or interpretations during the period

The Group has early adopted the standard IFRS 11 “Joint arrangements” and IFRS 12 “Disclosure of interest in other entities”.

Under IFRS 11, interests in joint arrangements are classified as either joint operations (if the Group has rights to the assets, and obligations for the liabilities relating to the arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). The Group has analyzed its only joint venture and concludes to qualify it as a joint operation. This change implies the restatement of comparative period of reporting. Relative impacts are described below. This change only concerns Laminate Park GmbH & Co KG, jointly controlled with the group Sonae in Germany.

IFRS 10 “Consolidated Financial Statements” introduces a new control model that focuses on whether the Group has power over an investees, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns. There has been no impact on the Group control system.

As a result of IFRS 12 “Disclosure of interest in other entities”, the Group has expanded its disclosures about its interests in subsidiaries and equity-accounted investees. The Group consolidates several structured entities holding funds which use is restricted. The risk associated with these entities is limited to credit risk considered very low to the extent that funds are placed with leading financial institutions.

Impacts on 2012 published figures are detailed in part **1.5.24.**

The Group also applied IFRS 10, 12, IAS 27R and IAS 28R.

c. New standards and interpretations not yet adopted

The following table lists the recent change to IFRS available to early adoption but not mandatory and not applied by the Group.

January 1st, 2014	Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
January 1st, 2014	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
January 1st, 2014	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
January 1st, 2014	IFRIC 21 Levies

1.2.2 USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities at the date of preparation of the financial statements and reported income and expenses for the period. The management reviews these estimates and assumptions on an ongoing basis, by reference to past experience and various other factors considered as reasonable which form the basis for assessing the carrying amount of assets and liabilities. Actual results may differ significantly from these estimates, if different assumptions or circumstances apply.

These judgments and estimates relate principally to:

- Measurement of the fair value of the consideration transferred, NCI and assets acquired and liabilities assumed. Such allocations may involve the use of assumptions in respect of future cash flows (note 2).
- Impairment testing of assets: Group management has undertaken those tests on the basis of its best estimates of the future activity of the relevant cash-generating units and of appropriate discount rates (note 8 and note 9).
- Accounting treatment of financial instruments: the Group has performed the requisite valuation procedures and has tested the effectiveness of its hedging instruments (note 24).

- Provisions for employee benefits: provisions have been estimated with the assistance of an external actuary (note 21).
- The net tax position reflects the Group's best estimate of the trend of its future results for tax purposes (note 19).
- All other provisions, such as warranties and litigations, have been booked upon management best estimate using when necessary statistical approaches (note 20).

In preparing these financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as of and for the year ended December 31, 2012.
Where the accounting treatment of a specific transaction is not addressed by any accounting standard or interpretation, the management applies its judgment to define and apply accounting policies that will lead to relevant and reliable information, so that the financial statements:

- provide a true and fair view of the Group's financial position, financial performance and cash flows;
- reflect the substance of transactions;
- are prepared on a prudent basis;
- and are complete in all material aspects.

The Group's consolidated financial statements have been prepared on the historical cost basis with the exception of the following assets and liabilities which have been measured at fair value: derivatives, investments held for trading and available-for-sale financial assets, pension plan assets and other assets when required.
The carrying amount of assets and liabilities subject to fair value hedging has been adjusted in line with the changes in fair value attributable to the hedged risks.

1.3 BASIS OF PRESENTATION

Income statement

Expenses are classified in the income statement according to their function.

Statement of financial position

The balance sheet distinguishes current and non-current assets and current and non-current liabilities. Current assets comprise assets intended to be sold or consumed during the Group's normal operating cycle and cash or cash equivalents. Other assets are classified as non-current assets. Current liabilities comprise liabilities with maturities during the Group's normal operating cycle or within twelve months of the balance sheet date. Other liabilities are classified as non-current liabilities. Deferred tax assets and liabilities, as required by IAS 1 "Financial Statements Presentation", are exclusively classified as non-current.

Statement of cash flow

The statement of cash flow is presented using the indirect method.

Statement of Comprehensive Income

The statement of comprehensive income includes other Income or expenses that are not recognized in profit and loss as authorized by the IFRS.

1.4 BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests, even if doing so causes the non-controlling interests to have a deficit balance.

In case of a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary.
Any surplus or deficit arising from the loss of control is recognised in profit and loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the group has joint control, whereby the Group has right to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.5 ACCOUNTING POLICIES

The accounting policies described hereafter have been applied to all the periods presented in the consolidated financial statements and have been uniformly applied by all Group entities.

1.5.1 BUSINESS COMBINATION

Consideration

Business combinations are accounted for using the acquisition method as at the acquisition date – i.e. when control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination.

This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

1.5.2 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For each business combination, the Group elects to measure any non-controlling interests in the acquiree either:
at fair value; or
at their proportionate share of the acquiree's identifiable net assets, which are generally at fair value.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognised in profit or loss.

1.5.3 OPTIONS

Share put options granted by the Group

The Group may write a put option or enter into a forward purchase agreement with the non-controlling shareholders in an existing subsidiary on their equity interests in that subsidiary. If the put option or the purchase forward provides for settlement in cash or another financial asset by the Group, then a financial liability is recognized for the present value of the exercise price of the option or of the forward price. The counterpart is a derecognition of corresponding non-controlling interests (i.e. the underlying interests are deemed to have been acquired already. The Group consolidates the entity as though the non-controlling interests had already been acquired and recognises a liability for the present value of the price payable in the event that the non-controlling interests exercise their option. This liability is discounted over the option or forward period and any change in its valuation is accounted for through equity.

1.5.4 FOREIGN CURRENCY TRANSLATION

These financial statements are presented in euro and the functional currency of Tarkett SA and its subsidiaries located in the Euro zone is Euro. Group entities operate on an autonomous basis and therefore the functional currency of entities operating outside the Euro zone is generally their local currency, with the exception of the entities located in Eastern Europe which use the Euro as their functional currency.

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rate as of the date of the transaction. Foreign exchange rate differences arising on these transactions are recognized either in the operating profit for operational transactions or in the financial result for financing transactions.
Some items are covered by hedging transactions; the accounting treatment for those transactions is described in note 1.5.19.
Non-monetary items are translated using the historical exchange rates whilst monetary items are translated using the foreign exchange rates ruling at the balance sheet date.

Financial statements or foreign operations

On the balance sheet date, assets and liabilities of foreign operations are translated at the closing rate, and income and expenses are translated at the average exchange rate for the period.

Foreign currency differences are recognised in other comprehensive income (OCI), and presented in the translation reserve in equity. When a foreign operation is disposed of, the cumulative amount in the translation reserve related to that foreign operation is reclassified to P&L as part of the gain/loss on disposal classified as financial expenses. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

Net investment in foreign operations

When the settlement of a monetary item receivable or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income (OCI) and presented in the translation reserve.

1.5.5 SEGMENT REPORTING

IFRS 8 requires an entity to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or an aggregation of operating segments that do not meet some quantitative thresholds.

The chief operating decision maker of the Group within the meaning of IFRS 8 is the CEO, Michel Giannuzzi

IFRS 8 defines an operating segment as follows. An operating segment is a component of an entity:
- that engages in business activities from which it may earn revenues and incur expenses,
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assets, its performance,
- for which discrete financial information is available.

In addition, IFRS 8 requires the entity to report selected information by geographical areas.

The Group's activities have been segmented based on its management structure or divisions and differences in products reflecting the Tarkett Group's internal structure.
So far, the Group was reporting into two different segments, Flooring and Sports activities. In order to provide more detailed information in line with its organization, the Group has decided to split the segment Flooring into three new geographical segments:
- Europe, Middle East and Africa (EMEA);
- North America;
- CIS & Other.

For each reportable business segment, separate disclosure is provided of the related net revenue, gross profit, adjusted EBITDA, EBITDA, EBIT and capital expenditures.

Grouping of Eastern Europe and APAC/LATAM divisions in CIS & Others

The reporting reviewed by the CFO is organized by Division. There are currently five divisions: EMEA, North America, Eastern Europe, Asia Pacific/Latin America and Sports.
The Eastern Europe and APAC/LATAM divisions have been grouped in the "CIS & Others" segment for the following reasons:
- The corresponding markets of these two divisions have similar economic characteristics (growth trends of the concerned markets);
- The products sold, the production processes, the typology of the customers and the distribution ways in these two zones are similar.

In addition, the weight relatively low of the sales and operating profits of the Asia Pacific/Latin America division (less than 10% of the net sales and of the adjusted EBITDA reported by the Group in 2012) reinforced the fact that it was not necessary to present this division in a specific segment.

1.5.6 REVENUE RECOGNITION

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered or from construction contracts is recognised in profit or loss in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. An expected loss on a contract is recognised immediately in profit or loss.
Net sales comprise revenue from the sale of goods and services net of rebates, and after elimination of intragroup sales.

1.5.7 GRANTS

Grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.
Grants relating to assets are deducted from the carrying amount of the property plant and equipment. The grants are thus recognised as income over the lives of the assets by way of a reduced depreciation charge.

Other grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate.

1.5.8 EXPENSES

Cost of sales

Cost of sales comprises the cost of manufactured products, the acquisition cost of purchased goods which have been sold, and the supply chain costs for logistic and freight.

Selling and distribution expenses

Selling and distribution expenses comprise the expenses of the marketing department and the sales force, as well as advertising expenses, distribution expenses, sales commissions and bad debts.

Research and development expenses

Research and development costs are recognised as expenses when incurred, unless the criteria are met for them to be capitalised, as per note 1.5.10.

General and administrative expenses

General and administrative expenses comprise the remuneration and overhead expenses associated with management and administrative personnel with the exception of amounts charged to other cost centres.

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.
Please refer to note **1.5.11Property, plant and equipment** for more precision on lease contract classification.

Capital lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability.
Please refer to note **1.5.11Property, plant and equipment** for more precision on lease contract classification.

Financial income and expense

Net financial items comprise interest payable on borrowings and receivable on financial investments, dividend income, foreign exchange gains and losses on financial assets and liabilities.

Financial expense includes bank fees and interest payable on borrowings accounted for at amortised cost using the effective interest method.
Other financial income and expense include the income and expenses associated with loans and receivables accounted for at amortised cost, the gains recognised in respect of investment of cash and cash equivalents, impairment losses relating to financial assets, dividends.
Foreign exchange gains and losses on financial items are presented net, considering that those gains and losses are neutralized by the related impacts of the FX hedging instruments or they are hedged or arise from non-significant individual transactions, and by interpretation of IAS 1.35.

1.5.9 INCOME TAXES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items in equity or in other comprehensive income, in which case it is recognized in these headings.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable with respect to previous years.
Income tax expense /income are defined part **1.5.22 Deferred taxes.**

Income tax is calculated based on the rules applicable in each country where the Group operates.

The “Cotisation sur la Valeur Ajoutée des Entreprises (C.V.A.E.)” tax contribution enacted in France on the basis of the value added as determined based on the statutory accounts of French entities the statutory accounts meets the definition of Income Tax and are classified on the current income tax line. Similar treatment has been adopted for similar other tax contributions based on a net of products and costs amount even if this amount could be different from the accounting net income.

1.5.10 INTANGIBLE ASSETS

Goodwill

For the measurement of goodwill at initial recognition, Tarkett applies IFRS 3 Revised, see 1.5.1, except for acquisitions accounted for before December 31, 2009 for which IFRS 3 (2004) was applied.

Negative goodwill (badwill) is recognised directly in profit or loss.

Goodwill is allocated to cash-generating units and is not amortised, but instead is tested at least annually for impairment on the basis described in note 1.5.15.

Subsequently, goodwill is measured at cost less accumulated impairment losses.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the equity accounted investee.

Research and development

Expenditure on research and development are expensed as incurred (IAS 38.5 and IAS 38.11–38.23) except when the criteria for capitalisation of such expenditure are met.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible are probable and the Group intends to and has sufficient resources to complete development and to use or sell the assets. Otherwise, it is recognised in profit and loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Patents

Patents obtained by the Group are stated at cost less accumulated amortization and impairment losses. Capitalized costs for internally generated patents principally relate to the costs of legal counsel. Patents capitalized are amortized on a straight-line basis over the length of the patent. Amortization starts when the patent is issued.

Softwares

Softwares are stated at cost less accumulated amortization and impairment losses. Softwares are amortized from the date they are available for use on a straight line basis.

Amortization

Other intangible assets are amortized from the date that they are available for use. The estimated useful lives are as follows:

Patents and trademarks:	Length of the patent
Development costs:	3 to $6^{2/3}$ years
IT Softwares:	3 to 5 years

1.5.11 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Acquisition cost

Acquisition cost includes purchase cost or production cost plus the other costs incurred for bringing the items to their operating location and condition. The cost of a self-constructed asset includes the costs of raw materials and direct labour, the initially estimated cost of any obligation for dismantling, removing and restoring the site on which the asset is located, and an appropriate allocation for directly attributable production overhead.

Borrowing costs attributable to the acquisition of items of property, plant and equipment that meets the definition of qualifying asset under IAS 23 are capitalized.

When an item of property, plant and equipment includes material components with different useful lives, each major component is accounted for separately.

Subsequent costs

Replacements and improvements are capitalized, while general repairs, day to day servicing and maintenance are charged to expenses as incurred.

Depreciation

Assets are depreciated and charged to profit or loss over their expected useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-30 years
Industrial plant and equipment	6 2/3-10 years
Printing cylinders	2 years
Other equipment and supplies	3-5 years

Depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate.

Finance and operating leases

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases.
Assets acquired under finance leases are recognised as items of property, plant and equipment at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.
Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The bases of depreciation and subsequent measurement of the related assets are similar to those applying to other tangible fixed assets except in the case where the lease period is shorter than the asset's estimated useful life and it is not reasonably certain that transfer of title will take place at the end of the lease.
Leases for which a significant portion of the risks and rewards incidental to ownership of the leased assets remains with the lessor are classified as operating leases, with lease payments recognised as an expense on a straight-line basis over the lease term.

Determining wheter an arrangement contains a lease

At inception of an arrangement, the Group determines wheter the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on liability is recognised using the Group's incremental borrowing rate.

1.5.12 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Immediately before classification as held for sale, the carrying amounts of assets (and groups of related assets and liabilities) are revised in accordance with the applicable standards. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell.
Impairment losses on initial classification as held for sale are included in profit or loss.

A discontinued operation is a component of a Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

1.5.13 ACCOUNTS RECEIVABLE

Accounts receivable are stated at their as a proxy of amortised cost less any allowance for doubtful accounts.

The allowance for doubtful accounts is based on the management's assessment of the recoverability of specific customer accounts and the ageing of the accounts receivable. If there is deterioration in a major customer's creditworthiness or if actual defaults are higher than the historical experience, the management's estimates of the recoverability of amounts due to the Company could be adversely affected.

Provision for doubtful receivables

Provisions for doubtful receivables are constituted as follow:

- Bad debts identified and provisioned at 100%;
- A statistical provision, based on the age of the outstanding receivables, defined as follows.

Overdue from 61 to 180 days	25% depreciation of the gross amount
Overdue due from 181 to 270 days	50% depreciation of the gross amount
Overdue due from 271 to 360 days	75% depreciation of the gross amount
Overdue due over 360 days	100% depreciation of the gross amount

1.5.14 INVENTORIES

Inventories are stated on a FIFO basis (first in, first out) at the lower of manufacturing/acquisition costs and net realizable value. Manufacturing costs of self-produced inventories comprise all costs which are directly attributable and a systematic allocation of production overhead and depreciation of production facilities based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
Inventories can be classified into raw material, consumables, semi-finished goods & work in progress, and finished goods.

1.5.15 IMPAIRMENT

a) Non-financial assets

Annual impairment testing

Goodwill and other intangible assets with indefinite useful lives are systematically tested for impairment once a year.
The carrying amounts of the Group's assets, other than financial and deferred tax assets and liabilities, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of assets is the greater of their fair value less costs of disposal and value in use.
Value in use is calculated by discounting estimated future cash flows for each cash-generating unit with the exception of borrowing costs and income tax. For this purpose, use is made of 3-year plans (extrapolated by an additional year), as well as of a terminal value for each cash-generating unit.

The main assumptions used are a pre-tax discount rate of 11% in 2013. This one was equal to 10% in 2012 and 2011. The growth rates on sales are between -2% (short term perspectives on the European Union markets) and +13% (emerging countries mainly) over a 4-year period (2013 to 2016), depending on the area and the year. After the 3-year period, a similar growth than between 2014 and 2015 has been assumed.
The assessment of the terminal value uses the projection to infinity with a yearly growth rate of 3%, which considers that the Group operates on mature and growing business and markets (the same rate of 3% was used in 2012).

In assessing value in use, the estimated cash flows associated with cash-generating units recognised for operating purposes are discounted to their present value using a pre-tax weighted average cost of capital (WACC) discount rate that reflects current market assessments of the time value of money and the risks specific to each financing means.

For this purpose, goodwill has been allocated over cash-generating units.

On September 2012, 28th the Group acquired the Tandus Group in the United States of America in order to enlarge its development on the US flooring markets as Tandus is specialized in the production and the sale of carpet products, tiles and modular. This business meets the definition of a CGU, as the sale of carpet is an independent business which generates cash flows and is managed independently from other businesses.

From January 1st, 2012, the business Sport Indoor has been mainly incorporated into business Residential Heterogenous and it is not tested seperatelly.

Generating units impairment tests

For the impairment test, assets are tested at cash-generating units ("CGU") to reflect the segment organization of the Group and its products.

The Group has 15 CGU's which correspond to product lines within the Group reporting segments.

Impairment process

The Group holds cash flows from the latest forecasts, over a period of three years, corresponding to the best estimate of a full business cycle. These have been established taking into account cyclical variations affecting selling prices, volumes and raw material costs. Beyond three years, the Group determines a standard year calculated by extending the third year on the assumption of a stable revenue and margin, a need for working capital and investments determined on normative renewal based on historical observations. This standard year is then projected to infinity according to the method of Gordon Shapiro, applying a growth rate of 3% for all cash generating units.

The discounted future cash flows is performed at a rate before tax, reflecting current market assessments of the time value of money and the risks specific to the asset, determined on the weighted average cost of applicable capital. The discount rate used by the Group in 2013 is a pre-tax rate of 11% and in 2012 a pre-tax rate of 10%.

The sensitivity analysis was carried out on two assumptions:

- The discount rate (WACC);
- The perpetual growth rate.

Tarkett takes into account the risks and performance specific to each activity through the following:

- Changes in revenue and operating profit (EBITDA) considered for the next 3 years, by specific segment/product, testing for impairment by CGU, and defined by the Group as part of its strategic plan;
- Working capital (including inventory) defined according to the known history of the different segments and based on assumptions change in turnover by CGU;
- Renewal investments, in line with the recent investments by CGU and consideration of potential brake on investment especially considering some existing CGU maturity investments.

The single growth rate of 3 % is a normative assumption of growth. It is likely that growth will be greater on incorporated CGU in some segments (especially CIS & Other, Sports) but the Group chose to retain this unique rate. In addition, Tarkett perform a sensitivity analysis on the assumption of growth in order to take into account reasonably possible changes.

For each CGU (or groups of CGUs) operational assumptions that were considered key by the Group are as follows:

- Evolution of the markets in which these CGU are involved on the basis of internal estimates, supported if possible by external forecasts on the concerned segments / products.
- Evolution of the Group in its various markets,
- General hypothesis stability of inflation balance (purchase price stable, or if changes are considered, total compensation by changes in selling prices to balance the impact value)
- Establishment of continuous productivity plans for factories working on these CGU to improve profitability.

Change in the discount rate and growth rate

In 2013, the combination of an increase in the discount rate by 100 basis points and a decrease in the growth rate of 100 basis points would result in an additional impairment of the CGU Laminate of the segment CIS & Others for an amount of €12.1m.

Changes in 100 basis points in the discount rate and growth rate are reasonably possible variations for the Group. Tarkett operates in various countries, with a balance between three main areas (European Union, North America and CIS & Others). The economic developments in these areas can mitigate them, as it has also been demonstrated in the past.

Impairment losses

An impairment loss is recognised whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.
Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a prorata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

b) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. For an investment in an equity security, a significant or prolonged decline on its fair value below its costs is indicative of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment loss on available for sale financial assets is measured as the difference between its carrying amount and its fair value, less any impairment loss previously recognised and recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

1.5.16 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects. When share capital recognized as equity is repurchased, the amount of consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognized as a deduction from equity classified as own shares. When own shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

1.5.17 SHARE-BASED PAYMENT TRANSACTIONS

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the shares awarded. The amount recognised as an expense is adjusted to reflect the number of shares awarded for which the related service and non-market performance conditions are expected to be met, such that amount ultimately recognised is based on the number of shares awarded that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share based payment would be measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of SARs, which are settled in cash is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SARs. Any changes in the liability are recognised in profit or loss.

Share-based payment programs include both programs allowing Group employees to acquire shares of the Company under specific conditions and programs awarding free shares to Group employees. The current existing programs are described in the note 23 of the Group financial statements.

1.5.18 EMPLOYEE BENEFITS

Within the Tarkett Group, various systems for providing for retirement benefits depending on the legal, economic and tax environment of each country exist. In accordance with the laws and uses applied in each country, Tarkett SA participates in pension, welfare, health and retirement benefit plans whose benefits are dependent on various factors such as length of service, salary and the contributions paid to institutions.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

These contributions, based on services rendered by employees, are recognised as an expense in profit or loss as incurred.

Defined benefit plans

Defined benefit plans are post-employment benefit plans under which the Group assumes the obligation of providing employees with future benefits and thus also assumes the related actuarial and investment risks. The defined benefit liability is calculated using the projected unit credit method and is discounted to its present value from which the amount of past service cost for the period may also be deduced.
The detailed actuarial calculation requires the use of actuarial hypotheses for demographic variables (mortality, employee turnover) and economic variables (future increases in salaries and medical costs, discount rate).
When defined benefit plans are totally or partially funded by contributions paid to a separate fund or insurance company, those entities' assets are measured at their fair value and their amount is deducted from the obligation to define net liability disclosed in the Group's balance sheet. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognized immediately in OCI.
The Group determines the net interest expense (income) on the net defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss."

The Group's obligation in respect of such arrangements is calculated by independent actuaries, according to IAS 19.

Actuarial gains and losses

Actuarial gains and losses on defined benefit liabilities and plan assets comprise both the effects of changes in actuarial assumptions and the effects of differences between the previous actuarial assumptions and what has actually occurred.
Actuarial gains and losses for retirement benefit plans are immediately recognised in other comprehensive income.

Past service cost

When changes occur to a defined benefit plan, past service cost for the changed benefit liability is recognised as an expense immediately in profit and loss.

Curtailment and liquidation

The effects of any liquidation of plans or reduction of benefits are recognised in profit or loss at the date of liquidation or reduction.

1.5.19 FINANCIAL INSTRUMENTS

The Group has applied IFRS 7 and IFRS 13 which define the disclosures to be made in respect of financial assets and liabilities.
Financial transactions are recorded based on the effective date of payment.

Non-derivative financial assets

Financial assets are initially recognised at their fair value plus any applicable transaction costs except for financial assets at fair value through profit or loss for which transactions costs are recognised in profit or loss as incurred.

At the date of acquisition the Group classifies its financial assets in one of the four categories provided for by IAS 39. The classification determines the basis of measurement of each financial asset at the subsequent balance sheet dates, whether at amortised cost or at fair value.

Held-to-maturity investments are exclusively securities with fixed or determinable payments (other than items defined as loans and receivables) acquired with the intention of holding them to maturity. They are accounted for at amortised cost using the effective interest method. The net income recognised in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, they are accounted for at amortised cost, using the effective interest method, less any impairment losses reflecting the risk of non-recovery. The category includes trade and other loans and receivables. The net income recognised in respect of such assets comprises the aggregate of interest receivable and any impairment losses.

Subsequent to initial recognition, available for sale financial assets are measured at fair value, and changes therein, other than impairment losses (see 1.5.15) are recognised in other comprehensive income.
The category mainly comprises non-consolidated long-term investments which are measured in the balance sheet at their acquisition cost assuming the absence of an active market for the securities held. The net income recognised in respect of such assets comprises the aggregate of dividends receivable, any impairment losses and the gains or losses arising on disposal.
Financial assets and liabilities at fair value through profit or loss include both items held for trading, i.e. that the Group has from the outset the intention to sell in the near future (including derivatives not qualified as hedging instruments), and assets specifically designated as at fair value through profit or loss. These assets are adjusted to their fair value at each balance sheet date and the resulting gains and losses are recognised in profit or loss.

This category notably includes cash and cash equivalents. The net income recognised in respect of such assets comprises the aggregate of interest receivable, changes in fair value and the gains or losses arising on disposal.
Cash and cash equivalents comprise cash at bank and on hand, term deposits and other monetary investments with initial maturities not exceeding three months and subject to an insignificant risk of changes in value.
For purposes of cash flows statement presentation, cash and cash equivalents are defined on the same basis as in the balance sheet.

Non-derivative financial liabilities

Financial liabilities comprise financial debt and trade and other operating payables.
With the exception of items classified as financial liabilities at fair value through profit or loss, loans payable and other financial liabilities are initially recognised at their fair value less any applicable transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Given their short maturities, trade and other operating payables are measured at historical cost since use of the amortised cost basis would produce very similar results.

Derivative instruments

The Group uses derivative financial instruments to hedge its exposure to the foreign currency risk and interest rate risk associated with its purchases and sales denominated in foreign currencies and with its financing and investment transactions.
The derivatives employed comprise in particular interest rate swaps and options, other forward contracts and foreign currency options.

In accordance with its policy in respect of financial instruments, the Group neither uses nor issues derivative financial instruments for trading purposes, but derivatives which do not meet the criteria qualifying them for hedge accounting are nevertheless accounted for similarly to speculative instruments.
Derivatives are recognised in the balance sheet at their fair value (whether positive or negative) with changes in fair value immediately recognised in profit or loss.
Derivative instruments which qualify for hedge accounting and meet the applicable effectiveness tests are classified either as fair value hedges (when their purpose is to hedge an existing asset or liability's exposure to the risk of

changes in its fair value) or cash flow hedges (when their purpose is to hedge the exposure to changes in the cash flows associated with highly probable future transactions).
Changes in the fair value of fair value hedges of exposure to foreign currency and interest rate risk are recognised as part of financial income or expense. The hedged assets and liabilities are also adjusted to their fair value and the changes in fair value attributable to the hedged risk(s) are equally recognised as part of financial income or expense.
Changes in the fair value of cash flow hedges of exposure to foreign currency and interest rate risk are recognised within other comprehensive income with the exception of any ineffective portion of changes in fair value which is recognised in financial income or expense.

The gains and losses initially recognised directly in other comprehensive income are transferred to profit or loss during the period in which the hedged item itself produces an impact on profit or loss.
If a derivative instrument ceases to meet the criteria for hedge accounting, the cumulative amount recognised in other comprehensive income at that date remains in other comprehensive income until the date of occurrence of the transaction initially hedged, but if the transaction is no longer expected to occur then the amount is immediately transferred in full to profit or loss.
Derivative instruments which cease to meet the criteria for hedge accounting are reclassified as held for trading and changes in their fair value are recognised as part of financial income or expense.
Finally, the effective portion of the foreign exchange gain or loss associated with hedges of net investments in foreign operations is recognised directly in other comprehensive income; the ineffective portion is recognised immediately in profit or loss.

Fair value method

When measuring the fair value of an asset or a liability, the Group uses market observable date as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included in level 1 that are observable for the asset or the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)". However, if the fair value of an equity instrument cannot be reasonably estimated, it is measured at cost.

The fair value of all the Group's financial assets and liabilities is determined as at the balance sheet date either for inclusion in the balance sheet or for disclosure in the notes to the consolidated financial statements.

The fair value of interest rate swaps and of interest rate and foreign currency options is the estimated amount that the Group would expect to receive or have to pay in order to cancel each derivative instrument at the balance sheet date, taking into account the current level of interest rates and the credit risk associated with the swaps' counterparties. The fair value of forward exchange contracts is their market value at the balance sheet date, i.e. the present value of their quoted forward prices.

The derivative financial instruments (swaps, caps, floors etc.) employed by Tarkett are entered into by private arrangement and are thus not subject to quoted prices. They are therefore measured using the valuation models commonly employed by operators in the market and in particular:

- Interest rate swaps are measured on the basis of the present value of the contractual future cash flows;
- Options are measured using Black and Scholes type valuation models based on published market quotations and/or on quotations provided by third party financial institutions;
- Other foreign currency and interest rate derivative instruments are measured on the basis of the present value of the associated interest rate differentials.

Derivative instruments are entered into exclusively with first class banks or other financial institutions, and with the sole purpose of providing security for the Group's current operations and for the financing thereof.
The fair value of non-quoted borrowings is calculated on the basis of the present value of the contractual cash flows discounted at the market rate of interest, including the applicable risk premium.
In the case of receivables and payables with maturities of less than a year and certain floating rate receivables and payables, historical cost is considered as a reasonable approximation of their fair value given the limited credit periods granted and received within the Group.

1.5.20 PROVISIONS

Provisions and non-current liabilities are comprised of liabilities for which the amount or the timing are uncertain.
They arise from environmental risks, legal and tax risks, litigation and other risks.

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date. Provisions are reversed when they are no longer required.
A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced. Future operating losses are not provided for.

1.5.21 TRADE PAYABLES

Trade payables are stated at their repayment amounts. Payables of uncertain timing or amount are shown as accrued charges.

1.5.22 DEFERRED TAXES

Deferred tax is calculated using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

The following temporary differences are not provided for:

- Goodwill not deductible for tax purposes;
- The initial recognition of assets or liabilities, other than in the context of transactions involving business combinations, that affect neither accounting nor taxable profit;
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred income tax asset is recognized only to the extent that there will be future taxable profits over the next five years against which this asset can be utilized. Deferred income tax assets are reduced to the extent that it is no longer likely that a sufficient taxable benefit will support the asset recovery.

1.5.23 NET DEBT

The Net debt is defined netting up the interest bearing loans, borrowings and bank overdraft, minus the cash and cash equivalents.
Interest-bearing loans and borrowings refer to any obligation for the repayment of funds received or raised which are subject to repayment terms and interest charges. They also include liabilities on finance lease.

1.5.24 RECONCILIATION OF EARLY ADOPTION OF IFRS 11 AND RECLASSIFICATIONS

Early adoption of standards or interpretations

The Group has early adopted the standard IFRS 11 “Joint arrangements” and IFRS 12 “Disclosure of interest in other entities”. Under IFRS 11, interests in joint arrangements are classified as either joint operations (if the Group has rights to the assets, and obligations for the liabilities relating to the arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). The Group has analyzed its only joint venture and concludes to qualify it as a joint operation. This change implies the restatement of comparative period of reporting. Relative impacts are described below. This change only concerns Laminate Park GmbH & Co KG, jointly controlled with the group Sonae in Germany. Relative impacts are described below.

2011 has not been restated since the impact in the Consolidated Financial Statement is not significant and concerned the same aggregates than 2012.

The Group also applied IFRS 10, 12, IAS 27R and IAS 28R.

Reclassifications

The reclassifications in the balance sheet and the Cash Flow are done in order to reconcile the different categories of working capital between these two statements.

Summary of impacts arising from changes in accounting standards and other reclassifications in the balance sheet as at December 31, 2012

	Note	Dec 2012 published	IFRS 11 adoption	Reclassifications	Dec 2012 restated
ASSETS					
Goodwill	(8)	449.1	-	-	449.1
Intangible assets	(9)	98.5	(0.1)	-	98.4
Property, plant and equipment	(9)	429.4	(0.6)	-	428.7
Financial assets	(9)	35.2	(5.9)	-	29.3
Deferred tax assets	(19)	96.7	(0.6)	-	96.2
Non-current assets		**1,108.8**	**(7.1)**	**-**	**1,101.7**
Inventories	(10)	339.1	(5.7)	-	333.3
Trade receivables	(11)	283.1	(1.8)	6.3	287.6
Other receivables	(12)	66.7	(0.5)	(6.3)	59.9
Cash and cash equivalents	(15)	81.4	(0.3)	-	81.1
Current assets		**770.4**	**(8.3)**	**-**	**762.0**
TOTAL ASSETS		**1,879.2**	**(15.5)**	**-**	**1,863.7**

	Note	Dec 2012 published	IFRS 11 adoption	Reclassifications	Dec 2012 restated
EQUITY AND LIABILITIES					
Share capital	(13)	316.1	-	-	316.1
Share premium and reserves		138.8	-	-	138.8
Retained earnings		144.9	0.0	-	145.0
Net result for the period		83.7	-	-	83.7
Equity attributable to owners of the Company		**683.6**	**0.0**	**-**	**683.6**
Non-controlling interests		10.1	-	-	10.1
Total equity		**693.7**	**(0.0)**	**-**	**693.7**
Interest-bearing loans and borrowings	(15)	342.8	(7.1)	-	335.7
Other financial liabilities	(16)	6.8	-	-	6.8
Deferred tax liabilities	(19)	5.4	-	-	5.4
Employee benefits	(21)	142.2	-	-	142.2
Provisions and other non-current liabilities	(20)	38.1	-	-	38.1
Non-current liabilities		**535.2**	**(7.1)**	**-**	**528.1**
Trade payables	(17)	221.7	(3.4)	26.0	244.3
Other liabilities	(18)	189.9	(1.3)	(26.0)	162.6
Interest-bearing loans and borrowings	(15)	190.8	(3.6)	-	187.2
Other financial liabilities	(16)	11.6	-	-	11.6
Provisions and other current liabilities	(20)	36.2	-	-	36.2
Current liabilities		**650.3**	**(8.4)**	**-**	**641.9**
TOTAL EQUITY AND LIABILITIES		**1,879.2**	**(15.5)**	**-**	**1,863.7**

Summary of impacts arising from changes in accounting standards and other reclassifications in the P&L in 2012

	Note	Dec 2012 published	IFRS 11 adoption	Dec 2012 restated
Continuing operations				
Net revenue		**2,318.5**	**(27.0)**	**2,291.5**
Cost of sales		(1,792.2)	26.4	(1,765.8)
Gross profit		**526.2**	**(0.5)**	**525.7**
Other operating income	(5)	6.4	1.2	7.6
Selling and distribution expenses		(214.3)	0.8	(213.5)
Research and development expenses		(19.8)	-	(19.8)
General and administrative expenses		(136.7)	0.5	(136.2)
Other expenses	(5)	(10.5)	0.2	(10.3)
Results from operating activities	(9)	**151.3**	**2.1**	**153.5**
Financial income		2.2	0.2	2.5
Financial expenses		(27.0)	0.5	(26.5)
Net finance costs	(6)	**(24.7)**	**0.7**	**(24.0)**
Share of profit of equity accounted investees (net of income tax)		-	(1.9)	(1.9)
Profit before income tax		**126.6**	**0.9**	**127.5**
Income tax expenses	(7)	(41.4)	(0.9)	(42.3)
Profit from continuing operations		**85.2**	**(0.0)**	**85.2**
Discontinued operations				
Profit / (loss) from discontinued operations (net of income tax)		-	-	-
Profit for the period		**85.2**	**-**	**85.2**
Attributable to:				
Owners of the Company		83.6	-	83.6
Non-controlling interests		1.6	-	1.6
Profit for the period		**85.2**	**-**	**85.2**
Earnings per share				
Basic earnings per share (in EUR)	(8)	1.35	-	1.35
Diluted earnings per share (in EUR)	(8)	1.34	-	1.34
Earnings per share - Continuing operations				
Basic earnings per share (in EUR)	(8)	1.35	-	1.35
Diluted earnings per share (in EUR)	(8)	1.34	-	1.34

Summary of impacts arising from changes in accounting standards and other reclassifications in the OCI in 2012

The change in consolidated method of Laminate Park has no impact on the Other Comprehensive Income.

Summary of impacts arising from changes in accounting standards and other reclassifications in the cash flow in 2012

		Dec 2012 published	IFRS 11 adoption	Reclassifications	Dec 2012 restated
Cash flows from operating activities					
Net profit before tax		126.6	0.8	-	127.5
Adjustments for:					
Depreciation and amortization		88.8	-	-	88.8
(Gain) loss on sale of fixed assets		-	-	-	-
Net finance costs		24.8	(0.7)	-	24.0
Change in provisions and other non-cash items		7.6	-	-	7.6
Share of profit of equity accounted investees, net of tax		-	1.9	-	1.9
Operating cash flow before working capital changes		**247.9**	**2.1**	**-**	**250.0**
Increase (-) / Decrease (+) in trade receivables		38.1	(0.6)	(9.1)	28.3
Increase (-) / Decrease (+) in other receivables		(4.9)	(0.2)	(1.5)	(6.6)
Increase (-) / Decrease (+) in inventories		(21.2)	1.1	-	(20.0)
Increase (+) / Decrease (-) in trade payables		28.6	(1.4)	1.5	28.7
Increase (+) / Decrease (-) in other payables		7.8	(0.1)	9.1	16.9
Effect of changes in working capital		**48.4**	**(1.1)**	-	**47.2**
Cash generated from operations		**296.2**	**1.0**	**-**	**297.2**
Interest paid		(22.6)	0.7	-	(21.9)
Income taxes paid		(45.3)	-	-	(45.3)
Other items		0.7	0.1	-	0.8
Other operating items		**(67.2)**	**0.8**	**-**	**(66.5)**
Net cash from operating activities		**229.0**	**1.7**	**-**	**230.7**
Cash flows from investing activities					
Acquisition of subsidiaries net of cash acquired	(2)	(259.2)	-	-	(259.2)
Acquisition of property, plant and equipment	(9)	(85.0)	0.2	-	(84.8)
Proceeds from sale of property, plant and equipment	(9)	0.7	-	-	0.7
Net cash used in investing activities		**(343.5)**	**0.2**	**-**	**(343.3)**
Cash flows from financing activities					
Proceeds from loans and borrowings		213.8	(2.0)	-	211.8
Repayment of loans and borrowings		(70.3)	-	-	(70.3)
Payment of finance lease liabilities		(0.8)	-	-	(0.8)
Net cash from / (used in) financing activities		**142.7**	**(2.0)**	**-**	**140.6**
Net increase / (decrease) in cash and cash equivalents		**28.1**	**(0.1)**	**-**	**28.0**
Cash and cash equivalents, beginning of period		53.9	(0.2)	-	53.7
Effect of exchange rate fluctuations on cash held		(0.6)	-	-	(0.6)
Cash and cash equivalents, end of period		**81.4**	**(0.3)**	**-**	**81.1**

NOTE 2 – CONSOLIDATION SCOPE

The Tarkett Group's consolidation scope is as follows. Note 29 provides a list of main consolidated entities.

Number of companies	Dec 31, 2012 published	IFRS 11 adoption	Dec 31, 2012 restated	Creation	Mergers	Dec 31, 2013
Fully consolidated companies	**72**	-	**72**	**1**	(3)	**70**
Equity-accounted companies	**-**	1	**1**	**-**	**-**	**1**
Jointly controlled companies subject to proportionate consolidation	**1**	(1)	**-**	**-**	**-**	**-**
TOTAL	**73**	**-**	**73**	**1**	**(3)**	**71**

2.1 SCOPE VARIATION

Merger

In January 2013, "Les Installations Sportives Defargo Inc." merged with and into "Tarkett Inc," the Canadian parent entity.
In July 2013, "Tandus Group Inc." merged with and into "Tandus Flooring Inc".
In July 2013, "Tarkett Texas Holding Inc." merged with and into "Texas Tile Manufacturing LLC".

In November 2013, SIF and Partholdi merged with and into Tarkett.

Creation

In December 2013, Tarkett Services has been created.

2.2 PURCHASE ACCOUNTING OF TANDUS ACQUISITION

On September 28, 2012, Tarkett has acquired the US group Tandus, specialized in the production and the sale of carpet products in order to enlarge its development on the US flooring markets.

Tandus group comprises 10 legal entities, including 6 plants, mainly based in North America and sales entities located in North America and in Asia. All these companies are fully consolidated and held at 100% since their acquisition by Tarkett.

The initial consideration paid for Tandus group amounts to €274.1m and includes the reimbursement of Tandus debt of €129.8m. An additional amount has been paid in 2013 which was defined in the acquisition contract and corresponds to tax refunds for an amount of €(3.5)m, this complementary amount is presented in the line « Acquisition of subsidiaries net of cash acquired » of the 2013 cash flow statement.

Acquisition costs have been reported in « General and administrative expenses » for an amount of €3.2m.

The acquisition impact in the consolidated cash flow statement was presented, as of December 31, 2012, in the line « Acquisition of subsidiaries net of cash acquired » for an amount of €(258.3)m.

Acquisition of Tandus group	(144.2)
Tandus loan reimbursement	(129.8)
Cash acquired, less stock-options paid	15.8
Acquisition of subsidiaries, net of cash acquired	**(258.3)**

As of December 31, 2012 this acquisition has been recorded in accordance with IFRS3-r on provisional basis. The resulting goodwill at the end of 2012 was equal to €170.1m.

On 2013, Tarkett has finalized identification work and evaluation of acquired assets and liabilities, these results in a decrease in goodwill. At the end of December 2013, it amounts to €152.3m. This goodwill is not tax deductible.

Initial goodwill at December 31, 2012	**170.7**
Additionnal consideration	**3.5**
Fair value of assets	**(14.9)**
Intangible assets	(16.1)
Deferred tax assets	(0.5)
Inventories (Impairment)	2.0
Deferred tax liabilities	1.6
Other liabilities	(1.8)
Exchange variations	**(7.0)**
Final goodwill	**152.3**

This goodwill corresponds mainly to:

- Specific technology and know-how,
- Expected sales synergies in North America ("cross selling af Tandus and tarkett products"), added to potential development of Tandus outside North America,
- Market shares already acquired by the Tandus group.

Purchase price adjustments are detailed below:

	Accounting value before PPA	PPA adjustments	FX change	Fair value of acquired assets and liabilities
Goodwill	71.7	(71.7)	-	-
Intangible assets	1.3	16.1	(0.7)	16.8
Tangible assets	37.5	8.0	(2.8)	42.7
Other financial assets	0.4	-	(0.0)	0.3
Deferred tax assets	6.7	0.8	(0.5)	7.0
Inventories	38.0	0.9	(2.5)	36.4
Trade receivables	29.9	-	(1.9)	28.0
Other operating assets	5.1	-	(0.3)	4.8
Cash and cash equivalents	21.0	-	(1.3)	19.7
Loans and borrowings	(129.9)	(0.7)	8.2	(122.4)
Deferred tax liabilities	(24.3)	12.0	0.8	(11.6)
Other non courant liabilities	(7.9)	-	0.5	(7.4)
Trade payables	(10.0)	-	0.6	(9.4)
Other operating liabilities	(21.5)	1.8	1.3	(18.4)
Net assets at fair value (B)	**17.7**	**(32.7)**	**1.3**	**(13.7)**
Consideration paid (A)	**144.2**	**3.5**	**(9.1)**	**138.6**
Consolidated goodwill (A) - (B)	**126.5**	**36.2**	**(10.4)**	**152.3**

Main fair value adjustments concern:

- Cancellation of historical goodwill reported in Tandus accounts for €71.7m,
- Reevaluation of tangible assets, as machinery and equipments based on expert analysis for €8.0m,
- Identification of intangible assets for €16.1m relative to:
  - ✓ patents, representative of technology brought by Tandus, amortized on 6 years,
  - ✓ and several Tandus trademarks: Tandus name (amortized on 10 years), Sero trademark (amortized on 7 years), and Powerbond and Ethos trademarks (indefinite useful life),
- Fair value adjustment on inventories taking into account ageing and slow moving risks for €0.8m.

Update of deferred tax assets and liabilities is based on adjustments mentioned above.

Impact of Tandus acquisition on P&L:

Between the 28th of September 2012 and the 31st of December 2012, Tandus has contributed to the Group performance for €66.1m of net sales and €5.4m of net result.

If acquisition has taken place on 1st of January 2012, the net sales and the net result of the Group would have increased respectively for €205.7m and €23.6m.

2.3 RECLASSIFICATION OF A JOINTLY CONTROLLED ENTITY INTO JOINT VENTURE

Laminate Park GmbH & Co KG jointly held with Sonae group in Germany was the only remaining jointly controlled entity. Impacts of the reclassification of the jointly controlled entity as per IAS 31 into joint venture as per IFRS 11 are detailed in section **1.5.24 Early adoption of standards or interpretations.**

Laminate Park GmbH & Co KG products laminate and board at the destination of EMEA market.

The impact of the jointly controlled entities on Tarkett consolidated statements of financial position and income is the following (the following balance sheet and P&L figures are consolidated at 50%):

Balance sheet

	Dec 31, 2013	Dec 31, 2012
% of ownership interest	**50%**	**50%**
ASSETS		
Intangible assets	0.1	0.1
Property, plant and equipment	0.7	0.6
Deferred tax assets	0.3	0.6
Non-current assets	**1.2**	**1.2**
Inventories	5.5	5.7
Trade receivables	2.2	2.9
Other receivables	0.2	0.5
Cash and cash equivalents	0.2	0.3
Current assets	**8.0**	**9.5**
TOTAL ASSETS	**9.2**	**10.7**
EQUITY AND LIABILITIES		
Retained earnings	(13.0)	(11.0)
Net result for the period	1.6	(1.9)
Equity attributable to owners of the Company	**(11.3)**	**(13.0)**
Non-controlling interests	-	-
Total equity	**(11.3)**	**(13.0)**
Interest-bearing loans and borrowings	14.2	14.2
Non-current liabilities	**14.2**	**14.2**
Trade payables	2.6	5.2
Other liabilities	0.5	0.7
Interest-bearing loans and borrowings	3.1	3.6
Other financial liabilities	0.1	-
Current liabilities	**6.3**	**9.5**
TOTAL LIABILITIES	**9.2**	**10.7**

Profit and Loss

	Dec 31, 2013	Dec 31, 2012
Net revenue	**22.7**	**27.0**
Cost of sales	(21.4)	(26.4)
Gross profit	**1.4**	**0.5**
Other operating income	1.1	0.1
Selling and distribution expenses	(0.2)	(0.8)
Research and development expenses	-	(0.1)
General and administrative expenses	(0.5)	(0.5)
Other operating expenses	(2.2)	(1.4)
Results from operating activities	**(0.4)**	**(2.1)**
Financial income	3.7	0.7
Financial expenses	(1.4)	(1.4)
Net finance costs	**2.3**	**(0.7)**
Share of profit of equity accounted investees (net of income tax)	-	-
Profit before income tax	**1.9**	**(2.8)**
Income tax expenses	(0.3)	0.9
Profit from continuing operations	**1.6**	**(1.9)**

NOTE 3 – ADJUSTED EBITDA

The adjusted EBITDA is a key indicator for the Group to measure its operating and recurring performance.

It is defined considering the operating income before depreciation and amortization and removing revenues and expenses that are considered as adjustments in nature, i.e.:

- Restructuring costs to improve the future profitability of the Group,
- Gains or losses on significant asset disposals,
- Impairment and reversal of impairment based on Group impairment test only,
- Costs related to business combination and legal reorganization, including legal fees, transactions costs and consulting fees,
- Specifically in 2013, costs related to IPO,
- Expenses related to share-based payments due to their non-cash nature.

Tarkett

The Group's adjusted EBITDA breaks down as follows:

	Dec 31, 2013	Of which adjustments: Restructuring	Impairment & Customer's list amortization	Business combinations	Share-based payments	Others (**)	Dec 31, 2013 Adjusted
Net sales	**2,516.4**	**-**	**-**	**-**	**-**	**-**	**2,516.4**
Cost of sales	(1,892.8)	(1.8)	(4.8)	-	-	(0.6)	(1,885.5)
Gross profit	**623.7**	**(1.8)**	**(4.8)**	**-**	**-**	**(0.6)**	**631.0**
Other operating income	8.9	-	-	-	-	0.1	8.8
Selling and distribution expenses	(248.8)	(2.3)	-	-	-	(0.8)	(245.8)
Research and development expenses	(25.8)	-	-	-	-	-	(25.8)
General and administrative expenses	(162.3)	(1.1)	(1.3)	(0.5)	(6.1)	(8.8)	(144.5)
Other expenses	(14.8)	-	-	-	-	(1.9)	(12.9)
Result from operating activities	**180.9**	**(5.3)**	**(6.1)**	**(0.5)**	**(6.1)**	**(11.9)**	**210.9**
Depreciation and amortization	105.5	-	6.4	-	-	-	99.1
EBITDA	**286.4**	**(5.3)**	**0.2**	**(0.5)**	**(6.1)**	**(11.9)**	**310.0**

(**) included IPO costs

	Dec 31, 2012 restated*	Of which adjustments: Restructuring	Impairment & Customer's list amortization	Business combinations	Share-based payments	Others	Dec 31, 2012 Adjusted restated*
Net sales	**2,291.5**	**-**	**-**	**-**	**-**	**-**	**2,291.5**
Cost of sales	(1,765.8)	(5.0)	-	(3.8)	-	-	(1,757.0)
Gross profit	**525.7**	**(5.0)**	**-**	**(3.8)**	**-**	**-**	**534.5**
Other operating income	7.6	-	-	(0.5)	-	1.5	6.6
Selling and distribution expenses	(213.5)	(0.8)	-	-	-	-	(212.7)
Research and development expenses	(19.8)	-	-	-	-	-	(19.8)
General and administrative expenses	(136.2)	(0.9)	(1.7)	(3.3)	(2.5)	(2.8)	(125.0)
Other expenses	(10.3)	-	-	-	-	(1.9)	(8.4)
Result from operating activities	**153.4**	**(6.6)**	**(1.7)**	**(7.6)**	**(2.5)**	**(3.2)**	**175.2**
Depreciation and amortization	88.8	-	1.7	-	-	-	87.1
EBITDA	**242.2**	**(6.6)**	**-**	**(7.6)**	**(2.5)**	**(3.2)**	**262.2**

NOTE 4 - SEGMENT INFORMATION

Dec 31, 2013	Flooring EMEA	 North America	 CIS & Others	Sports	Central	Group
Net revenue	**669.6**	**673.6**	**887.5**	**285.8**		**2,516.4**
Activity (*)	**746.5**	**674.0**	**900.7**	**288.1**		
Gross profit	**181.7**	**180.7**	**215.6**	**45.7**		**623.7**
% of net sales	*27.1%*	*26.8%*	*24.3%*	*16.0%*		*24.8%*
Adjusted EBITDA	**71.3**	**74.0**	**190.1**	**15.0**	**(40.3)**	**310.0**
% of net sales	*10.6%*	*11.0%*	*21.4%*	*5.2%*		*12.3%*
EBITDA	**69.4**	**68.6**	**188.9**	**14.6**	**(55.1)**	**286.4**
% of net sales	*10.4%*	*10.2%*	*21.3%*	*5.1%*		*11.4%*
EBIT	**34.6**	**38.9**	**143.2**	**(1.2)**	**(34.7)**	**180.9**
% of net sales	*5.2%*	*5.8%*	*16.1%*	*(0.4)%*		*7.2%*
Capital expenditures	**19.2**	**20.9**	**37.3**	**4.4**	**5.9**	**87.8**

(*) including inter-segment revenue

Dec 31, 2012 restated *	Flooring EMEA	 North America	 CIS & Others	Sports	Central	Group
Net revenue	**679.0**	**477.4**	**874.1**	**260.9**		**2,291.5**
Activity (*)	**756.9**	**477.5**	**882.9**	**263.0**		
Gross profit	**181.1**	**95.9**	**206.5**	**42.1**		**525.7**
% of net sales	*26.7%*	*20.1%*	*23.6%*	*16.1%*		*22.9%*
Adjusted EBITDA	**76.3**	**30.1**	**180.0**	**10.1**	**(34.2)**	**262.2**
% of net sales	*11.2%*	*6.3%*	*20.6%*	*3.9%*		*11.4%*
EBITDA	**70.5**	**23.8**	**177.8**	**9.2**	**(39.0)**	**242.2**
% of net sales	*10.4%*	*5.0%*	*20.3%*	*3.5%*		*10.6%*
EBIT	**41.5**	**4.8**	**130.6**	**(4.6)**	**(18.9)**	**153.4**
% of net sales	*6.1%*	*1.0%*	*14.9%*	*(1.8)%*		*6.7%*
Capital expenditures	**25.3**	**19.5**	**30.7**	**4.2**	**5.0**	**84.8**

(*) including inter-segment revenue

Information on the activity in France and in other significant countries

The activity of the Group in France is lower than 10% of sales.

The non-current assets, excluding the non-affected Goodwill coming from the merger between Tarkett and Sommer on the early 2000's, represents also less than 10% of the total non-current assets of the Group in 2013 and in 2012.

Within Tarkett, we consider a threshold of 25% of the net sales as significant. Only one country is concerned: the United States of America. This country actually represents 30.8% of the net sales in 2013 and 30.4% of the proforma net sales in 2012. The non-current assets of the United States of America represent 42.2% of the total non-current assets of the Group on December 31, 2013 and 42.0% on December 31, 2012.

None of Tarkett's customers represents more than 10% of its sales.
The largest customer represents less than 5% of the sales in 2013, as in the previous years.

NOTE 5 – OTHER OPERATING INCOME – OTHER OPERATING EXPENSES

	Dec 31, 2013	Dec 31, 2012 restated *
Other operating income		
Gain on disposal of fixed assets	0.3	-
Other operating income	8.6	7.6
	8.9	**7.6**
Other operating expenses		
Other operating expenses	(14.8)	(10.3)
	(14.8)	**(10.3)**
Total other operating income and expenses	**(5.9)**	**(2.8)**

This category includes all operating income and expenses that cannot be directly attributed to business functions.

NOTE 6 – FINANCIAL RESULT

	Dec 31, 2013	Dec 31, 2012 restated *
FINANCIAL INCOME		
Interest income on loans assets & cash equivalents	1.3	2.0
Other financial income	0.3	0.5
	1.6	**2.5**
FINANCIAL EXPENSES		
Interest expenses on loans and overdrafts	(16.2)	(12.9)
Interest expenses on capital leases	(0.2)	(0.2)
Commissions expenses on financial liabilities	(5.0)	(6.6)
Interest on provisions for pensions	(6.4)	(3.8)
Foreign exchange rate losses	(4.1)	(2.5)
Other net financial expenses	(0.3)	(0.6)
Impairment on financial assets	(0.1)	(0.1)
Profit/Gain on disposal of shares	-	(0.1)
Net loss on interest rate instruments	(0.8)	0.2
	(33.0)	**(26.5)**
Net finance costs	**(31.4)**	**(24.0)**

NOTE 7 – INCOME TAX

Income tax (current and deferred) is detailed as follows:

	Dec 31, 2013	Dec 31, 2012 restated *
Current tax	(51.9)	(52.5)
Deferred tax	4.1	10.2
Total income tax	**(47.9)**	**(42.3)**

Theoretical income taxes determined using the French income tax rate of 34.43% for 2013 and 2012 can be reconciled as follows to the actual income tax charge:

	Dec 31, 2013	Dec 31, 2012 restated *
Income tax at French income tax rate	(51.0)	(43.9)
Effect of:		
Taxation of foreign companies at different rates *	31.3	24.8
Recognition of deferred tax assets relating to previous years	19.6	17.2
Change in unrecognised deferred tax assets	(21.5)	(26.8)
Permanent differences-non deductible items	(4.6)	3.1
Tax costs related to dividends (WHT, french surtax 3%)	(17.8)	(12.7)
Other items	(3.8)	(4.0)
Income tax expenses	**(47.9)**	**(42.3)**

**The difference with the tax rate at 34.43% is presented here.*

NOTE 8 – GOODWILL

The evolution of Goodwill can be analysed as follows:

	Dec 31, 2013	Dec 31, 2012 restated *
Opening carrying amount	449.1	276.8
New goodwill	-	174.1
Adjustment to initial purchase price allocation of Tandus	(12.5)	-
Effects of movements in exchange rates	(10.9)	(5.5)
Other	-	3.7
Closing carrying amount	**425.6**	**449.1**

The main variation is explained by the allocation of goodwill following purchase price allocation of Tandus group and results in a goodwill decrease of €(12.5)m for which details are given in note 2.2 “Purchase accounting of Tandus acquisition”.

No impairment losses have been recognised during 2013 and 2012.
An increase of 1% of the discount rate pre-tax would have not generated an additional impairment of the goodwill of the Group.

The allocation of goodwill between the various CGU’s is as follows:

	Dec 31, 2013		Dec 31, 2012 restated *	
	Gross value	Net value	Gross value	Net value
EMEA	62.5	61.9	62.9	62.3
North America	216.2	199.1	238.2	221.1
CIS & Others	96.5	95.5	96.5	95.5
Sports	74.8	69.1	75.8	70.1
TOTAL	**449.9**	**425.6**	**473.6**	**449.1**

At the end of December 2013, there is an amount of €7.4m of intangible asset in gross and net value with an indefinite life positioned in Tandus Group CGU's. At the end of 2012, there was no intangible asset with an indefinite life.

NOTE 9 – INTANGIBLE, TANGIBLE AND FINANCIAL ASSETS

	Carrying amounts	
	Dec 31, 2013	Dec 31, 2012 restated *
Research & development	4.3	4.2
Patents	44.0	52.9
Trademarks	17.8	7.8
Computer software	31.0	24.9
Other intangible assets	6.6	8.5
Advance payments and fixed assets in progress	7.1	0.1
Intangible assets	**110.9**	**98.4**
Real property and rights equivalents to real property	181.0	193.4
Leased buildings	4.8	5.8
Technical equipment and machinery	191.6	200.7
Leased land and equipment	4.9	5.4
Advance payments and fixed assets in progress	33.1	23.4
Property, plant and equipment (*)	**415.4**	**428.7**
Bonds, debenture loan & oth sec. Invest - Long-term	2.7	1.1
Financial investments and receivables - Long-term	22.1	23.9
Loan receivables - Long-term	0.3	0.5
Security deposit - Long-term	2.4	3.8
Other financial assets	**27.5**	**29.3**

(*) Equipment which is currently under construction has been allocated to individual items.

Impairment losses recognised during 2013 and 2012 can be broken down as follows:

	Dec 31, 2013	Dec 31, 2012 restated *
EMEA(*)	(5.1)	-
Total	**(5.1)**	**-**

(*) CGU08 Wood - EMEA

The variations in gross value, depreciation and amortization break down as follow:

Gross Book Value	Balance at Dec 31, 2012 restated*	Additions	Disposals	Change in scope	Transfer	Change in accounting policies	Foreign exchange differences	Balance at Dec 31, 2013
Research & development	8.2	1.4	-	-	-	-	(0.3)	9.3
Patents	120.4	0.2	-	-	(0.5)	3.0	(5.4)	117.8
Trademarks	17.2	-	-	-	(0.1)	13.2	(1.6)	28.7
Leasehold & similar rights	-	-	-	-	-	-	-	-
Computer software	51.3	9.8	(0.5)	-	7.9	-	(1.7)	66.8
Other intangible assets	7.5	-	(0.1)	-	-	-	(0.5)	6.9
Intangible assets in process	0.1	6.1	-	-	1.0	-	(0.1)	7.1
Intangible assets	**204.7**	**17.5**	**(0.7)**	**-**	**8.4**	**16.1**	**(9.5)**	**236.6**
Real property and rights equivalents to real property	389.4	3.3	(2.1)	(0.1)	4.7	0.2	(6.1)	389.2
Leased buildings	20.2	0.1	-	-	-	-	(0.8)	19.5
Technical equipment and machinery	1,066.5	18.8	(12.3)	(0.8)	33.0	0.8	(25.2)	1,080.8
Leased land and equipment	13.1	1.9	-	-	-	-	-	14.9
Advance payments and fixed assets in progress	23.4	58.9	(0.1)	-	(48.1)	-	(1.0)	33.1
Property, plant and equipment	**1,512.5**	**83.0**	**(14.6)**	**(0.9)**	**(10.5)**	**1.0**	**(33.1)**	**1,537.5**
Bonds, debenture loan & oth sec. invest- Long-term	1.1	4.6	(3.0)	8.0	(8.5)	-	0.4	2.7
Financial investments and receivables - Long-term	23.9	(2.1)	(0.1)	-	1.5	-	(1.1)	22.1
Loan receivables - Long-term	0.5	-	(0.1)	-	-	-	-	0.3
Security deposit - Long-term	7.0	0.2	-	-	(1.4)	-	(0.6)	5.1
Other financial assets	**32.4**	**2.7**	**(3.3)**	**8.0**	**(8.4)**	**-**	**(1.3)**	**30.2**

Accumulated depreciation and amortization	Balance at Dec 31, 2012 restated*	Depreciation	Disposals	Reversal	Impairment	Change in scope	Change in accounting policies	Transfer	Foreign exchange differences	Balance at Dec 31, 2013
Research & development	(4.0)	(1.0)	-	-	-	-	-	-	0.1	**(5.0)**
Patents	(67.5)	(9.6)	-	-	-	-	-	-	3.3	**(73.8)**
Trademarks	(9.3)	(2.2)	-	-	-	-	-	-	0.6	**(10.9)**
Leasehold & similar rights	(0.0)	-	-	-	-	-	-	-	-	**-**
Computer software	(26.4)	(9.5)	0.5	-	-	-	-	(1.1)	0.7	**(35.8)**
Other intangible assets	1.0	(1.6)	0.1	-	-	-	-	-	0.1	**(0.3)**
Intangible assets	**(106.3)**	**(23.8)**	**0.6**	**-**	**-**	**-**	**-**	**(1.1)**	**4.9**	**(125.7)**
Real property and rights equivalents to real property	(195.9)	(16.9)	1.8	1.1	-	0.1	(0.1)	(2.3)	4.2	**(208.2)**
Leased buildings	(14.3)	(1.1)	-	0.2	-	-	-	-	0.5	**(14.7)**
Technical equipment and machinery	(865.8)	(67.6)	12.3	5.1	-	0.9	(0.8)	5.2	21.5	**(889.2)**
Leased land and equipment	(7.7)	(2.3)	-	-	-	-	-	-	-	**(10.0)**
Property, plant and equipment	**(1,083.8)**	**(88.0)**	**14.0**	**6.5**	**-**	**0.9**	**(0.9)**	**2.9**	**26.3**	**(1,122.1)**
Security deposit - Long-term	(3.1)	-	-	-	(0.1)	-	-	-	0.5	**(2.7)**
Other financial assets	**(3.1)**	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**0.5**	**(2.7)**

Gross Book Value	Balance at Dec 31, 2011 restated*	Additions	Disposals	Change in scope	Transfer	Foreign exchange differences	Balance at Dec 31, 2012 restated*
Research & development	6.9	2.4	(1.4)	-	0.2	0.1	8.2
Patents	124.3	0.1	(0.0)	(1.8)	0.1	(2.2)	120.4
Trademarks	18.8	0.1	-	(1.4)	-	(0.3)	17.2
Leasehold & similar rights	0.5	-	-	-	(0.5)	-	-
Computer software	31.8	14.9	(0.3)	7.6	(2.2)	(0.4)	51.3
Other intangible assets	10.0	-	(2.6)	-	0.3	(0.2)	7.5
Intangible assets in process	-	0.4	-	-	(0.3)	-	0.1
Intangible assets	**192.2**	**17.8**	**(4.3)**	**4.5**	**(2.5)**	**(3.2)**	**204.7**
Real property and rights equivalents to real property	356.2	2.4	(0.3)	24.2	7.1	(0.3)	389.4
Leased buildings	20.1	-	-	-	-	-	20.2
Technical equipment and machinery	934.7	22.1	(18.7)	106.4	19.1	2.8	1,066.5
Leased land and equipment	13.0	0.0	-	-	0.1	-	13.1
Advance payments and fixed assets in progress	5.5	42.1	(0.2)	1.3	(24.9)	(0.3)	23.4
Property, plant and equipment	**1,329.5**	**66.6**	**(19.2)**	**131.9**	**1.5**	**2.2**	**1,512.5**
Bonds, debenture loan & oth sec. invest- Long-term	1.5	(0.5)	-	-	-	-	1.1
Financial investments and receivables - Long-term	17.0	7.3	-	-	-	(0.4)	23.9
Loan receivables - Long-term	0.1	-	(0.1)	-	0.5	-	0.5
Security deposit - Long-term	6.7	0.4	(0.1)	0.4	0.0	(0.4)	7.0
Other financial assets	**25.3**	**7.3**	**(0.1)**	**0.4**	**0.5**	**(0.8)**	**32.4**

Accumulated depreciation and amortization	Balance at Dec 31, 2011 restated*	Depreciation	Disposals	Reversal	Impairment	Change in scope	Transfer	Foreign exchange differences	Balance at Dec 31, 2012 restated*
Research & development	(3.3)	(0.5)	-	0.1	-	-	(0.2)	(0.1)	**(4.0)**
Patents	(59.5)	(9.2)	-	-	-	-	-	1.2	**(67.5)**
Trademarks	(9.2)	(0.6)	-	0.4	-	-	-	0.1	**(9.3)**
Leasehold & similar rights	(0.3)	-	-	-	-	-	0.3	-	**(0.0)**
Computer software	(13.9)	(6.7)	0.3	-	-	(6.3)	(0.1)	0.2	**(26.4)**
Other intangible assets	0.2	(1.7)	2.5	-	-	-	(0.1)	0.1	**1.0**
Intangible assets	**(86.0)**	**(18.6)**	**2.8**	**0.4**	**-**	**(6.3)**	**(0.1)**	**1.5**	**(106.3)**
Real property and rights equivalents to real property	(168.0)	(16.3)	0.2	1.0	-	(12.5)	0.2	(0.5)	**(195.9)**
Leased buildings	(13.2)	(1.2)	-	0.2	-	-	-	(0.2)	**(14.3)**
Technical equipment and machinery	(755.3)	(58.0)	18.5	5.6	-	(73.9)	0.8	(3.6)	**(865.8)**
Leased land and equipment	(5.8)	(1.9)	-	-	-	-	-	-	**(7.7)**
Property, plant and equipment	**(942.3)**	**(77.4)**	**18.7**	**6.8**	**-**	**(86.4)**	**1.1**	**(4.2)**	**(1,083.8)**
Security deposit - Long-term	(3.4)	-	-	-	(0.2)	-	-	0.4	**(3.1)**
Other financial assets	**(3.4)**	**-**	**-**	**-**	**(0.2)**	**-**	**-**	**0.4**	**(3.1)**

NOTE 10 – INVENTORIES

	Dec 31, 2013	Dec 31, 2012 restated *
Raw materials and supplies	88.3	100.8
Work in progress	48.7	41.5
Finished goods	201.5	208.2
Samples	6.1	1.9
Displays	-	1.6
Consumables and spare parts	21.4	19.6
Total Gross value	**366.0**	**373.5**
Provisions for inventory depreciation	(47.5)	(40.2)
Total Inventories	**318.6**	**333.3**

Detail of the provision for inventory depreciation

	Dec 31, 2012 restated *	Allowance	Reversal	FX impacts	Dec 31, 2013
Raw materials and supplies	(8.2)	(4.1)	4.2	0.2	(7.9)
Work in progress	(4.2)	(3.8)	2.3	(0.8)	(6.5)
Finished goods	(20.3)	(15.8)	10.3	0.4	(25.3)
Samples	(1.0)	(1.3)	0.4	0.1	(1.9)
Displays	(1.2)	-	1.2	0.0	-
Consumables and spare parts	(5.2)	(1.1)	0.5	0.1	(5.8)
Total provisions for inventory depreciation	**(40.2)**	**(26.1)**	**18.9**	**0.0**	**(47.5)**

The rate of inventory provisions is applied in a similar way for the different periods. The change between 2012 and 2013 is mainly explained by the application of the Group accounting rules in Tandus. This has been adjusted via the finalisation of the purchase accounting of Tandus (cf 2.2.).

The cost of sales in 2013 amounts to €1,162.3m.

NOTE 11 – TRADE RECEIVABLES

	Dec 31, 2013	Dec 31, 2012 restated *
Related party receivables	7.6	8.4
Third party receivables	294.0	299.3
Total Gross value	**301.6**	**307.6**
Provisions for doubtful receivables	(21.9)	(20.0)
Total Trade receivables	**279.7**	**287.6**

The variation of the provision for doubtful receivables amounts €1.9m and is mainly explained as follow :

- €(4.6)m of allowance,
- €2.5m of reversal,
- €(0.2)m of change impact.

Detail of unimpaired overdues

	Dec 31, 2013	Dec 31, 2012 restated *
Receivables, trade overdue 0 - 180 days	24.3	28.7
Receivables, trade overdue 181 - 270 days	-	0.6
Receivables, trade overdue 271 - 360 days	0.1	1.1
Receivables, trade overdue > 360 days	(3.2)	(2.4)
Receivables, bankrupcy procedure / legal cases	3.8	(0.2)
Receivables due	**25.0**	**27.7**

NOTE 12 – OTHER RECEIVABLES

	Dec 31, 2013	Dec 31, 2012 restated *
Total Other receivables non current	**0.2**	**-**
Prepaid expenses current	18.1	14.2
Income tax receivable current	13.4	9.3
VAT receivable current	17.4	20.3
Other accounts receivables and other assets current	10.3	16.1
Total Other receivables current	**59.2**	**59.9**

NOTE 13 – SHARE CAPITAL

Share capital

As of December 31st, 2013, the Company's share capital is of €318,613,480 (€316,108,260 as of December 31st, 2012) and is divided into 63,722,696 shares of a nominal value of €5 each (15,805,413 shares of a nominal value of €20 each as of December 31st, 2012).

NOTE 14 – EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share as of December 2013 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period (i.e. after deduction of the weighted average number of treasury shares).

Weighted average number of shares outstanding (basic)

In thousands of shares	Dec 31, 2013	Dec 31, 2012 restated *
Weighted average number of shares	63,276	63,222
Weighted average number of treasury shares held by Tarkett	(1,335)	(1,437)
Weighted average number of shares	**61,941**	**61,784**

Diluted earnings per share

Diluted earnings per share as of December 2013 are calculated on the basis of the Group's share of net profit and on the weighted average number of shares outstanding during the period and weighted average number of potential shares outstanding (i.e. after deduction of the weighted average number of treasury shares).

Weighted average number of shares outstanding (diluted)

In thousands of shares	Dec 31, 2013	Dec 31, 2012 restated *
Weighted average number of shares (basic)	63,276	63,222
Weighted average number of treasury shares held by Tarkett	(1,335)	(1,437)
Effect of shares plan issue	624	560
Weighted average number of shares (diluted)	**62,565**	**62,344**

NOTE 15 – NET DEBT – INTEREST-BEARING LOANS AND BORROWINGS

15.1 Net debt

	Dec 31, 2013	Dec 31, 2012 restated*
Interest-bearing loans and borrowings - non-current	501.3	335.7
Interest-bearing loans and borrowings - current	24.4	187.2
Cash and cash equivalents	(96.7)	(81.1)
Total Net Debt	**429.0**	**441.8**

15.2 Interest bearing loans and borrowings

	Dec 31, 2013		Dec 31, 2012 restated*	
	Non-current	Current	Non-current	Current
Bank loans (unsecured)	498.7	22.8	333.7	177.5
Other loans (unsecured)	0.6	-	1.0	8.1
Bank overdrafts (unsecured)	-	1.1	-	0.7
Finance lease obligations	2.0	0.6	1.0	1.0
Total interest-bearing loans and borrowings	**501.3**	**24.4**	**335.7**	**187.2**

The unsecured bank loans include mainly:

(i) a €360.0m tranche drawn against a €450.0m syndicated Term facility executed in October 2013 and maturing in full in October 2018. A second tranche of €90.0m, with the same maturity, was confirmed in December 2013 for a drawing in 2014;

(ii) €25m drawn against a multicurrency and multi-borrower syndicated revolving facility executed by Tarkett on June 2011 for up to €450.0m and maturing in June 2016;

(iii) an amortisable term loan maturing in May 2016 consisting of a tranche of €100.0m and a tranche of US$40.0m, out of which 15% are repaid in May 2014 and 25% in May 2015. This loan includes certain prepayment clauses in the case Tarkett would issue a capital increase or bonds in the capital debt market.

15.3 Details of loans and borrowings

Dec 31, 2013	Currency	Interest Rate	Dec 31, 2013	12 months or less until 12/31/14	2 years until 12/31/15	3 to 5 years until 12/31/16	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	0.7%-2.1%	465.0	16.3	26.2	422.5	-
Term Facilities Europe	USD	2.6%	29.0	4.4	7.3	17.3	-
Revolving Facilities Europe	EUR	1.1%	25.0	-	-	25.0	-
Revolving Facilities Europe	USD		-	-	-	-	-
Other bank loans		3.7%-5.3%	2.6	2.0	0.3	0.3	-
Secured loans							
Bank loans North America			-	-	-	-	-
Bank loans Eastern Europe			-	-	-	-	-
Total Bank loans			**521.6**	**22.7**	**33.8**	**465.1**	**-**
Asset backed facilities (1)			-	-	-	-	-
Other loans	EUR	0.7%-4.5%	0.4	0.1	0.1	0.2	-
Bank overdrafts			1.1	1.1	-	-	-
Finance lease obligations			2.6	0.6	0.6	1.2	0.2
Total Interest-bearing loans and borrowings			**525.7**	**24.5**	**34.5**	**466.5**	**0.2**

(1) one-year renewable facility

Dec 31, 2012 restated	Currency	Interest Rate	Dec 31, 2012	12 months or less until 12/31/13	2 years until 12/31/14	3 to 5 years until 12/31/15	More than 5 years
Unsecured loans							
Term Facilities Europe	EUR	1.4%-2.8%	264.0	150.0	114.0	-	-
Revolving Facilities Europe	EUR	1.0%	120.0	-	-	120.0	-
Revolving Facilities Europe	USD	1.1%	99.3	-	-	99.3	-
Other bank loans	EUR	3.4%-5.1%	3.1	2.1	0.4	0.6	-
Secured loans							
Bank loans North America	USD	6.9%	0.1	0.1	-	-	-
Bank loans Eastern Europe	UAH-RSD		-	-	-	-	-
Total Bank loans			**486.5**	**152.2**	**114.4**	**219.9**	**-**
Asset backed facilities (1)	EUR	0.6%	25.2	25.2	-	-	-
Other loans	EUR	0.2%-2.6%	8.5	8.1	0.1	0.3	-
Bank overdrafts			0.7	0.7	-	-	-
Finance lease obligations			2.0	1.0	0.3	0.4	0.3
Total Interest-bearing loans and borrowings			**522.9**	**187.2**	**114.8**	**220.6**	**0.3**

(1) one-year renewable facility

The facilities mentioned from (i) to (iii) above contain covenants which are binding on the borrowing company, in which financial covenants related to a ratio Net Debt on adjusted Ebitda not to exceed 3.0x, and a ratio Ebit/Net Interests not to be lower than 2.5x..

15.4 Covenants

The Group complies with all covenants requirements as at December 31, 2013, and with Financial covenants as reported below:

Net Debt / Adjusted EBITDA

	Dec 31, 2013	Dec 31, 2012 published	Dec 31, 2012 restated*
Net Debt	429.0	452.2	441.8
Adjusted EBITDA	310.0	260.1	262.2
Ratio (1)	**1.4**	**1.7**	**1.7**

(1) has to be below 3

EBIT / Net interests

	Dec 31, 2013	Dec 31, 2012 published	Dec 31, 2012 restated*
EBIT	210.9	173.1	175.2
Net interests	15.0	11.7	11.1
Ratio (2)	**14.1**	**14.8**	**15.8**

(2) has to be over 2.5

15.5 Cash and cash equivalent by nature

	Dec 31, 2013	Dec 31, 2012 restated*
Current cash	35.6	28.9
Remunerated cash balances	35.5	29.3
Short term treasury notes and Money Market funds	25.5	22.9
Cash and cash equivalents	**96.7**	**81.1**

NOTE 16 – OTHER FINANCIAL LIABILITIES

	Dec 31, 2013	Dec 31, 2012 restated*
Fair value of derivatives non current	2.0	9.1
Other financial liabilities non current	4.7	6.8
Total Other financial liabilities non current	**6.7**	**16.0**
Accrued interest expenses current	1.6	0.8
Fair value of derivatives current	0.3	(0.4)
Other financial liabilities current	1.1	2.0
Total Other financial liabilities current	**3.0**	**2.4**

NOTE 17 – TRADE PAYABLES

	Dec 31, 2013	Dec 31, 2012 restated*
Trade payables	216.3	240.6
Trade notes payable	3.5	3.8
Total Trade payables	**219.8**	**244.3**

NOTE 18 – OTHER LIABILITIES

	Dec 31, 2013	Dec 31, 2012 restated*
Liabilities related to employees	80.1	78.7
Income tax	18.6	12.6
VAT and other taxes	13.8	11.0
Sales rebates	27.9	33.7
Other liabilities	26.6	26.5
Total Other liabilities	**167.0**	**162.6**

Written put options or forward contracts granted to non-controlling shareholders

Share put options on non-controlling interests

At the end of December 2013 and December 2012, the amount of debt booked in the Group consolidated financial statements relative to share put options on non-controlling shareholders is respectively equal to €2.1m and €2.3m.

As per 31 December 2013, this debt is composed of 2 options, granted to non-controlling shareholders of:

- Morton Extrusionstechnik (MET) for €2.1m, corresponding to 49% of residual shares held by non-controlling interests ;
- Fieldturf Benelux BV for €0.04m, corresponding to 49% of residual shares held by non-controlling interests.

The debt relative to the company MET corresponds to the discounted value of the formula included in the initial agreement updated following 2012 MET business plan.

NOTE 19 – DEFERRED TAX

Deferred taxation is shown on the balance sheet separately from current tax assets and liabilities and categorized among non-current items.

	Dec 31, 2013	Dec 31, 2012 restated*
Deferred tax assets		
Net operating losses and credits carried forward	184.9	173.9
Provision for valuation allowance on NOLCF	(130.4)	(116.0)
DTA for pensions and healthcare benefits	32.6	25.8
Other items temporarily non deductible	64.7	71.0
Change in unrecognised deferred tax assets	(18.1)	(12.7)
Internal profit eliminations	3.1	4.6
Netted against deferred tax liabilities	(44.1)	(50.4)
Total Deferred tax assets	**92.7**	**96.1**
Deferred tax liabilities		
Fixed assets revaluation	39.8	42.8
Other deferred tax liabilities	15.1	13.1
Netted against deferred tax assets	(44.1)	(50.4)
Total Deferred tax liabilities	**10.8**	**5.4**

Net deferred tax assets for tax losses and unused tax credits carried forward are recognized for a cumulated amount of €54.5m of which €37.9m related to the affiliates within the US tax Group, €1.4m related to the French tax Group, and €7.3m related to the Canadian affiliate.

The €54.5m are split between €52.8m of net deferred tax assets for tax losses, and €1.7m of net unused tax credits.

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NOTE 20 – PROVISIONS

	Balance at Dec 31, 2012 restated*	Allowance	Decrease	Change in accounting policies	Transfer	Foreign exchange gain & loss	Balance at Dec 31, 2013
Product warranty provision - Long-term	2.2	0.8	-	(0.3)	0.1	(0.1)	2.8
Restructuring provisions - Long-term	-	0.6	-	-	-	-	0.6
Claims & litigations provisions - Long-term	2.3	0.3	(0.4)	-	-	(0.1)	2.1
Other provisions - Long-term	3.6	0.3	(0.2)	0.7	(0.7)	-	3.6
Provision for additional tax assessments - Long-term	1.0	1.4	(0.3)	-	0.4	-	2.4
Financial liabilities - Long term	29.0	2.0	-	-	-	(1.3)	29.7
Total Provisions - Long-term	**38.1**	**5.3**	**(0.9)**	**0.4**	**(0.3)**	**(1.5)**	**41.2**
Product warranty provisions - short-term	10.6	1.7	(3.2)	-	0.7	(0.4)	9.4
Restructuring provisions - short-term	3.5	2.2	(2.4)	-	-	(0.1)	3.2
Claims & litigations provisions - short-term	21.7	9.0	(8.7)	-	(0.5)	(0.6)	20.9
Other oper. provisions - short-term	0.4	0.2	(0.1)	-	(0.3)	-	0.1
Total Provisions - Short-term	**36.2**	**13.2**	**(14.5)**	**-**	**(0.0)**	**(1.1)**	**33.7**
Total Provision current & non-current	**74.3**	**18.5**	**(15.4)**	**0.4**	**(0.3)**	**(2.6)**	**74.8**

	Balance at Dec 31, 2011 restated*	Allowance	Decrease	Change in scope	Transfer	Foreign exchange gain & loss	Balance at Dec 31, 2012 restated*
Product warranty provision - Long-term	1.7	0.1	(0.3)	0.7	-	-	2.2
Claims & litigations provisions - Long-term	2.2	1.1	(0.9)	-	-	-	2.3
Other provisions - Long-term	4.5	0.1	(0.3)	-	(0.8)	-	3.6
Provision for additional tax assessments - Long-term	5.1	0.9	(0.1)	-	(5.0)	0.1	1.0
Financial liabilities - Long term	21.8	7.8	-	-	-	(0.6)	29.0
Total Provisions - Long-term	**35.2**	**10.1**	**(1.6)**	**0.7**	**(5.8)**	**(0.5)**	**38.1**
Product warranty provisions - Short-term	5.5	0.2	(0.8)	2.1	3.4	-	10.6
Restructuring provisions - Short-term	3.7	2.8	(2.5)	-	(0.6)	-	3.5
Claims & litigations provisions - Short-term	21.7	7.5	(6.2)	-	(1.0)	(0.2)	21.7
Other oper. provisions - Short-term	0.2	0.4	(0.2)	-	-	-	0.4
Total Provisions - Short-term	**31.1**	**10.9**	**(9.6)**	**2.1**	**1.8**	**(0.2)**	**36.2**
Total Provision current & non-current	**66.4**	**21.0**	**(11.2)**	**2.8**	**(4.0)**	**(0.6)**	**74.3**

At the end of December 2013, the variations in the account Financial liabilities – Long term concern Asbestos provision booked in Tarkett Domco Products Texas Inc. (Cf. NOTE 26 – OTHER CONTINGENCIES).

NOTE 21 – EMPLOYEE BENEFITS

In accordance with the laws and practices of each country in which it operates, Tarkett participates in, or maintains, employee benefit plans providing retirement pensions, post-retirement health care, other long term benefits (jubilees) and post-employment benefits (retirement indemnities, pre-retirement) to eligible employees, former employees, retirees and their beneficiaries fulfilling the required conditions.

These employee benefits plan exposes Tarkett to actuarial risks, such as interest rate risk.

Valuation of these obligations is carried out yearly at the balance sheet date by independent actuaries.

Amounts recognized in the statement of financial position	Dec 31, 2013 Pensions	Dec 31, 2013 Post-employment healthcare benefits	Dec 31, 2013 TOTAL	Dec 31, 2012 restated* Pensions	Dec 31, 2012 restated* Post-employment healthcare benefits	Dec 31, 2012 restated* TOTAL
Defined benefit obligation	201.9	3.3	205.2	224.7	3.8	228.5
Fair value of plan assets	83.0	-	83.0	86.7	-	86.7
Funded status	**118.9**	**3.3**	**122.2**	**138.0**	**3.8**	**141.8**
Effect of asset ceiling				0.4		0.4
Net liability/(asset)	**118.9**	**3.3**	**122.2**	**138.4**	**3.8**	**142.2**
Represented by:						
Net liability	118.9	3.3	122.2	138.4	3.8	142.2
Net (asset)	-	-	-	-	-	-

Amounts recognised in the income statement	Dec 31, 2013 Pensions	Dec 31, 2013 Post-employment healthcare benefits	Dec 31, 2013 TOTAL	Dec 31, 2012 restated* Pensions	Dec 31, 2012 restated* Post-employment healthcare benefits	Dec 31, 2012 restated* TOTAL
Current service cost	3.4	0.1	3.5	1.8	-	1.8
Past service cost	(0.4)	-	(0.4)	-	-	-
(Gain) / loss on settlements	(0.0)	-	(0.0)	-	-	-
Net interest cost	4.8	0.1	4.9	3.7	0.1	3.7
Remeasurements of Other Long Term Benefits	0.7	-	0.7	0.0	-	0.0
Administrative expenses and taxes	0.8	-	0.8	-	-	-
Total expenses included in income statement	**9.3**	**0.2**	**9.5**	**5.5**	**0.1**	**5.6**

Amounts recognized in statement of comprehensive income (gross of tax)	Dec 31, 2013 Pensions	Dec 31, 2013 Post-employment healthcare benefits	Dec 31, 2013 TOTAL	Dec 31, 2012 restated* Pensions	Dec 31, 2012 restated* Post-employment healthcare benefits	Dec 31, 2012 restated* TOTAL
Effect of changes in demographic assumptions	1.5	0.0	1.5	-	-	-
Effect of changes in financial assumptions	(15.2)	(0.2)	(15.3)	26.2	0.2	26.4
Effect of experience adjustments	1.0	(0.3)	0.8	7.0	-	7.0
(Return) on plan assets (excluding interest income)	(4.4)	-	(4.4)	(3.6)	-	(3.6)
Changes in asset ceiling (excluding interest income)	-	-	-	(0.8)	-	(0.8)
Total pension cost recognized in the OCI	**(17.0)**	**(0.4)**	**(17.5)**	**28.7**	**0.2**	**28.9**

Change in net liabilities recognized in the balance sheet	Dec 31, 2013 Pensions	Dec 31, 2013 Post-employment healthcare benefits	Dec 31, 2013 TOTAL	Dec 31, 2012 restated* Pensions	Dec 31, 2012 restated* Post-employment healthcare benefits	Dec 31, 2012 restated* TOTAL
Balance sheet liability/asset at beginning of year	**138.4**	**3.8**	**142.2**	**107.7**	**1.7**	**109.3**
Total expenses recognized in income statement	9.3	0.2	9.5	5.5	0.1	5.6
Amounts recognised in OCI in the financial year	(17.0)	(0.4)	(17.5)	28.7	0.2	28.9
Business combinations / divestitures / transfers	0.2	-	0.2	5.4	2.0	7.4
Employer contributions made in the financial year	(5.0)	(0.2)	(5.2)	(5.1)	(0.1)	(5.2)
Benefits paid directly by company in the financial year	(4.6)	-	(4.6)	(4.2)	-	(4.2)
Exchange rate adjustment - (gain)/loss	(2.3)	(0.2)	(2.4)	0.4	(0.1)	0.3
Balance sheet liability/asset as at end of year	**118.9**	**3.3**	**122.2**	**138.4**	**3.8**	**142.2**

Change in benefit obligation	Dec 31, 2013 Pensions	Dec 31, 2013 Post-employment healthcare benefits	Dec 31, 2013 TOTAL	Dec 31, 2012 restated* Pensions	Dec 31, 2012 restated* Post-employment healthcare benefits	Dec 31, 2012 restated* TOTAL
Benefit obligation at beginning of year	**224.7**	**3.8**	**228.5**	**174.4**	**1.7**	**176.1**
Current service cost	3.4	0.1	3.5	1.8	-	1.8
Past service cost	(0.4)	-	(0.4)	-	-	-
(Gain) / loss on settlements	(0.0)	-	(0.0)	-	-	-
Interest expense	8.0	0.1	8.1	7.9	0.1	8.0
Benefit payments from plan	(6.4)	(0.2)	(6.5)	(6.0)	(0.1)	(6.1)
Benefit payments from employer	(4.6)	-	(4.6)	(4.2)	-	(4.2)
Plan settlement	(5.9)	-	(5.9)	-	-	-
Plan participants' contributions	0.2	-	0.2	0.1	-	0.1
Expenses paid	(0.2)	-	(0.2)	(0.1)	-	(0.1)
Business combinations / divestitures / transfers	0.2	-	0.2	19.4	2.0	21.4
Effect of changes in demographic assumptions	1.5	0.0	1.5	-	-	-
Effect of changes in financial assumptions	(15.2)	(0.2)	(15.3)	25.0	0.2	25.2
Effect of experience adjustments	2.1	(0.3)	1.9	6.9	-	6.9
Exchange rate changes	(5.5)	(0.2)	(5.6)	(0.6)	(0.1)	(0.6)
Benefit obligation at end of year	**201.9**	**3.3**	**205.2**	**224.7**	**3.8**	**228.5**

Change in plan assets	Dec 31, 2013 Pensions	Dec 31, 2013 Post-employment healthcare benefits	Dec 31, 2013 TOTAL	Dec 31, 2012 restated* Pensions	Dec 31, 2012 restated* Post-employment healthcare benefits	Dec 31, 2012 restated* TOTAL
Fair value of plan assets at beginning of year	**86.7**	**-**	**86.7**	**68.0**	**-**	**68.0**
Interest income	3.2	-	3.2	4.2	-	4.2
Employer contributions	5.0	0.2	5.2	5.1	0.1	5.2
Employer direct benefit payments	4.6	-	4.6	4.2	-	4.2
Plan participants' contributions	0.2	-	0.2	0.1	-	0.1
Benefit payments from plan	(6.4)	(0.2)	(6.5)	(6.0)	(0.1)	(6.1)
Benefit payments from employer	(4.6)	-	(4.6)	(4.2)	-	(4.2)
Plan settlement	(5.9)	-	(5.9)	-	-	-
Expenses paid	(1.1)	-	(1.1)	(0.1)	-	(0.1)
Business combinations / divestitures / transfers	-	-	-	12.7	-	12.7
(Return) on plan assets (excluding interest income)	4.4	-	4.4	3.7	-	3.7
Exchange rate changes	(3.2)	-	(3.2)	(0.9)	-	(0.9)
Fair value of plan assets at end of year	**83.0**	**-**	**83.0**	**86.7**	**-**	**86.7**

Main actuarial assumptions

The actuarial accounting valuations are based on assumed future increases in salaries and benefits as well as on a long-term interest rate. The main assumptions are in average as follows:

	Dec 31, 2013		Dec 31, 2012 restated*	
	Pensions	Post-employment healthcare benefits	Pensions	Post-employment healthcare benefits
Discount rate	4.30%		3.65%	
Including:				
US	5.00%	5.00%	4.00%	4.00%
Germany	3.10%		2.80%	
Sweden	4.00%		3.50%	
UK	4.40%		3.90%	
Salary increases	3.03%		2.98%	
Inflation	2.21%		2.11%	

At December 31, 2013 the weighted-average duration of the defined benefit obligation was 13.3 years.

Percentage of plan assets by asset allocation

The funds are allocated to:

	Dec 31. 2013	Dec 31, 2012 restated*
- Equity	48.5%	48.2%
- Bonds	28.4%	28.2%
- Real Estate	3.2%	2.7%
- Other	19.8%	20.9%

The expected return on plan assets is determined for each plan according to the portfolio composition and the expected performance of each component.

All equity and bonds have quoted prices in active markets. Assets under “Other” category are held by and large insurance contracts in Germany, ie 10.8%. Others corresponds to cash and cash equivalent linked to pensions plans in US and Canada.

Expected employer contributions for 2014 amount to €11.3m.

Sensitivity to discount rate assumptions

	Dec 31, 2013	Dec 31, 2012 *
Increase of 50 basis point		
Increase/(Decrease) in Defined Benefit Obligation	(12.5)	(13.2)
Decrease of 50 basis point		
Increase/(Decrease) in Defined Benefit Obligation	14.2	14.7

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NOTE 22 – PERSONNEL COSTS AND DIRECTORS' REMUNERATION

	Dec 31, 2013	Dec 31, 2012 restated *
Wages and salaries	(507.5)	(445.7)
Pension costs	(9.5)	(6.3)
Total Personnel costs	**(517.0)**	**(451.9)**

Number		
Employees (average number)	**11,134.0**	**9,896.0**

Key management personnel compensation

The key management personnel includes the members of the Executive Management Committee and the members of the Supervisory Board.

	Dec 31, 2013	Dec 31, 2012 restated *
Short term employee benefits	7.1	6.5
Share-based payments	2.3	0.9
Total	**9.4**	**7.5**

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

NOTE 23 – SHARE-BASED PAYMENT TRANSACTIONS

MANAGEMENT EQUITY PLAN

The Management Equity Plan implemented early 2008 and according to which certain managers have been entitled to purchase shares of the Group with associated rights to get free shares at the exit of one of the two main shareholders before the I.P.O. (KKR) has been effectively materialized in November 2013 at the time of Tarkett's introduction on the Paris stock exchange.

This materialized in the attribution of 347 072 free shares, increasing the share capital for a total value €1,7m with a counterpart in retained earnings.
Across the lifetime of the plan, the total expense booked to consider the counterpart of the benefit granted amounted to €5.3m.

LONG-TERM INCENTIVE PLANS

As an initial precision, all figures described below have been recalculated considering the division by 4 of the nominal value of the Tarkett shares taking place November 21st, 2013.

From December 22, 2011 a Long-Term Incentive Plan, named LTIP 2011, has been implemented for selected key executives of the Group.
The ordinary free shares shall be awarded to the beneficiaries at the end of a vesting period ending June 30th, 2014, provided that an economic performance condition is satisfied (based on Group 3 years plan) and the beneficiaries have been continuously employed until June 30th, 2014. This plan has been placed under IFRS2 treatment "share-based payment" (equity settled plan). The final amount granted will be calculated mid-2014 and the granted shares can be sold after July 2016 (to be noted that the Group has not issued any definite commitment that the shares would be repurchased after 2016).

The target amount of free shares to distribute is estimated at 193 333 as at December 31st, 2013 (211 600 as at December 31st, 2012).
The fair market value at the time of the issuance of the plan is calculated as follows: 7x adjusted EBITDA less Net debt. This has been accordingly estimated at €15 per share.
The expense in 2013 amounts to €0.9m before tax (€1.9m in 2012), and has been booked as administrative expense in the P&L with a counterpart in equity.

From December 17, 2012 a second Long-Term Incentive Plan, named LTIP 2012, has been implemented for selected key executives of the Group.
The ordinary free shares shall be awarded to the beneficiaries at the end of a vesting period of June 30th, 2015, provided that an economic performance condition is satisfied (based on the Group 3 years business plan) and the beneficiaries have been continuously employed until June 30th, 2015. This plan has been placed under IFRS2 treatment “share-based payment” (equity settled plan). The final amount granted will be calculated mid-2015 and the granted shares can be sold immediately after being granted.
The Group may decide in 2015 to grant, instead of shares, the equivalent value in cash calculated on the market price, the company being now listed.
The target amount of free shares to distribute is estimated at 374 532 as at December 31st, 2013 (275 600 as at December 31st, 2012) The fair market value at the time of the issuance of the plan is calculated as follows: 7xEBITDA* less Net debt. This has been accordingly estimated at €23.5 per share based on December 31st, 2012 figures.
The expense in 2013 amounts to €3.5m before tax (€0.1m in 2012), and has been booked as administrative expense in the P&L with a counterpart in equity.

Approved October 9th, 2013, a new Long-Term Incentive Plan, named LTIP 2013, has been implemented for selected key executives of the Group.
The plan follows globally the same conditions than the previous LTIP 2012.
Accordingly, the ordinary free shares shall be awarded to the beneficiaries at the end of a vesting period of June 30th, 2016, provided that an economic performance condition is satisfied (based on the most recent Group 3 years business plan) and the beneficiaries have been continuously employed until June 30th, 2016. This plan is to be placed under IFRS2 treatment “share-based payment” (equity settled plan). The final amount granted will be calculated mid 2016 and the granted shares can be sold immediately after being granted.
The Group may decide in 2016 to grant, instead of shares, the equivalent value in cash calculated on the market price.
The target amount of free shares to distribute is estimated at 406 112 as at December 31st, 2013. The market value at the time of the issuance of the plan has been defined at the introduction price of the company on the Paris stock exchange November 22nd, which is €29 per share.
The expense in 2013 amounts to €1.0m before tax and has been booked as administrative expense in the P&L with a counterpart in equity.

NOTE 24 – FINANCIAL RISKS AND FINANCIAL INSTRUMENTS

Exposure to interest rate, currency, liquidity and credit risk arises in the normal course of Tarkett’s activities. Derivative financial instruments are used to reduce the exposure to fluctuations in both foreign exchange and interest rates. While transactions are subject to the risk of market changes, such changes are generally offset by opposite effects on the hedged items. Liquidity and credit risk are managed following risk management policies approved by the Group’s executive board.

1 - FINANCIAL MARKET RISKS

Fair values of the derivative financial instruments

Derivative financial instruments are used by Group for risk hedging purposes only, and are recognized according to hedge accounting rules. The fair values of the Group’s derivative financial instruments are recorded into the balance sheet in “Other financial liabilities, current” for what concerns derivatives hedging future cash flows, and in the relevant accounts for what concerns derivatives hedging recorded items.

It amounts to the following figures:

	Dec 31, 2013	Dec 31, 2012 restated*
Currency swaps	(0.2)	(0.1)
Options	(0.1)	0.5
Total foreign currency derivatives	**(0.3)**	**0.4**
Cash flow hedge swaps	-	(3.7)
Options cash flow hedge	(2.0)	(5.3)
Total interest rate derivatives	**(2.0)**	**(9.1)**

1.1 Interest rate risk

The exposure to the interest rate risk is managed in a centralized manner by the Group. The general debt strategy defined by the Group consists of giving preference to variable interest rate debt over fixed interest rate debt, but also to protect a part of the debt over a period of three to five years against a rate increase which would result in an extensive damage. The hedging tools used are mainly cap or tunnel type derivatives. In certain circumstances, swaps have been entered into to fix rates. The Interest rate derivatives outstanding at closing are all purposed for cash flow hedging and none is purposed for fair value hedging.

Following is the interest rate structure of the net debt. Net debt is defined as interest-bearing loans minus cash and cash equivalents.

Before interest rate hedge:

	Dec 31, 2013	Dec 31, 2012 restated*
Fix rate debt	2.0	3.0
Floating rate debt	523.7	519.9
Cash and cash equivalents	(96.7)	(81.1)
Net debt	**429.0**	**441.8**

After interest rate hedge:

	Dec 31, 2013	Dec 31, 2012 restated*
Fix rate debt	2.0	117.0
Floating rate debt capped	167.0	102.7
Floating rate debt	356.7	303.2
Cash and cash equivalents	(96.7)	(81.1)
Net debt	**429.0**	**441.8**

Interest rate derivatives

The financial instruments hedging floating rate debt are classified as cash flow hedges and recognised at fair value. At the balance sheet date, they represented a total notional amount of €167.0m maturing over the next four years, and consisting of caps or collars. Their fair value is calculated using the market rates prevailing at the balance sheet date as obtained from financial service companies. The fair value of the Group's interest rate cash flow hedges at the balance sheet date amounted to a latent liability of € 2.0m (2012: liability of €9.0m). The net effect of their variations in the income statement of the year represents a gain of €0.4m (2012: charge of €0.2m).

Sensitivity analysis

The Group incurs a risk on its results with the fluctuation of interest rates on interest-bearing financial instruments indexed on floating rates. Further, the interest rate derivatives qualified as cash flow hedges have an impact on equity.

The sensitivity to interest rates variation of the financial instruments is calculated on the basis of interest-bearing non-derivatives and derivative financial instruments. Non derivative financial instruments are the interest-bearing borrowings net of cash and cash equivalents, and net of interest bearing loans granted to third parties or joint-ventures. The analysis is based on the assumption of a constant debt nominal and debt management over 1 year from December 31, 2013.

Based on this, due to the current level in interest rates and the rate fixing of the currently outstanding financial instruments, an instantaneous increase of all interest rates by 1% would result in an increase of €3.5m before tax (2012: €2.2m), and an instantaneous decrease of all interest rates by 1% or to 0% when applicable would result in a decrease of €0.7m before tax (2012: €0.2m).

1.2 Exchange rate risk

Transaction risk

Exchange rate fluctuations have a direct impact on the Group's consolidated financial statements, derived from transactions regarding the Group entities which incur revenues and expenses in currencies other than their functional currency.

The Group has attempted to develop its production capacities in the same geographic and monetary areas where it distributes its products. Moreover, through the choice of the invoicing currency for certain intra-Group transactions, the Group aims to offset revenues with costs in the same currency. In certain unstable currency countries, the Group may also compensate the local currencies variations with price indexations. Therefore the remaining exposure on cross-border transactions is moderate. The currencies to which the Group is most exposed are the US dollar, the British pound, the Australian dollar, the Norwegian crown, the Polish zloty, the Russian rubble and the euro as a foreign currency for the Swedish, Russian, Serbian and some American subsidiaries.

The Group has attempted to reduce the impact of short-term fluctuations of currencies on its revenue through a centralized management of exchange risks and the use of derivatives. Nevertheless, in the long-term, the significant and long lasting variations in exchange rates could affect the Group's competitive position in the foreign markets and its results of operations.

The Group hedges its remaining net estimated short term exposure according to the decisions of a dedicated committee. The hedging cover is generally at least 75% of the exposure. This exposure includes a recorded exposure, which is made of all recognized trade receivables, trade payable and borrowings denominated in a foreign currency, and an unrecorded exposure, which is the forecasted sales and purchases over a six-month period.

Foreign exchange exposures and derivatives

As at closing date, the exposure recorded in the balance sheet over the main currencies hedged with derivatives, and the nominal amount of the derivatives hedging such recorded exposures, are as follows:

	Dec 31, 2013				Dec 31, 2012 restated*			
Exposition currency	**USD**	**GBP**	**AUD**	**EUR**	**USD**	**GBP**	**AUD**	**EUR**
Financial receivables and liabilities	134.4	(3.9)	-	13.0	55.6	(5.3)	2.4	0.2
Trade receivables and payables	3.5	2.4	2.1	3.4	(0.7)	2.4	2.9	(4.6)
Nominal amount of derivatives	(133.3)	1.4	(2.3)	(13.4)	(58.8)	0.7	(6.3)	0.7
Net recorded exposure on main currencies	**4.6**	**(0.1)**	**(0.2)**	**3.0**	**(3.9)**	**(2.2)**	**(1.0)**	**(3.7)**

Tarkett uses forward exchange contracts and options when hedging with derivatives its exposure to foreign currency risk in respect of both recognized receivables and payables and forecasted transactions covering a forward six-month period. When necessary, forward exchange contracts are rolled over.

Tarkett classifies the currency hedging contracts covering operating transactions as cash flow hedges and records them at fair value in the balance sheet. The fair value of these contracts at the balance sheet date amounted to a latent liability of €0.05m (2012: asset of €0.5m). Of this fair value, the amount reported directly in equity is an unrealised loss of €0.1m (2012: unrealised loss of €0.1m). The difference is recognised in the income statement and represents the change in the time value of currency options hedging forecasted transactions and in the fair value of forward contracts or options hedging recognised transactions.

The net effect of fair value variations in the income statement of the year represents a charge of €0.5m (2012: revenue of €0.1m). All the potential gains and losses reported directly in equity are expected to enter into the determination of profit and loss of the coming 12 months.

Monetary items denominated in foreign currencies

When financing its foreign subsidiaries, the Group incurs exposure to foreign currency risk on intra-group loans and borrowings denominated in foreign currencies. The Group minimises this risk either (i) by borrowing in the same currency or (ii) by entering into currency swaps or forwards reflecting the maturity of the hedged item, with the aim that fluctuations in the swaps' fair values will offset, in profit or loss, the foreign exchange gains and losses arising from conversion of the hedged monetary items.

At December 31, 2013, the main financial exposures so covered are Euro against US dollar for €134.4m, against British pound for €3.9m and against Swedish crown for €0.1m. The fair value of these contracts, at the balance sheet date amounted to a latent liability of €0.3m.

2 - LIQUIDITY RISKS

2.1 Future cash flows over financial instruments

The following figures show the estimated future cash flows over the interest-bearing loans and borrowings. The amounts in currency are converted at closing rate.

The estimate of the future cash flows on interests is based on the forecasted debt amortization, and the future floating rate interests are calculated on the assumption of a crystallisation of the interest rates outstanding as of the closing date, except if a better estimate is available.

Financial liabilities	**Dec 31, 2013**		**12 months or less**		**2 years**		**3 to 5 years**		**More than 5 years**	
	Carrying amount	**Contractual cash flow**	**nominal**	**interests**	**nominal**	**interests**	**nominal**	**interest**	**nominal**	**interest**
Interest bearing loans										
Bank Loans	521.6	562.0	22.7	10.2	33.8	9.4	465.1	20.8	-	-
Other Loans	0.4	0.4	0.1	-	0.1	-	0.2	-	-	-
Bank overdrafts	1.1	1.1	1.1	-	-	-	-	-	-	-
Finance lease obligations	2.6	2.6	0.6	-	0.6	-	1.2	-	0.2	-
Total	**525.7**	**566.1**	**24.5**	**10.2**	**34.5**	**9.4**	**466.5**	**20.8**	**0.2**	**-**
Other Financial Liabilities										
Trade Payable	219.8	219.8	219.8	-	-	-	-	-	-	-
Other Financial Liabilities non current	4.7	4.7	-	-	0.6	-	3.7	-	0.4	-
Other Financial Liabilities current	5.0	5.0	5.0	-	-	-	-	-	-	-
Total	**229.6**	**229.6**	**224.9**	**-**	**0.6**	**-**	**3.7**	**-**	**0.4**	**-**
TOTAL FINANCIAL LIABILITIES	**755.3**	**795.7**	**249.4**	**10.2**	**35.1**	**9.4**	**470.2**	**20.8**	**0.6**	**-**

Financial liabilities	**Dec 31, 2012 restated***		**12 months or less**		**2 years**		**3 to 5 years**		**More than 5 years**	
	Carrying amount	**Contractual cash flow**	**nominal**	**interests**	**nominal**	**interests**	**nominal**	**interests**	**nominal**	**interests**
Interest bearing loans										
Bank Loans	486.5	500.1	152.2	6.1	114.4	4.0	219.9	3.5	-	-
Asset backed facility	25.2	25.3	25.2	0.1	-	-	-	-	-	-
Other Loans	8.5	8.5	8.1	-	0.1	-	0.3	-	-	-
Bank overdrafts	0.7	0.7	0.7	-	-	-	-	-	-	-
Finance lease obligations	2.0	2.0	1.0	-	0.3	-	0.4		0.3	-
Total	**522.9**	**536.6**	**187.2**	**6.2**	**114.8**	**4.0**	**220.6**	**3.5**	**0.3**	**-**
Other Financial Liabilities										
Trade Payable	221.7	221.7	221.7	-	-	-	-	-	-	-
Other Financial Liabilities non current	6.8	6.8	-	-	4.5	-	2.3	-	-	-
Other Financial Liabilities current	11.6	11.6	11.6	-	-	-	-	-	-	-
Total	**240.2**	**240.2**	**233.4**	**-**	**4.5**	**-**	**2.3**	**-**	**-**	**-**
TOTAL FINANCIAL LIABILITIES	**763.1**	**776.8**	**420.6**	**6.2**	**119.3**	**4.0**	**222.9**	**3.5**	**0.3**	**-**

2.2 Liquidity position

As of December 31, 2013 the consolidated net debt (current and non-current loans and financial interest-bearing debts minus cash and cash equivalents) of the Group is equal to €429.0m over a total debt capacity of €1168.0m used in the amount of €525.7m (see note 15). The liquidity position of the Group amounts to €739.0m, and is enough to cover the financial obligations related to the financial debt in 2013.

	Dec 31, 2013	Dec 31, 2012 restated*
Amount available on credit facilities	642.3	339.1
Cash and cash equivalents	96.7	81.1
	739.0	420.2

The €450.0m syndicated facility, the €100.0m and US$40.0m term loans contain obligations which are all based on the main following covenants:

- the ratio Net debt / EBITDA (as adjusted according to the definition of the credit agreements) must be lower than 3.0
- the ratio EBITDA / Net interests expenses (as adjusted according to the definition of the credit agreements) must be higher than 2.5
- cross-acceleration above certain materiality thresholds and material adverse change clauses.

As at December 31, 2013, the Group complies with these covenants.

3 - CREDIT RISK

Credit risk represents the risk of financial loss for the Group in case counterparty to a financial instrument would default in paying its contractual obligations.

The financial assets potentially bearing this risk are mainly:

- cash deposits and investments,
- financial derivatives,
- accounts receivables,
- loans granted.

The maximum potential credit risk on the financial assets is equal to their net accounting value, diminished by the indemnification receivable from credit insurances.

3.1 Customer credit risk

The Group considers that the exposure to counterparty risk in accounts receivables is limited, because of the great number of customers, its dispersion in many geographical areas, and its follow-up policy. The Group has established a credit policy which includes, among other, one credit limit for each customer, collections processes, and a computer-aided credit scoring and customer payment behaviour follow-up. Moreover, the Group credit insurance scheme not only provides a hedge of the maximum potential loss in certain countries or business zones but also assistance and coordination in case of negotiations with counterparties at risk. Therefore the maximum potential counterparty risk on the accounts receivables is equal to the net accounting value of these assets minus the maximum indemnification receivable under the insurance scheme.

The total of receivables overdue over 60 days amounts to 8.3% of the total amount of accounts receivables at the December 31, 2013 (8.4% of the total amount of accounts receivables at December 31, 2012).
The Group considers that there is no presumption of risks on outstanding receivables for less than 60 days.

As for outstanding receivables for more than 60 days, the Group considers that risks are limited given existing procedures of customer risk management (as detailed above).

3.2 Credit risk management on equities and derivatives

The counterparts of the Group's financial derivatives are first rank banks or partly state-owned, and all being in business relation with the Group for lending or for cash management. The policy of the Group with regard to investments and cash deposits is to only invest in liquid securities and only with the first rank credit institutions that exist in the country where the investment is done.

The Group is not exposed to a material risk due to any significant concentration of the risk over a specified counterparty, and does not anticipate any counterparty default.

The impacts of the Credit and Debit Valuation Adjustments (CVA/DVA) in the measurement of the fair value of the derivative financial instruments were made on the basis of market datas available (including the credit default swap rates (CDS) of the counterpart financial institutions). This impact was not material as at the closing date and was therefore not booked.

Dec 31, 2013	Gross amounts as presented in Balance Sheet	Impact of offsetting rules	Net amount
Fair value of derivative assets	0.6	(0.6)	-
Fair value of derivative liabilities	(2.9)	0.6	(2.3)
Total	**(2.3)**	**-**	**(2.3)**

Dec 31, 2012 restated*	Gross amounts of financial instruments in the statement of financial position	Impact of offsetting rules	Net amount
Fair value of derivative assets	0.5	(0.5)	-
Fair value of derivative liabilities	(9.2)	0.5	(8.7)
Total	**(8.7)**	**-**	**(8.7)**

4 – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Dec 31, 2013	Hedging Derivatives	Cash and cash equivalents	Assets designated at fair value through profit & loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non current financial assets valued at amortized value	-	-	-	7.6	-	7.6	7.6	-	7.6	-
Non current financial assets valued at fair value	0.7	-	19.2	-	-	19.9	19.9	-	19.9	-
Accounts receivables	-	-	-	279.7	-	279.7	279.7	-	-	-
Cash and cash equivalents	-	96.7	-	-	-	96.7	96.7	-	96.7	-
Interest-bearing loans and borrowings	-	-	-	-	525.7	525.7	525.7	-	525.7	-
Other financial liabilities, non current	-	-	-	-	4.7	4.7	4.7	-	4.7	-
Other financial liabilities, current	3.1	-	-	-	1.9	5.0	5.0	-	3.1	-
Accounts payables	-	-	-	-	219.8	219.8	219.8	-	-	-

Dec 31, 2012 restated*	Hedging Derivatives	Cash and cash equivalents	Assets designated at fair value through profit & loss	Loans and receivables	Liabilities at amortized cost	Carrying amount	Fair value	Level 1	Level 2	Level 3
Non current financial assets valued at amortized value	-	-	-	7.2	-	7.2	7.2	-	7.2	-
Non current financial assets valued at fair value	-	-	22.1	-	-	22.1	22.1	-	22.1	-
Accounts receivables	(0.1)	-	-	287.7	-	287.6	287.6	-	-	-
Cash and cash equivalents	-	81.1	-	-	-	81.1	81.1	-	81.1	-
Interest-bearing loans and borrowings	-	-	-	-	522.9	522.9	522.9	-	522.9	-
Other financial liabilities, non current	-	-	-	-	6.8	6.8	6.8	-	6.8	-
Other financial liabilities, current	8.8	-	-	-	2.8	11.6	11.6	-	8.8	-
Accounts payables	-	-	-	-	244.3	244.3	244.3	-	-	-

NOTE 25 – LEASE COMMITMENTS

The Group's operating lease commitments are mainly commitments for buildings, vehicles, computer hardwares and softwares, offices.
Future minimum rental commitments under operating leases with initial or remaining non-cancellable terms in excess of one year, are summarised below:

Operating leases

	Dec 31, 2013	Dec 31, 2012 restated*
Future minimum lease payments		
Less than 1 year	13.6	14.2
1 to 5 years	21.9	24.3
More than 5 years	3.4	3.1
Total future minimum lease payments	**38.9**	**41.6**

NOTE 26 – OTHER CONTINGENCIES

Asbestos

One of the Group subsidiaries has been named co-defendant in asbestos related lawsuits involving personal injuries. Expected costs of the current or future cases are covered by Group's insurances, sellers' guarantee granted by third-parties and by provisions that management, based on the advice and information provided by its legal counsels, considers as sufficient.

Guarantees

Tarkett:

- has granted a General Indemnity Agreement of a maximum amount up to $75.0m in favour of Federal Insurance Company in consideration of this company to execute security bonds in favour of Fieldturf Tarkett Inc and other subsidiaries. The outstanding security bonds at closing date amounts to $53.6m,
- has provided its guarantee on 50% of a credit facility of up to €10.0m granted to its joint venture subsidiary Laminate Park, and
- has provided its guarantee to the pensions insurer Pri-Pensionsgaranti to secure the pensions commitments of Tarkett AB for an amount of SEK163.2m.
- has provided its guarantee to a raw material supplier of its subsidiary Morton Extrusion Technik to secure its payables up to €5.0m.
- has provided its guarantee to the lending banks of the Syndicated Revolving Credit Facility signed on June 27, 2011 in order to allow Tarkett Finance Inc to become an additional borrower up to $100.0m. However, Tarkett Finance Inc was not borrowing under this facility as at closing date.
- has provided its guarantee to the lending bank of an asset backed facility of €55.0m to the extent that this facility, aimed to finance the Group, was subscribed by its subsidiary Tarkett France SAS for technical reasons. Tarkett has also provided its guarantee to the bank of Tarkett Limited (UK) and Poligras (Spain) to secure technical overdraft facilities in these companies, for a total amount of €3.8mn or equivalent.
- Besides, in the ordinary course of their business, Tarkett and several other subsidiaries have given payment guarantees to diverse customs, utilities, rental, cash pooling or trade finance operators, those guarantees being unmaterial on an individual and aggregated level.

Other

In late March 2013, the "Autorité de la concurrence" (French Competition Authority) launched investigations against several flooring manufacturers, including Tarkett, in relation to possible anti-competitive practices in the French market for vinyl flooring.
The investigations are still ongoing. The timing of their finalization is currently not known and it is not yet possible to evaluate their potential outcome.

NOTE 27 – RELATED PARTIES

In compliance with IAS 24, the Group has identified the following related parties:

- Joint ventures (see §1).
- Société d'Investissement Deconinck S.I.D. SA (see §2).
- Kohlberg Kravis Roberts KKR (see §3).
- Members of the Executive Management Committee and of the Supervisory Board of Tarkett.

1 – Joint ventures

All transactions between fully consolidated entities are eliminated in consolidation.
Transactions with the joint venture are entered into on an arm's length basis.

Joint ventures

The only entity with activity which remains jointly controlled is the entity Laminate Park jointly held with Sonae group in Germany.

Loans to Laminate Park at the end of December 2013 amounts to €14.2m and are declared as long term loans. They represent 1.4% of the Group interest-bearing loans and borrowings.

The sale of goods to Tarkett at the end of December 2013 amounts to €32.9m (€32.1m at the end of December 2012). They represent 0.6% of the Group sale of goods.

The purchase of services from Tarkett at the end of December 2013 amounts to €(2.1)m (€(2.5)m at the end of December 2012).

The Group's transactions with the joint venture may be summarised as follows:

	Dec 31, 2013	Dec 31, 2012 restated*
Joint ventures		
Sale of goods to Tarkett	32.9	32.1
Purchase of services from Tarkett	(2.1)	(2.5)
Loans from Tarkett	14.2	14.2

2 – S.I.D.

Société d'Investissement Deconinck S.I.D. holds 50.1% of Tarkett's share capital and as such, controls and coordinates the activities of the Tarkett Group. Tarkett is linked by a contract to S.I.D. in respect of management services which are remunerated on the basis of the actual costs incurred by S.I.D.

In 2013, S.I.D. invoiced a total of €0.1m of management services.

3 – KKR International Flooring 2 SARL

KKR International Flooring 2 SARL holds 21.5% of Tarkett's share capital and as such, controls and coordinates the activities of the Tarkett Group. Tarkett is linked by a contract to KKR in respect of management services which are remunerated on the basis of the actual costs incurred by KKR.

In 2013, KKR International Flooring 2 SARL invoiced a total of €0.6m of management services (€0.6m in 2012).

NOTE 28 – SUBSEQUENT EVENTS

There is no subsequent event to be disclosed.

Tarkett

NOTE 29 - MAIN CONSOLIDATED ENTITIES

	Companies	Country	Consolidation method	% Ownership at Dec 31, 2013	% Ownership at Dec 31, 2012
	G: Fully consolidated E: Accounted for using the Equity Method NC: Non consolidated				
C001	Tarkett AB	Sweden	G	100%	100%
C002	Tarkett AS	Norway	G	100%	100%
C003	Tarkett Oy	Finland	G	100%	100%
C009	Tarkett Inc. Delaware	United States	G	100%	100%
C012	Tarkett Australia Pty. Ltd	Australia	G	100%	100%
C018	Tarkett A/S	Denmark	G	100%	100%
C037	Tarkett Polska Sp.Z.O.O.	Poland	G	100%	100%
C061	Fademac	Brazil	G	100%	100%
C062	Tarkett Aspen	Turkey	G	70%	70%
C081	Laminate Park Gmbh & Co KG	Germany	E	50%	50%
C214	Tarkett Holding GmbH	Germany	G	100%	100%
C220	Tarkett	France	Mother company	100%	100%
C221	Tarkett Services	France	G	100%	-
C409	Tarkett GDL SA	Luxembourg	G	100%	100%
C411	Tarkett Capital SA	Luxembourg	G	100%	100%
C417	Tarkett SpA	Italy	G	100%	100%
C418	Tarkett Produtos Internacionais S.A.	Portugal	G	100%	100%
C419	Tarkett Monoprosopi Ltd.	Greece	G	100%	100%
C425	Tarkett Floors S.A.	Spain	G	100%	100%
C427	Tarkett Asia Pacific Ltd	Hong Kong	G	100%	100%
C428	Tarkett Hong Kong Ltd.	Hong Kong	G	70%	70%
C429	Tarkett Floor covering (Shanghai) Co	China	G	70%	70%
C433	Tarkett France	France	G	100%	100%
C434	Tarkett Bois SAS	France	G	100%	100%
C438	Fieldturf Tarkett SAS	France	G	100%	100%
C441	Tarkett Inc.	Canada	G	100%	100%
C452	ZAO Tarkett	Russia	G	100%	100%
C453	ZAO Tarkett Rus	Russia	G	100%	100%
C454	Tarkett Sommer OOO	Russia	G	100%	100%
C455	Tarkett d.o.o.	Serbia	G	100%	100%
C456	Tarkett SEE	Serbia	G	100%	100%
C457	Tarkett UA	Ukraine	G	100%	100%
C459	Tarkett Kaz	Kazakhstan	G	100%	100%
C460	Tarkett Kft	Hungary	G	100%	100%
C461	Tarkett BEL	Rep. of Belarus	G	100%	100%
C471	Fieldturf Poligras SA	Spain	G	100%	96%
C473	Morton ExtrusionsTechnik GmbH	Germany	G	100%	100%
C474	Fieldturf Benelux B.V.	Netherlands	G	100%	100%
C606	Tarkett Ltd.	United Kingdom	G	100%	100%
C656	Somalré	Luxembourg	G	100%	100%
C754	Sintelon RS	Serbia	G	100%	100%
C755	Sintelon d.o.o.	Serbia	G	100%	100%
C756	Galerija Podova d.o.o.	Serbia	G	100%	100%
C757	Galerija Podova - Sintelon Doo	Bosnia	G	100%	100%
C758	Sintelon UA	Ukraine	G	100%	100%
C759	Vinisin Ooo	Ukraine	G	100%	100%
C801	Tandus Flooring, Inc	United States	G	100%	100%
C802	Nova Scotia Ltd	United States	G	100%	100%
C803	Tandus Flooring Asia Pte Ltd	Singapore	G	100%	100%
C804	Tandus Flooring US, LLC	United States	G	100%	100%
C805	CAF Extrusion LLC	United States	G	100%	100%
C806	Tandus Flooring Limited	United States	G	100%	100%
C807	Tandus Flooring Suzhou	China	G	100%	100%
C808	Tandus Flooring Canada, GP	Canada	G	100%	100%
C809	Tandus Flooring India Private Limited	India	G	100%	100%
C846	Tarkett Enterprises Inc.	United States	G	100%	100%
C847	Domco Products Texas LP	United States	G	100%	100%
C848	Tarkett Alabama Inc.	United States	G	100%	100%
C849	Tarkett Finance Inc	United States	G	100%	100%
C850	Tarkett USA Inc.	United States	G	100%	100%
C854	Tarkett Texas Holding Inc.	United States	NC	-	100%
C862	Texas Tile Manufacturing LLC	United States	G	100%	75%

Companies		Country	Consolidation method	% Ownership at Dec 31, 2013	% Ownership at Dec 31, 2012
C863	Tarkett IFA Inc.	United States	G	100%	100%
C872	Fieldturf Inc.	Canada	G	100%	100%
C878	Les Installations Sportives Defargo Inc.	Canada	NC	-	100%
C886	Easy Turf Inc.	United States	G	51%	51%
C889	Beynon Sports Surfaces Inc.	United States	G	100%	100%
C890	Fieldturf Tarkett USA Holdings Inc.	United States	G	100%	100%
C893	Fieldturf USA, Inc.	United States	G	100%	100%
C896	Air Fieldturf Inc.	United States	NC	-	100%
C950	Johnsonite Inc.	United States	G	100%	100%
C951	Johnsonite Canada Inc.	Canada	G	100%	100%
C960	Diamond W Supply Co.	United States	G	100%	100%

The percentages of equity and voting rights held for each entity of the Group are identical. They include put options where applicable.

20.1.2 Statutory Auditors’ Report on the Group’s Consolidated Financial Statements as of and for the Year Ended December 31, 2013

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2013, on:

- the audit of the accompanying consolidated financial statements of Tarkett;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; these standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2013 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to the notes “1.2.1. Accounting Policies” and “1.5.24 Reconciliation of early adoption of IFRS 11 and reclassifications” to the consolidated financial statements, describing the changes in accounting policies implemented as at 1st January 2013 and their impacts on both the consolidated financial statements and the comparative financial information.

Justification of our assessments
In accordance with the requirements of article L.823-9 of the French Commercial Code "*Code de commerce*", we bring to your attention the following matters:

- Accounting estimates

Notes "1.2.2 Use of estimates and judgments" and "26 Other contingencies" to the consolidated financial statements disclose the assessments and significant estimates made by Tarkett's management.

In connection with our audit, we considered that those assessments and estimates related mainly to intangible and tangible assets (note 1.5.10, 1.5.11, 1.5.15, 8 and 9), deferred tax assets (notes 1.5.22, 7 and 19), provisions (notes 1.5.20 and 20) and employee benefits (notes 1.5.18 and 21).

For these accounts, our work consisted in assessing the data and assumptions underlying the assessments and estimates, reviewing on a sample basis, the calculations performed by the Company, comparing prior years accounting estimates with the corresponding actual results, reviewing management's approval procedures for such estimates and reviewing that the disclosures relating to these estimates in the notes to the financial statements are appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verification
As required by law, we have also verified, in accordance with professional standards applicable in France, the information relative to the Group, given in the parent company's management report.

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

The statutory auditors,

Paris La Défense and Paris on the 17 February 2014

KPMG Audit
Department of KPMG S.A.

Praxor Audit

Philippe Grandclerc
Partner

Florent Gesbert
Partner

20.2 STATUTORY AUDITOR FEES

	KPMG S.A. *Amount in thousands of euros (excluding taxes)*	PRAXOR AUDIT S.A. *Amount in thousands of euros (excluding taxes)*
	(including costs and expenses)	
	2013	**2013**
Audit		
Statutory audit, certification, audit of the individual company and consolidated financial statements	2,431	248
Other services directly related to the statutory audit assignment..............................	107	10
Subtotal...................................	*2,538*	258
Other services rendered by the firms to fully consolidated subsidiaries		
Legal, tax, employee-related..	19	-
Other..	-	-
Subtotal	19	-
Total..	**2 ,557**	**258**

20.3 DIVIDEND DISTRIBUTION POLICY

The following table presents total dividends and net dividends per share distributed by the Company during the last three fiscal years.

	Year distributed		
	2011	2012	2013
Total dividends (*in millions of euros*)........................	102.50(1)	0 (1) (2)	124.80(1)
Net dividends per share(3) (*in euros*)	1.62	0	2.00

(1) The amounts presented in the table above represent total dividends after deduction of the dividend on treasury shares held by Tarkett GDL (for more information on treasury shares, see Section 18.1.2, "Principal Shareholders").

(2) The total amount of the dividend was €130.0 million. The amount shown in the table represents the total amount after deduction of the share of the dividend paid to Partholdi, which merged into Tarkett in November 2013.

(3) The net dividend per share is shown before division of the par value by four in connection with the pre-IPO reorganization on November 21, 2013, which had the effect of multiplying the number of existing ordinary shares of the Company by four.

In accordance with French law and the Company's Bylaws adopted on November 21, 2013, the shareholders' meeting may decide to distribute a dividend upon a proposal of the Management Board and in view of the Supervisory Board's report.

The Company's dividend distribution policy reflects the Company's results of operations and financial condition, the realization of its objectives and the dividend distribution policies of its principal subsidiaries. Assuming no major acquisitions, the Company's goal is to distribute annual dividends representing approximately 40% of the Group's consolidated net profit attributable to owners of the Company. The Company can give no assurance, however, that this objective will be met. Future dividends will depend on the general condition of the Group's business and other factors deemed relevant by the Management Board.

For 2013, the Management Board will propose a dividend of €0.62 per share, corresponding to 39.9% of the Group's consolidated net profit attributable to owners of the Company.

20.4 JUDICIAL AND ARBITRATION PROCEEDINGS

The Group may be involved in legal, administrative or regulatory proceedings in the ordinary course of its business. The Group sets aside a provision for the cases that it considers likely to result in financial loss for Tarkett or one of its subsidiaries.

The aggregate amount of provisions relating to legal proceedings was €23.0 million as of December 31, 2013.

As of the date of this Registration Document, apart from the matters described below, the Group is not aware of any governmental, legal or arbitration proceedings (including any threatened or suspended proceedings) that could have or have had in the past 12 months a material effect on the Group's financial condition or the profitability of Tarkett or the Group.

Germany

Appraisal Procedure Relating to Valuation of Tarkett Holding GmbH Shares

In August 2006, a former minority shareholder of Tarkett AG (now known as Tarkett Holding GmbH) initiated an appraisal procedure relating to the valuation of Tarkett Holding GmbH shares before the Court of Frankenthal in Germany. The purpose of the procedure is to determine whether the share price paid by Tarkett S.A. to former minority shareholders of Tarkett AG in connection with the privatization of Tarkett AG in 2005 was appropriate. Fifty-five shareholders are currently party to the procedure. According to the initial opinion of a court-appointed expert in October 2011, the share price paid was insufficient. After objections by the parties, the expert submitted a supplemental report in August 2012, in which the value of the shares was determined to be higher than the value initially presented in the October 2011 report. Following further objections, the court ruled on July 1, 2013 that the share price paid by Tarkett should have been €1.62 higher than the share price of €19.50 that was actually paid. As the procedure covers 1,150,000 shares, the potential impact of this decision is approximately €1.9 million, excluding interest. Tarkett has filed an appeal, pending which the judgment cannot be executed.

France

French Competition Authority Investigation

In late March 2013, the French Competition Authority initiated an investigation of several flooring manufacturers, including Tarkett, in relation to potentially anti-competitive practices in the French vinyl flooring market. To date, the investigation is continuing, and it is currently unclear when it will be concluded. It is too early for the Group to evaluate the potential consequences of the investigation. In the event the Group were to be found liable, the financial consequences could be significant.

Canada

Claim Relating to "Phantom" Shares by Former Employees of FieldTurf

In a series of transactions beginning in 2004, Tarkett acquired the shares of FieldTurf Inc. ("FieldTurf"). Pursuant to a share purchase agreement dated March 13, 2007 between Tarkett and the shareholders of FieldTurf (the "SPA"), certain payments were to be paid to key employees of FieldTurf in 2009 based on the value of a number of "phantom" shares. The SPA provided that the CEO of FieldTurf would determine which key employees would be entitled to receive phantom shares and the number of such shares to be awarded to each of these key employees. In 2009, certain former employees of FieldTurf who had left the company or had been laid off filed a claim against FieldTurf to recover the value of the phantom shares. In 2012, the Superior Court of Quebec, District of Montreal, ordered FieldTurf to pay the plaintiffs an aggregate sum of approximately CAD$1.8 million on the basis that the plaintiffs were entitled to receive all of the benefits that had accrued during their notice periods. In May 2012, FieldTurf appealed the decision. On January 22, 2014, the Court of Appeal of Quebec affirmed the lower court's ruling. As a result, FieldTurf paid CAD$3.2 million in damages, interest and other costs in final settlement of this litigation.

United States

Asbestos Litigation

Domco Products Texas, Inc. ("Domco"), a subsidiary that Tarkett acquired in 1991 (then known as Azrock Industries ("Azrock")), is subject to several lawsuits related to its production of vinyl floor tiles containing asbestos between 1940 and 1982. As of December 31, 2013, there were 1,008 pending lawsuits filed against Domco in multiple U.S. jurisdictions. Of the 1,008 lawsuits pending, 35 are cases involving both an identification of Azrock products and a diagnosis of mesothelioma. Among all of the claims filed over approximately the last 15 years, three reached the verdict stage—two of which were granted in favor of Domco, and one of which was granted to a plaintiff in the State of Washington, requiring Domco to pay an amount of $1,071,705 ($371,000 after offsets).

As of December 31, 2013, Domco had succeeded in obtaining dismissal of approximately 683 cases since 2009, and had entered into approximately 14 to 28 settlements per year since 2009 for an aggregate amount of $9 million (or an average of $1.8 million per year). Domco maintains insurance (including cost-sharing policies) to cover the liabilities associated with these claims. Domco also covers a portion of these expenses itself. Domco is currently involved in a dispute with an insurer that has refused coverage and is in the process of negotiating a cost-sharing agreement with another insurer (for further information on the Group's management of these cases, see Section 10.9, "Off-Balance Sheet Commitments").

Defective Fiber Litigation

In March 2011, three of Tarkett's artificial turf subsidiaries ("FieldTurf") brought an action against three companies within the Tencate group ("Tencate") in U.S. District Court for the Northern District of Georgia. The claim relates to the alleged defectiveness of an artificial grass fiber sold by Tencate to FieldTurf, which in turn rendered FieldTurf's artificial grass unfit for use and requiring complete replacement. FieldTurf's alleged damages, relating to fraud, false representations and breach of contract, are believed to exceed $30 million. Tencate filed 11 counterclaims, which have since been dismissed following a motion to dismiss in August 2011 and a motion for summary judgment in May 2013. A trial date is set for April 21.

20.5 MATERIAL CHANGE IN FINANCIAL OR COMMERCIAL POSITION

None.

21 ADDITIONAL INFORMATION

21.1. Share Capital

21.2. Incorporation Documents and Bylaws

21. ADDITIONAL INFORMATION

21.1 SHARE CAPITAL

21.1.1 Issued Share Capital and Authorized but Unissued Share Capital (Article 3 of the Bylaws)

The Company's share capital amounts to three hundred eighteen million six hundred thirteen thousand four hundred eighty euros (€318,613,480), divided into sixty-three million seven hundred twenty-two thousand six hundred ninety-six (63,722,696) shares of par value €5 each, all of the same class and fully paid up.

As of the filing date of this Registration Document, the Company's Management Board, pursuant to a delegation by the 13th Resolution of the General Shareholders' Meeting of November 4, 2013, had the following financial authorization: to increase the share capital by incorporation of premiums, reserves, profits or otherwise. The maximum par value of the capital increases that may be carried out pursuant to such authorization may not exceed one hundred sixty million euros (€160,000,000) or the equivalent in any other currency or monetary unit established by reference to multiple currencies; to this limit shall be added, if applicable, the par value of the shares that may be issued in the event of new financial transactions to preserve, in accordance with legal and regulatory provisions, and, if applicable, with applicable contractual provisions, the rights of the holders of securities giving access to the share capital.

Such delegation was given for a period of twenty-six months as from General Shareholders' Meeting of November 4, 2013; thus, the expiration date of this delegation is January 4, 2016. The Management Board did not use this delegation at the time of the reorganization transactions in connection with the Company's initial public offering of November 21, 2013. For a detailed description of the evolution of the Company's share capital at the time of the reorganization transactions, see Section 21.1.8, "History of the Share Capital Over the Past Three Fiscal Years".

21.1.2 Securities Not Representing Share Capital

As of the filing date of this Registration Document, the Company has not issued any non-equity securities.

21.1.3 Shares Controlled by the Company, Treasury Shares and Purchase by the Company of Its Own Shares

As of the filing date of this Registration Document, Tarkett does not directly hold any of its own shares. Tarkett GDL S.A., a wholly owned subsidiary of Tarkett, holds 0.38% of Tarkett.

21.1.4 Other Securities Giving Access to Share Capital

None.

21.1.5 Terms Governing Any Right of Purchase and/or any Obligation Attached to Subscribed but Not Paid-Up Capital

See Section 17.2.3, "Free Shares".

21.1.6 Share Capital of any Company of the Group that is the Subject of an Option or of an Agreement to Put it under Option

21.1.6.1 Morton Extrusionstechnik GmbH

On July 9, 2010, FieldTurf Tarkett S.A.S. and Morton Holding GmbH ("MHG") entered into a shareholders' agreement governing their relationship as shareholders of Morton Extrusionstechnik GmbH ("MET"). FieldTurf Tarkett S.A.S. and MHG hold 51% and 49% of MET's share capital, respectively. MET manufactures fibers for synthetic turf. It is fully consolidated in the Group's consolidated financial statements included in Section 20.1, "Group Consolidated Financial Statements".

The shareholders' agreement provides for put and call options on MET's shares, which were updated by notarized deed dated January 28, 2014. As a result, as from December 31, 2018, or earlier in the event of a change of control of FieldTurf Tarkett S.A.S. (other than in connection with a change of control of the entire Sports Surfaces segment), MHG may exercise a put option requiring FieldTurf Tarkett S.A.S. to acquire its entire 49% stake in MET. The exercise price for the put option was fixed at a total amount of €3,340,000 and a maximum total amount of €7,000,000, based on the achievement of performance criteria through December 31, 2018.

In the event of a change in the CEO of MET occurring before December 31, 2018, FieldTurf Tarkett S.A.S. may exercise a call option enabling it to acquire all of MHG's shares of MET. The exercise price for the call option is fixed according to the same terms as the exercise price for the put option descried above, with achievement of the performance criteria being assessed on the option exercise date.

21.1.6.2 EasyTurf, Inc.

On May 19, 2010, FieldTurf USA Inc. and DPH Holdings, Inc. ("DPH") entered into a shareholders' agreement governing their relationship as shareholders of EasyTurf, Inc. FieldTurf Tarkett USA Inc. and DPH hold 51% and 49% of EasyTurf's share capital, respectively. EasyTurf, Inc. is a manufacturer of synthetic grass for residential users. It is fully consolidated in the Group's consolidated financial statements included in Section 20.1, "Group Consolidated Financial Statements".

The shareholders' agreement provides for put and call options on EasyTurf's shares. As a result, until May 19, 2016 DPH may exercise a put option requiring FieldTurf USA Inc. to acquire all of its shares of EasyTurf, Inc. After such date, DPH will have such a put option in the event of a change of control of FieldTurf USA Inc.

Between May 19, 2014 and May 19, 2016, FieldTurf USA Inc. may exercise a call option to acquire all of DPH's shares of EasyTurf, Inc.

The exercise price for these options will be calculated based on EasyTurf Inc.'s EBITDA, revenue and indebtedness.

21.1.6.3 Tarkett Hong-Kong Limited

On March 31, 2011, Tarkett GDL S.A., Double Bay Investment Company Limited and Mr. Lingbo Sun, who owns all of the shares of Double Bay Investment Company Limited, entered into a shareholders' agreement governing their relationship as shareholders of Tarkett Hong Kong Limited. Tarkett GDL S.A. and Double Bay Investment Company Limited hold 70% and 30% of the share capital of Tarkett Hong Kong Limited, respectively. Tarkett Hong Kong Limited markets and sells Tarkett-brand flooring products and PVC wall coverings in China. Tarkett Hong Kong Limited created a subsidiary, Tarkett Floor Covering (Shanghai) Co., Ltd., which acquired the inventory and other assets of the companies held by Mr. Sun.

21.1.7 Pledges, Guarantees and Sureties

In connection with its Management Equity Plan ("MEP") of June 2007, the Company had entered into share grant plans dated June 20, 2008 with *Société d'Investissement Familiale* (SIF) and certain executives of the Group. On November 26, 2013, the Company made a definitive grant of ordinary shares to the beneficiaries of the MEP in connection with the pre-IPO reorganization.

The Company had also entered into escrow agreements dated June 20, 2008 with *Société d'Investissement Familiale* (SIF) and the relevant executives. The purpose of these agreements is to place the preferred shares subscribed for by the relevant executives, as well as the shares that would be granted under this plan, into escrow. The executives may not sell or transfer such shares for the duration of the escrow. SIF was merged into Tarkett in connection with the pre-IPO reorganization. As a result, these agreements were taken over by Tarkett. The escrow agreements will terminate when Tarkett lifts the escrow on the relevant executives' shares.

21.1.8 History of the Share Capital over the Past Three Fiscal Years

Date	**Nature of the transaction**	**Share capital prior to transaction (in euros)**	**Issuance/merger premium (in euros)**	**Number of shares before transaction**	**Number of shares after transaction**	**Par value after transaction (in euros)**	**Share capital after transaction (in euros)**
5/26/2010	Capital decrease	316,235,640	N/A	15,811,782	15,805,413	20	316,108,260
11/21/2013	Capital increase (SIF-Tarkett merger)	316,108,260	383,641,563	15,805,413	31,066,703	20	621,334,060
11/21/2013	Capital decrease (SIF-Tarkett merger)	621,334,060	(359,648,645)	31,066,703	16,253,564	20	325,071,280
11/21/2013	Capital increase (Partholdi-Tarkett merger)	325,071,280	6,285,465	16,253,564	16,413,906	20	328,278,120
11/21/2013	Capital decrease (Partholdi-Tarkett	328,278,120	(23,512,500)	16,413,906	15,843,906	20	316,878,120

	merger)						
11/21/2013	Capital increase	316,878,120	N/A	15,843,906	15,930,674	20	318,613,480
11/21/2013	Division of par value	318,613,480	N/A	15,843,906	63,722,696	5	318,613,480

Following is a list of significant changes to the Company's share capital between January 1, 2010 and the date of the visa on this Registration Document:

- capital decrease of €127,380 by cancellation of 6,369 ordinary shares adopted by the general shareholders' meeting of May 26, 2010, due to the June 15, 2009 expiration of the share purchase plan put in place by the Company in 2004;

- successive capital increases and decreases due to the SIF-Tarkett and Partholdi-Tarkett mergers, followed by the division of the par value by four, as detailed in the table above, at the shareholders' meeting of November 21, 2013.

21.2 INCORPORATION DOCUMENTS AND BYLAWS

The Company's Bylaws were drafted in accordance with French laws and regulations applicable to limited liability corporations (*sociétés anonymes*) with Management and Supervisory Boards. The primary provisions described below are taken from the Company's Bylaws as adopted on November 21, 2013.

21.2.1 Corporate Purpose (Article 3 of the Bylaws)

The Company's purpose, in France and abroad, is as follows:

- to research, design, develop, operate, direct and manage all commercial, industrial, real estate or financial matters or businesses relating to activities in the coating industry;
- to participate directly or indirectly in all transactions or undertakings by means of the creation of companies, establishments or groups of a real estate, commercial, industrial or financial nature or to participate in their creation or in the capital increase of existing companies;
- to manage a portfolio of equity investments and securities and the transactions related thereto;
- to own and manage any real property; and
- generally, to carry out any industrial, commercial, financial, securities or real estate transactions that may be directly or indirectly related to the purposes listed above.

21.2.2 Management and Supervisory Boards (Articles 11 to 23 of the Bylaws)

21.2.2.1 Management Board

21.2.2.1.1 Nomination (Articles 11 and 12 of the Bylaws)

The Company is administered and managed by a Management Board under the supervision of a Supervisory Board. The Management Board is composed of at least two and at most five members appointed by the Supervisory Board.

Members of the Management Board are appointed for a term of three years. The Supervisory Board must fill any vacancy within two months. Otherwise, any interested party may petition the presiding judge of the commercial court, ruling on an interim basis, to make a temporary appointment to fill the vacancy. The person thus appointed may be replaced at any time by the Supervisory Board.

Members of the Management Board must be natural persons. Their terms are always renewable.

Any member of the Management Board is automatically deemed to have resigned as of the close of the shareholders' meeting approving the financial statements for the fiscal year during which such member reached the age of 65.

Each member of the Company's Management Board is subject to applicable regulations with regard to the holding of multiple offices or positions. Members of the Management Board may not serve as a Managing Director, member of a Management Board, CEO or member of a Supervisory Board of any listed company outside of the Group.

Each member of the Management Board must receive an opinion from the Supervisory Board before accepting any new office or position with a listed company that is not directly or indirectly controlled by the Company.

21.2.2.1.2 Removal (Article 11 of the Bylaws)

Members of the Management Board may be removed by the general shareholders' meeting or by the Supervisory Board. In the absence of cause, their removal may give rise to damages.

The removal of a member of the Management Board does not have the effect of terminating such member's employment agreement, if any, with the Company.

21.2.2.1.3 Chairman of the Management Board and Managing Directors (Article 14 of the Bylaws)

The Supervisory Board appoints one of the members of the Management Board to the position of Chairman.

The Chairman of the Management Board represents the Company in its relations with third parties. The Supervisory Board may grant the same representative power to one or more members of the Management Board, which members shall then hold the title of Managing Director.

The Chairman of the Management Board or the Managing Director(s) may delegate powers to a third party. The powers granted pursuant to such delegation, however, must be limited and relate to one or more specific purposes.

The Chairman of the Management Board or any member named a Managing Director by the Supervisory Board may validly make undertakings to third parties on behalf of the Company.

21.2.2.1.4 Management Board Meetings (Article 15 of the Bylaws)

The Management Board meets as often as necessary in the interest of the Company. It may be convened by its Chairman or by another member by any means, including orally.

Management Board meetings may be held at the registered office or at any other location indicated in the notice of meeting.

A member of the Management Board may appoint another member of the Management Board to represent him at a meeting. No member of the Management Board may represent more than one other member. In the event of the Chairman's absence, the Management Board designates one of its members to chair the meeting. The Management Board may also designate a secretary, who need not be a member of the Management Board.

The Management Board may validly meet so long as a majority of its current members are present (including by means of video or telephone conference) or represented.

Decisions are taken by a majority of the members present (including participation by video or telephone conference) or represented.

In the event of a tie, the vote of the meeting's chairman does not prevail unless the meeting is chaired by the Chairman of the Management Board.

Minutes of Management Board meetings are recorded in a special ledger kept at the registered office and are signed by the Chairman of the Management Board and by the secretary or another member of the Management Board. Copies or extracts of minutes may be certified by the Chairman, a Managing Director, or a member of the Management Board.

21.2.2.1.5 Powers and Duties of the Management Board (Article 16 of the Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations)

Subject to the powers that the law or the Company's Bylaws grant expressly to the Supervisory Board or the shareholders' meeting, and within the limits of the Key Decisions that require the prior authorization of the Supervisory Board, the Management Board has the broadest powers to act in all circumstances in the name and on behalf of Tarkett.

The Company is bound by the actions of the Management Board even where they are not within the corporate purpose, unless the Company proves that the third party knew that the action exceeded such corporate purpose or could not have been unaware of that fact in light of the circumstances.

However, without prejudice to matters with respect to which prior authorization of the Supervisory Board is required by law, the Management Board must seek the prior authorization of the Supervisory Board before making any of the following decisions ("Key Decisions") within the Company and/or its controlled subsidiaries, within the meaning of Article L.233-3 of the French Commercial Code (together, the "Tarkett Group"):

(a) grants by any company of the Group of guarantees that exceed an annual aggregate threshold set by the Supervisory Board (although guarantees granted above such threshold will be deemed valid in respect of third parties acting in good faith);

(b) transactions that result in a significant change in the primary business of the Group (flooring and sports surfaces) (although pursuing incidental new activities does not require the Supervisory Board's prior authorization, unless it is otherwise a Key Decision);

(c) provided that it exceeds a certain threshold (either global or per transaction type) set by the Supervisory Board (or failing that, by the Internal Regulations of the Supervisory Board), the acquisition or sale (and generally any transfer of ownership or investment) or collateralization of any asset of the Group as part of a project, such as asset contributions governed by the rules applicable to spin-offs, mergers, corporate restructurings (either internal or involving a third party);

(d) listing shares of any Group company (apart from the Company) on a securities exchange;

(e) entering into any loan whose nominal amount (i) exceeds a certain threshold set by the Supervisory Board (or failing that, by the Internal Regulations of the Supervisory Board) or (ii) results in an increase of the aggregate nominal amount of loans above the maximum global amount (in principal) authorized by the Supervisory Board for the applicable period (or failing that, by the Internal Regulations of the Supervisory Board), as well as any material modification thereto;

(f) decisions pertaining to, or resulting in, amendments to the Company's Bylaws and those of any Group company (i) whose assets' book value is greater than a certain threshold set forth in the Internal Regulations of the Supervisory Board or (ii) that owns assets of strategic value for the Group, insofar as such modifications alter the rights of the Group company that controls such subsidiary;

(g) approving joint venture agreements or agreements for other significant partnerships (i.e., those that involve asset contributions by any entity of the Group (including when made by way of a cash payment or of a set-off) that exceed a certain threshold set by the Internal Regulations of the Supervisory Board);

(h) any material change in the accounting principles applied by the Company in preparing its consolidated financial statements (annual or interim), apart from changes required under IAS or IFRS;

(i) adopting the Group's annual budget and any significant changes thereto;

(j) adopting the Group's strategic medium-or long-term plan as well as the annual update thereof (together with the annual budget);

(k) the inscription on the shareholders' meeting agenda and the exercise of delegations granted by the shareholders' meeting relating to the issuance of shares or other equity-linked securities by the Company (or by another Group company) to a non-Tarkett related party;

(l) any acquisition or sale (and generally any transfer of ownership) of derivatives, foreign exchange contracts, swaps, option agreements or any other speculative financial instrument except when made (i) for the Group's hedging purposes or (ii) as part of a buy-back program relating to the Company's shares;

(m) implementing any bankruptcy proceeding of a Group company (i) whose number of employees exceeds a certain number set by the Internal Regulations of the Supervisory Board or (ii) with assets of strategic value for the Group (insofar as these modifications affect the rights of the Group company that controls such subsidiary).

(n) any loan granted by the Group to a third party (apart from customer advances, employee advances and any loan granted in the ordinary course of business);

(o) (i) recruiting or dismissing the Group's senior executives defined under the Internal Regulations of the Supervisory Board, or (ii) any significant change to their compensation (including pension plans or specific departure conditions);

(p) implementing or amending the management incentive plan (including any share or bonus incentive plan);

(q) creating or amending any stock option plan or share award plan relating to shares of the Company or any Group company (or any similar securities) for the benefit of executives or employees of the Group, or of any category of them;

(r) entering into or modifying any significant collective bargaining agreement, pension plan or redundancy plan that exceeds a certain number of employees set by the Internal Regulations of the Supervisory Board;

(s) initiating, stopping or settling any dispute or litigation (including any tax-related dispute) or waiving certain claims that exceed in each case a certain threshold set by the Internal Regulations of the Supervisory Board;

(t) appointing, re-nominating or revoking the Company's statutory auditors; and

(u) any grants, corporate sponsorships and other type of donation that exceeds €100,000.

At least once per quarter, the Management Board presents a report to the Supervisory Board. Within three months after the close of each fiscal year, the Management Board presents the annual financial statements to the Supervisory Board for purposes of verification and review.

21.2.2.1.6 Compensation of Members of the Management Board (Article 12 of the Bylaws)

In its nomination decision, the Supervisory Board sets the form and amount of compensation for each member of the Management Board.

21.2.2.2 Supervisory Board

21.2.2.2.1 Internal Regulations of the Supervisory Board

The Internal Regulations of the Supervisory Board specify the conditions pursuant to which such Board operates.

21.2.2.2.2 Composition and Term in Office (Articles 17 to 19 of the Bylaws and Article 1 of the Internal Regulations of the Supervisory Board)

Members of the Supervisory Board serve for a term of four years. By way of exception, the general shareholders' meeting may decide when appointing certain members of the Supervisory Board that their term of office will be shorter than four years, in order to permit rolling renewal of the terms of the various members of the Supervisory Board.

Part of the Supervisory Board is renewed each year, such that the entire Supervisory Board is renewed on a rolling basis over a period of four years.

Members of the Supervisory Board may always be reelected.

The number of Supervisory Board members older than 75 may not be greater than one-third of the Board's then-current membership.

No member of the Supervisory Board may be a member of the Management Board. If a member of the Supervisory Board is appointed to the Management Board, such member's term on the Supervisory Board ends as soon as the new appointment takes effect.

In the event of a vacancy in one or more seats by reason of death or resignation, the Supervisory Board may, between two shareholders' meetings, make interim appointments.

Interim appointments made by the Supervisory Board are submitted for ratification by the next ordinary shareholders' meeting. A member appointed to replace another member remains in office only for the time remaining in predecessor's term.

If the number of members of the Supervisory Board falls below three, the Management Board must immediately convene an ordinary shareholders' meeting to fill the vacancies.

If temporary appointments are not ratified, the prior votes and actions of the Supervisory Board remain valid.

The Supervisory Board ensures, to the extent possible, that at least one-third of its membership is composed of independent members and that the Audit Committee and the Nominations and Compensation Committee each include at least two independent members (including, in each case, the chairman). It is noted that the characterization of independence does not imply a value judgment as to the qualities and skills of the members of the Board.

At the time of each renewal or nomination of a member of the Supervisory Board and at least once per year prior to the publication of the Company's annual report, the Board must evaluate the independence of each of its members (or candidates). During such evaluation, the Board, after receiving the opinion of the Nominations and Compensation Committee, examines the status of each of its members (or candidates) on a case-by-case basis with regard to the criteria referred to below, the specific circumstances and the position of the member or candidate in relation to the Company. The conclusions of this examination are brought to the attention of the shareholders in the annual report and, where applicable, to the shareholders' meeting in connection with the election of members to the Supervisory Board.

21.2.2.2.3 Removal (Article 18 of the Bylaws)

Members of the Supervisory Board may be removed at any time by the ordinary shareholders' meeting.

21.2.2.2.4 Supervisory Board Officers (Article 20 of the Bylaws and Article 1.3 of the Supervisory Board's Internal Regulations)

The Supervisory Board elects a Chairman and a Vice Chairman from among its members, in accordance with the provisions of its Internal Regulations.

21.2.2.2.5 Powers and Duties of the Supervisory Board (Articles 17 and 22 of the Bylaws and Articles 1.4, 2.8, 2.9 and 3 of the Supervisory Board's Internal Regulations)

The Supervisory Board oversees the Management Board's management of the Company on an ongoing basis.

At any time during the year, the Supervisory Board carries out the controls and verifications that it deems appropriate and may obtain any documents that it deems useful for such purpose.

Within limits set by the Supervisory Board and with the power to sub-delegate, the Supervisory Board may authorize the Management Board to sell real property, to sell all or a portion of its equity investments, and to give security as well as deposits, backing or guarantees in the name of the Company.

A list of Management Board decisions that require prior approval of the Supervisory Board is included in Article 16 of the Company's Bylaws and Article 3.2 of the Supervisory Board's Internal Regulations (see Section 21.2.2.1.5, "Powers and Duties of the Management Board (Articles 16 of the Bylaws and 3.2 of the Supervisory Board's Internal Regulations)").

Each year at the Shareholders' Meeting, the Supervisory Board presents its comments on the Management Board's report and on the financial statements for the previous year.

It may delegate special authority to one or more of its members to accomplish one or more specific objectives.

The Supervisory Board may establish Internal Regulations providing, in particular, for the creation of one or more Supervisory Board committees, of which it determines the composition and powers and, where applicable, the compensation of each of its members. Members of the Supervisory Board and of the Management Board, as well as observers, are required to comply with such Internal Regulations.

Each member of the Supervisory Board must hold at least 1,000 Company shares. Until he or she holds 1,000 Company shares, each member of the Supervisory Board must use half of his attendance fees to acquire Company shares. When they take office, members of the Supervisory Board must convert their shares of the Company into registered form. Shares acquired at a later date must also be held in registered form.

Each member of the Supervisory Board must comply with applicable regulations with respect to market abuse and inside information. Moreover, each member must report to the Company any transaction in the Company's securities, in accordance with applicable laws and regulations. The members of the Supervisory Board are reminded of these provisions on an annual basis and from time to time in the event of any significant change.

21.2.2.2.6 Information of the Supervisory Board (Article 4.4 of the Supervisory Board's Internal Regulations)

The Management Board regularly apprises the Supervisory Board of developments in the Group's activity, financial results and financial condition, as well as of any commitments of the Company or the Group, in accordance with applicable provisions of the law, the Company's Bylaws or the Internal Regulations of the Supervisory Board or its committees.

21.2.2.2.7 Supervisory Board Meetings (Articles 20 and 21 of the Bylaws and Article 5 of the Supervisory Board's Internal Regulations)

Supervisory Board meetings are convened by the Chairman.

However, the Chairman is required to convene the Supervisory Board whenever at least one member of the Management Board or at least one-third of the members of the Supervisory Board deliver a written reasoned request to the Chairman, within 15 days of receipt of such request. If the Chairman does not respond to such request, the authors of the request may convene the meeting themselves, indicating the meeting's agenda.

Supervisory Board meetings may be convened by any means, including email, with at least five (5) business days' notice. The notice period may be shortened on the proposal of the Chairman of the Supervisory Board if all members of the Supervisory Board are present or represented at the Supervisory Board meeting or if the members who are absent and not represented consent to the meeting being held in their absence.

Meetings take place at the Company's registered office or at any other location indicated in the notice of meeting.

The notice of meeting must contain the meeting agenda.

The Supervisory Board may validly deliberate only if at least one-half of its members are present. To the extent authorized by the law, members participating in a meeting by video conference, telephone conference, or any other means permitted by law are deemed to be present for purposes of calculating quorum and majority.

Decisions of the Supervisory Board are taken by a simple majority of members present or represented. In the event of a tie, the vote of the Chairman of the Supervisory Board prevails; the vote of the meeting's chair does not prevail unless the meeting is chaired by the Chairman of the Supervisory Board.

Decisions of the Supervisory Board are recorded in minutes to be prepared within 15 days following the meeting and signed by the chairman of the meeting and one member of the Supervisory Board (or, in the event that the meeting's chairman is unavailable, by at least two members of the Board), and kept in a special register held at the Company's registered office.

Copies or extracts of Supervisory Board minutes are certified by the Chairman of the Supervisory Board, the Vice Chairman of the Supervisory Board, or any member of the Management Board.

21.2.2.2.8 Compensation of Members of the Supervisory Board (Article 23 of the Bylaws and Article 7 of the Supervisory Board's Internal Regulations)

The shareholders' meeting may allocate an annual amount of attendance fees to members of the Supervisory Board as compensation for their positions.

Upon the recommendation of the Nominations and Compensation Committee, the Supervisory Board:

- freely distributes to its members the attendance fees allocated to the Board by the shareholders' meeting. A proportion determined by the Board and deducted from the amount of the attendance fees allocated to the Board is paid to the Committee members based in particular on their attendance at Committee meetings;

- determines the compensation of the Chairman and of the Vice Chairman;

- may, moreover, allocate exceptional compensation to certain of its members for specific assignments or duties entrusted to them.

Such compensation will be paid in addition to the attendance fees and pursuant to conditions provided for by law.

21.2.2.3 Observers (Article 26 of the Bylaws and Article 10 of the Supervisory Board's Internal Regulations)

The general shareholders' meeting and the Supervisory Board may each nominate observers (who may be individuals or entities) in a number not to exceed two.

Observers are nominated for a renewable term of four years, although the body that appoints them may remove them at any time.

Observers are convened to Supervisory Board meetings as observers and may be consulted by the Supervisory Board. They may present observations to the shareholders' meeting on proposals submitted to them. They must receive notice of each meeting of the Supervisory Board pursuant to the same terms and conditions as those that apply to members of the Supervisory Board. The Supervisory Board may entrust specific assignments to observers.

The Supervisory Board may, on the recommendation of the Nominations and Compensation Committee, authorize reimbursement of expenses incurred by observers in the interest of the Company.

21.2.3 Rights, Privileges and Restrictions on Shares (Articles 6 to 9 of the Bylaws)

As of the filing date of this Registration Document, the Company's share capital is composed entirely of ordinary shares.

The Company's ordinary shares are freely negotiable. The transfer of ordinary shares is carried out by transfer from account to account. Shares may be in registered or bearer form, at the option of the shareholder, pursuant to applicable regulations.

Whenever it is necessary to hold a specific number of shares to exercise any right, or in the event of an exchange or grant of securities giving the right to new shares in return for the return of a specific number of existing shares, any odd-lot shares or shares that fall short of the minimum number required will not provide shareholders with rights vis-à-vis the Company. It is the responsibility of shareholders to group their shares or to purchase or sell the necessary number of shares.

All fully paid shares that have been held continuously in registered form by the same holder for at least two years benefit from double voting rights. The duration of the shareholding prior to November 22, 2013 is not taken into account in determining whether the shares held by a shareholder carry double voting rights.

In accordance with Article L. 225-123 paragraph 2 of the French Commercial Code, in the event of an increase in the Company's share capital through incorporation of reserves, profits or share premium, the newly issued shares will carry double voting rights if they are granted to a shareholder in relation to existing shares that already carry double voting rights.

Double voting rights may be exercised at any shareholders' meeting. Double voting rights terminate if the shares are converted into bearer form or if their ownership is transferred.

Each share gives the right to a portion equal to the share of the capital that it represents with respect to ownership of corporate assets and liquidation proceeds.

Shares are indivisible vis-à-vis the Company.

21.2.4 Modifications to the Rights of Shareholders

To the extent that the Bylaws are silent, modification of the rights attached to the Company's shares is subject to applicable law.

21.2.5 Shareholders' Meetings (Article 25 of the Bylaws)

Shareholders' meetings are convened subject to the conditions provided for by law. They meet at the Company's registered office or at any other location indicated in the notice of meeting.

The Management Board is authorized to decide at the time it convenes the shareholders' meeting to broadcast the meeting publicly by video conference or any other means of telecommunication or transmission, including the Internet. A shareholder may give a proxy to another shareholder or to any other individual or entity to represent him at the shareholders' meeting.

The proxy, as well as, where applicable, its revocation, must be in writing and delivered to the Company in accordance with the conditions provided for by applicable regulations.

Shareholders may participate in meetings either in person or by proxy by proving their identity and their ownership of shares in the form in which such shares are held, pursuant to applicable laws and regulations.

Joint owners of indivisible shares are represented at meetings by one of the joint owners or by a proxy chosen by mutual agreement of the joint owners. In the event that the joint owners fail to reach an agreement as to the choice of a proxy, a proxy may be designated by order of the presiding judge of the commercial court, ruling on an interim basis at the request of the more diligent joint owner.

If the Management Board so provides in the notice of meeting, shareholders may also participate in such meeting by video conference or other means of telecommunication or electronic transmission, including the Internet, pursuant to legal and regulatory requirements. Such shareholders are deemed present for purposes of calculating quorum and majority.

Meetings are chaired by the Chairman of the Supervisory Board, or, in his absence, by the Vice Chairman, or, in his absence, by any member of the Supervisory Board specially delegated for such purpose by the Supervisory Board. Otherwise, the meeting elects its own chairman.

The two members of the meeting who are present, agree to serve such role and have the greatest number of voting rights serve as scrutineers.

The meeting officers designate a secretary, who need not be a shareholder.

An attendance sheet is kept at each meeting containing the information required by law.

Copies or extracts of the minutes of shareholders' meetings may be certified by the Chairman of the Supervisory Board, the Vice Chairman, a member of the Management Board acting as Managing Director or by the secretary of the shareholders' meeting.

Ordinary and extraordinary shareholders' meetings voting pursuant to their respective quorum and majority requirements exercise the powers assigned to them by the law.

21.2.6 Statutory Provisions Likely to Have an Impact on the Control of the Company

None.

21.2.7 Shareholding Thresholds and Identification of Shareholders

21.2.7.1 Crossing of Thresholds (Article 7 of the Bylaws)

Any individual or entity, acting alone or in concert with others, who comes to own, directly or indirectly, 1% or more of the share capital or voting rights of the Company and thereafter increases or decreases its shareholding by an amount greater than or equal to 1% of the share capital or voting rights, including above the legal threshold, must notify the Company thereof and provide the information required by the AMF by registered mail with acknowledgment of receipt, within four trading days from the date on which any such threshold is met or crossed.

The sanctions provided for by law for failure to comply with reporting obligations when legal thresholds are crossed shall not apply to thresholds provided for in the Bylaws except by request, recorded in the minutes of the shareholders' meeting, of one or more shareholders holding at least 1% of the Company's capital or voting rights.

Subject to the above provisions, this statutory obligation is governed by the same provisions as those governing the legal obligation, including legal or regulatory provisions with respect to assimilation with previously owned shares.

The Company reserves the right to disclose to the public and to the shareholders either the information reported to it or any failure by the person in question to comply with the above obligation.

21.2.7.2 Identification of Shareholders (Article 7 of the Bylaws)

The Company has the right to apply applicable regulations to identify the holders of securities granting voting rights at shareholders' meetings, either immediately or in the future.

Holders who fail to comply with Tarkett's request for information within the time period provided for by applicable laws and regulations or who transmit incomplete or inaccurate information will not be permitted to exercise voting rights with respect to any such shares or other equity-linked securities and to receive dividends pertaining thereto (if any) until the date on which such holders comply with Tarkett's request for information.

21.2.8 Changes in Share Capital

To the extent that the Bylaws are silent, the share capital may be increased, decreased or redeemed by any means authorized by law.

21.2.9 Distribution of Profits (Article 28 of the Bylaws)

Each fiscal year's net income is determined in accordance with applicable legal and regulatory provisions.

Under French law, Tarkett is required to allocate 5% of its net income in each fiscal year, after reduction for losses carried forward from previous years, if any, to a legal reserve fund until the amount in that fund equals 1/10 of the nominal amount of its share capital.

Upon proposal by Tarkett's Management Board and in light of the report of the Supervisory Board, Tarkett's shareholders may decide to allocate all or part of distributable profits to special or general reserves, to carry them forward to the next fiscal year as retained earnings, or to allocate them to the shareholders as dividends.

Under Tarkett's Bylaws, the annual shareholders' meeting for approval of the annual financial statements may grant an option to the shareholders to receive all or part of their dividends or interim dividends in cash or shares, in accordance with French law. Moreover, it may decide that for all or part of the dividends or interim dividends, reserves or premiums to be distributed, or for any share decrease, this distribution or decrease will be made in kind in the form of securities or assets of the Company.

Each shareholder’s share of the Company’s profits and contribution to the Company’s losses is equal to the proportion of the share capital held.

22 - MAJOR CONTRACTS

22. MAJOR CONTRACTS

See Section 10.4, “Revolving Syndicated Multi-Currency Credit Facility” and Section 10.5, “New Term Loan”.

23
INFORMATION FROM THIRD PARTIES, EXPERT CERTIFICATIONS AND INTEREST DECLARATIONS

23. INFORMATION FROM THIRD PARTIES, EXPERT CERTIFICATIONS AND INTEREST DECLARATIONS

None.

24
PUBLICLY AVAILABLE DOCUMENTS

24. PUBLICLY AVAILABLE DOCUMENTS

Copies of this Registration Document are available at no charge at the Company's registered office. This document may also be consulted on the Company's website (www.tarkett.com).

During the period of validity of this Registration Document, the following French-language documents (or copies thereof) may be consulted:

- the Company's Bylaws;
- all reports, correspondence and other documents, historical financial information, evaluations and declarations prepared by an expert at the Company's request of which a portion is included or referred to in this Registration Document; and
- the historical financial information included in this Registration Document.

All of such legal and financial documents (in French and in English versions where available) relating to the Company and required to be made available to shareholders under applicable regulations may be consulted at the Company's registered office.

Regulated information (*information réglementée*) within the meaning of the AMF's General Regulation is available on the Company's website.

25
INFORMATION ON EQUITY INVESTMENTS

25. INFORMATION ON EQUITY INVESTMENTS

Information concerning entities in which the Company holds a fraction of the share capital likely to have a significant impact on the valuation of its assets and liabilities, financial condition or results of operations is included in Section 9.1.7, “Acquisitions” and Section 20.1, “Group Consolidated Financial Statements”.