Good operating results in H1 2017:
Organic growth at 3.0%
Adjusted EBITDA margin stable at 11.8%

Paris, July 26, 2017

Highlights

- **Net sales up 5.1% year-on-year at €1,364m, including organic growth of 3.0%(1)**
- **Good organic growth in the CIS, APAC & Latin America (+7.2%), Sports (+5.3%) and EMEA (+4.2%) segments**
- **Adjusted EBITDA(2) up 5.9% at €160m and EBITDA margin at 11.8% (versus 11.7% in H1 2016)**
- **Net profit(3) of -€98m, penalized by a €150m provision in relation to the proceedings in progress with the French Competition Authority**
- **Significant improvement in the net debt/adjusted EBITDA ratio: 1.3x versus 1.8x at end-June 2016**

(1) Organic growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix). See the definition of alternative performance indicators at the end of this press release.
(2) Adjusted EBITDA: adjustments include expenses relating to restructuring, acquisitions and certain other non-recurring items. See the definition of alternative performance indicators at the end of this press release.
(3) Net profit attributable to owners of the Company.

Net sales at constant scope of consolidation and exchange rates moved up **3.0%** in H1 2017. The CIS, APAC & Latin America segment delivered robust growth (+7.2%), led mainly by an increase in volumes and an improved mix in CIS countries. The Sports segment also put in a good H1 performance (+5.3%), while the EMEA segment posted a 4.2% rise in sales. Only North America segment (-1.6%) continued to suffer from a high year-on-year comparison basis. All segments helped drive the acceleration in organic growth in Q2 (up 3.2%) versus Q1 (+2.8%) with the exception of EMEA, hit by a negative calendar effect of around -4.0% in Q2.

Reported sales were up **5.1%** on H1 2016. Exchange rates accounted for a positive 2.0% impact, thanks to gains in the US dollar and Russian ruble against the euro that offset the fall in pound sterling. The acquisition of the assets of AlternaScapes, a Florida-based landscape turf distributor and installer, had a minor scope impact (+0.1%).

Adjusted EBITDA was **€160m** versus €151m in H1 2016, while the **adjusted EBITDA margin** came in at **11.8%** compared to 11.7% in the six months to June 30, 2016. The CIS, APAC & Latin America segment posted strong adjusted EBITDA growth, driven by a good performance in the CIS segment in terms of selling prices, volumes and productivity. Adjusted EBITDA for the Sports segment benefited from a US$ 12m one-off settlement payment in connection with a favorable ruling enforced against AstroTurf. In contrast, adjusted EBITDA for EMEA and for North America was down, owing mainly to the rise in raw material costs and the negative impact of certain currencies in the EMEA region. The rise in raw material prices had an adverse impact of €13m for the Group as a whole. Productivity gains represented €18m.

Net profit attributable to owners of the Company was -**€98m,** reflecting a €150m provision in relation to the proceedings in progress with the French Competition Authority. On July 25, 2017, the Group signed minutes of a settlement agreement with the investigation services. This settlement, along with the final amount of the fine, will be subject to a final decision by the "Collège" of the French Competition Authority.

Commenting on these results, **Michel Giannuzzi, CEO,** stated:

"After a solid start to the year, the increase in sales picked up pace in Q2. We were able to capitalize on the economic recovery in CIS countries, where growth gained traction and profitability improved sharply. High raw material prices weighed on our H1 results. We are confident that our markets will hold firm over the rest of the year."

Key figures

€ million	H1 2017	H1 2016	% Change
Net sales *o/w organic growth*[1]	1,364.0	1,298.1	+5.1% *+3.0%*
Adjusted EBITDA[2] *% net sales*	160.3 *11.8%*	151.4 *11.7%*	+5.9%
Net profit attributable to owners of the Company (unadjusted)	(97.9)	45.2	nm
Net cash flow from operations[3]	(21.5)	(55.3)	
Net debt/adjusted EBITDA[4]	1.3x	1.8x	

(1) Organic growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix). See the definition of alternative performance indicators at the end of this press release.
(2) Adjusted EBITDA: adjustments include expenses relating to restructuring, acquisitions and certain other non-recurring items. See the definition of alternative performance indicators at the end of this press release.
(3) Net cash flow from operations: cash generated from operations less ongoing capital expenditure (investments in property, plant and equipment and intangible assets, excluding the construction of new plants or distribution sites and acquisitions of companies or activities).
(4) Over the last twelve months.

Net sales by segment

€ million	H1 2017	H1 2016	% Change	o/w Organic growth[1]
EMEA	481.3	471.6	+2.1%	+4.2%
North America	412.7	411.1	+0.4%	-1.6%
CIS, APAC & Latin America	275.7	234.9	+17.4%	+7.2%
Sports	194.3	180.5	+7.6%	+5.3%
Total Group	**1,364.0**	**1,298.1**	**+5.1%**	**+3.0%**

Adjusted EBITDA[2] by segment

€ million	H1 2017	H1 2016	*H1 2017 Margin (% net sales)*	*H1 2016 Margin (% net sales)*
EMEA	68.5	74.8	*14.2%*	*15.9%*
North America	51.7	59.3	*12.5%*	*14.4%*
CIS, APAC & Latin America	40.2	24.8	*14.6%*	*10.6%*
Sports	23.0	18.2	*11.8%*	*10.1%*
Central costs not allocated	(23.1)	(25.7)	-	-
Total Group	**160.3**	**151.4**	***11.8%***	***11.7%***

(1) Organic growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix). See the definition of alternative performance indicators at the end of this press release.
(2) Adjusted EBITDA: adjustments include expenses relating to restructuring, acquisitions and certain other non-recurring items. See the definition of alternative performance indicators at the end of this press release.

Comments by reporting segment

Europe, Middle East, Africa (EMEA)

Net sales at constant scope of consolidation and exchange rates rose **4.2%** in H1 2017, including a rise of **1.5%** in the second quarter despite a negative calendar impact (around -4.0% in Q2). Nordic countries and Southern Europe (Italy, Spain and Portugal) put in a particularly dynamic first-half performance. France continued to recover and the UK advanced. Germany and the Netherlands also delivered growth in H1. The Middle East remained down in H1 2017 despite improving in the second quarter.

Luxury vinyl tiles (LVT) continued to report upbeat trading in the residential and commercial sectors.

Sales advanced **2.1% on a reported basis**, hit by unfavorable exchange rate fluctuations (mainly pound sterling).

The **adjusted EBITDA margin** was **14.2%** compared to 15.9% in H1 2016, penalized by rising raw material costs and the negative impact of the region's major currencies.

North America

In North America, H1 2017 **sales** were down **1.6%** on H1 2016 **at constant scope of consolidation and exchange rates**. Sales were penalized by a strong performance in the comparative H1 2016 period, which had been boosted by one-off items and especially large-scale commercial carpet projects and the impact of stock-building by a new customer in the resilient flooring segment. The commercial carpet business continued to show certain weakness in the office and healthcare sectors.

Luxury vinyl tiles (LVT) also kept delivering robust growth in North America and remain an important growth driver for Tarkett.

Reported sales edged up **0.4%** on the back of gains in the US dollar against the euro.

The **adjusted EBITDA margin** retreated **12.5%** from 14.4% in H1 2016, affected by higher raw material prices and a slight drop in sales volumes. The selling price increases announced in Q2 2017 will have a gradual impact as from the second part of the year.

CIS, APAC & Latin America

Organic sales growth in H1 2017 was **7.2%** (excluding selling price increases in the CIS region). In CIS countries, this vigorous growth was powered by an increase in volumes in Q2 along with an improved product mix over the first half.
Sales in the Asia-Pacific region improved over the first six months of the year, buoyed by good momentum in South-East Asia. Latin America saw a drop in sales in a challenging economic climate, despite slight growth in Q2.

On a **reported basis,** sales surged **17.4%**, lifted by gains in the Russian ruble and the Brazilian real over the period.

In Russia, Tarkett continued in the second quarter with its strategy of adapting selling prices to movements in exchange rates. After a series of promotions begun in December 2016, vinyl selling prices were reduced in Q2 by 5% to 15%, depending on the product (reduction compared to November 2016 pre-promotional prices).

The **adjusted EBITDA margin** rose 400 basis points to **14.6%** from 10.6% in H1 2016. The revaluation of the ruble and of certain currencies in the CIS region – partly offset by lower selling prices – had a positive €7.5m impact on adjusted EBITDA. Cost-cutting measures in the region over the past few years as well as an upturn in volumes and a better product mix also contributed to this strong margin growth.
The Asia-Pacific region delivered better profitability on the back of an increase in volumes while Latin America was slightly impacted by lower sales in the region.

Sports

Sports posted good **5.3% organic growth** in H1 2017, led by an increase in turnkey projects, which include billings for civil engineering work. Tarkett won several high-profile projects in Q2 2017, including the projects for FC Barcelona's Camp Nou stadium and Liverpool FC's stadium in hybrid turf (GrassMaster®).

Reported sales were up **7.6%**, buoyed by gains in the US dollar against the euro.

The **adjusted EBITDA margin**, at **11.8%** versus 10.1% in H1 2016, benefited from the US$ 12m settlement in connection with the favorable ruling enforced against AstroTurf following a patent infringement claim. The large proportion of turnkey projects – the civil engineering part of which generates a lower margin – and higher raw material prices weighed on profitability.

Net profit attributable to owners of the Company

Central costs not allocated to the segments decreased to €23.1m from €25.7m in H1 2016.

Tarkett decided to **accrue a €150m provision** in its financial statements at June 30, 2017 in relation to the proceedings in progress with the French Competition Authority. This procedure follows an inquiry initiated in March 2013 towards several resilient flooring manufacturers on the French market and relates to former practices that began back in 1990. On July 25, 2017, the Group signed minutes of a settlement agreement with the investigation services. This settlement, along with the final amount of the fine, will be subject to a final decision by the "Collège" of the French Competition Authority. This non-recurring provision is treated as an adjustment to EBITDA and to EBIT.

Consequently, **adjustments to EBIT** represented -€164.2m in H1 2017 compared to -€11.3m in H1 2016.

Financial income and expenses amounted to -€12.2m from -€11.3m in H1 2016. Lower interest payments on borrowings were offset by a rise in forex losses. The effective tax rate excluding the €150m provision (not tax deductible) is 30.9% compared to 36.6% in H1 2016.

A robust financial structure

Net cash flow from operations improved to -€21.5m versus -€55.3m in H1 2016, albeit negative due to seasonal factors. Working capital decreased (€131m versus €157m in H1 2016) despite a rise in trading. Recurring capital expenditure represented €45m as in H1 2016, or 3.3% of net sales.

Net debt is down by €137m on June 30, 2016 at €431m, leading to an improvement in the leverage ratio, with net debt representing 1.3 times adjusted EBITDA over the 12 months to June 30, 2017 (1.8 times adjusted EBITDA over the 12 months to June 30, 2016).

Outlook

Positive market trends in the EMEA region and in the Sports segment should continue throughout the rest of the year.

In the CIS region, the good H1 performances represent a strong start to the year and the economy is expected to continue recovering.

North America should be growing again in the second half.

We estimate the negative impact of higher raw material costs on adjusted EBITDA at between €25m and €35m for the full year (compared to previous estimates of between €10m and €20m based on early-2017 prices).

Tarkett confirms the financial targets of the 2020 strategic plan, and given its very strong balance sheet, continues to look for acquisitions that create value for its customers and its shareholders.

The audited consolidated financial statements for the first half of 2017 are available on Tarkett's website. The analysts' conference will be held on Thursday July 27, 2017 at 11:00 am CET and an audio webcast service (live and replay) along with the results presentation will be available on www.tarkett.com.

Financial calendar - *Publications will be released after close of trading on the Paris market*

- October 24, 2017: Q3 Financial Results - *press release after close of trading on the Paris market and conference call the following morning*

About Tarkett

With net sales of more than €2.7bn in 2016, Tarkett is a worldwide leader of innovative flooring and sports surface solutions. Offering a wide range of products including vinyl, linoleum, rubber, carpet, wood and laminate flooring, artificial turf and athletics tracks, the Group serves customers in over 100 countries across the globe. With 12,500 employees and 34 industrial sites, Tarkett sells 1.3 million square meters of flooring every day, for hospitals, schools, housing, hotels, offices, stores and sports fields. Committed to sustainable development, the Group has implemented an eco-innovation strategy and promotes a circular economy. Tarkett is listed on Euronext Paris (compartment A, ISIN: FR0004188670, ticker TKTT) as well as on the SBF 120 and CAC Mid 60 indexes. www.tarkett.com. www.tarkett.com

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Disclaimer

Tarkett's Supervisory Board of July 26, 2017 reviewed the Group's consolidated financial statements as of June 30, 2017. The limited review has been completed and the auditors' report on the financial statements has been issued.

This press release may contain estimates and/or forward-looking statements. These do not represent forecasts of Tarkett's results or other performance indicators, but rather trends or targets as appropriate. These statements are inherently subject to risks and uncertainties, most of which are outside Tarkett's control, including but not limited to the risks described in Tarkett's registration document, the French version of which was filed on March 21, 2017 and is available on www.tarkett.com. These risks and uncertainties include those discussed or identified in the "Risk factors" section of its registration document filed with the AMF. These statements do not constitute guarantees as to Tarkett's future performance, which may differ materially from these forward-looking statements. Tarkett disclaims any intention or obligation to update these forward-looking statements in light of events or circumstances that may arise subsequent to the date of publication of this press release.

Appendices

Quarterly net sales by segment

€ million	Q1 2017	Q1 2016	% Change	o/w Organic growth[1]
EMEA	243.4	232.4	+4.7%	+7.0%
North America	190.3	187.2	+1.6%	-2.1%
CIS, APAC & Latin America	121.3	103.5	+17.2%	+2.0%
Sports	56.7	53.2	+6.6%	+3.6%
Total	**611.7**	**576.3**	**+6.1%**	**+2.8%**

€ million	Q2 2017	Q2 2016	% Change	o/w Organic growth[1]
EMEA	237.9	239.3	-0.5%	+1.5%
North America	222.4	223.9	-0.7%	-1.3%
CIS, APAC & Latin America	154.4	131.4	+17.4%	+11.3%
Sports	137.6	127.3	+8.0%	+5.9%
Total	**752.3**	**721.8**	**+4.2%**	**+3.2%**

Quarterly Group adjusted EBITDA[2]

€ million	2017	2016	*2017 Margin (% net sales)*	*2016 Margin (% net sales)*
Q1	51.5	45.0	*8.4%*	*7.8%*
Q2	108.8	106.5	*14.5%*	*14.8%*

Half-year net sales by segment

€ million	H1 2017	H1 2016	% Change	o/w Organic growth[1]
EMEA	481.3	471.6	+2.1%	+4.2%
North America	412.7	411.1	+0.4%	-1.6%
CIS, APAC & Latin America	275.7	234.9	+17.4%	+7.2%
Sports	194.3	180.5	+7.6%	+5.3%
Total	**1,364.0**	**1,298.1**	**+5.1%**	**+3.0%**

Half-year adjusted EBITDA[2] by segment

€ million	H1 2017	H1 2016	*H1 2017 Margin (% net sales)*	*H1 2016 Margin (% net sales)*
EMEA	68.5	74.8	*14.2%*	*15.9%*
North America	51.7	59.3	*12.5%*	*14.4%*
CIS, APAC & Latin America	40.2	24.8	*14.6%*	*10.6%*
Sports	23.0	18.2	*11.8%*	*10.1%*
Central costs not allocated	(23.1)	(25.7)	-	-
Total	**160.3**	**151.4**	***11.8%***	***11.7%***

(1) Organic growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix). See the definition of alternative performance indicators at the end of this press release.
(2) Adjusted EBITDA: adjustments include expenses relating to restructuring, acquisitions and certain other non-recurring items. See the definition of alternative performance indicators at the end of this press release.

Simplified consolidated income statement

€ million	H1 2017	H1 2016
Net sales	**1,364.0**	**1,298.1**
Adjusted EBITDA[1] *% net sales*	**160.3** *11.8%*	**151.4** *11.7%*
Depreciation and amortization Adjustments to EBIT	(59.8) (164.2)	(59.6) (11.3)
Result from operations (EBIT) *% net sales*	**(63.7)** *nm*	**80.5** *6.2%*
Financial income and expenses	(12.2)	(11.3)
Profit before income tax Income tax *Effective tax rate[2]*	(74.6) (22.9) *30.9%*	70.9 (25.3) *36.6%*
Net profit attributable to owners of the Company	**(97.9)**	**45.2**
Basic earnings per share	(€1.55)	€0.71

(1) Adjusted EBITDA: adjustments include expenses relating to restructuring, acquisitions and certain other non-recurring items. See the definition of alternative performance indicators at the end of this press release.
(2) Excluding the €150m provision (not tax deductible) in H1 2017.

Definition of alternative performance indicators

(not defined by IFRS)

The Tarkett Group uses the following non-IFRS financial indicators:

- Organic growth
- Adjusted EBITDA
- Net cash flow from operations

These indicators are calculated as described below.

- **Organic growth:**
  - Organic growth measures the change in net sales as compared with the same period in the previous year, at constant scope of consolidation and exchange rates.
  - The exchange rate effect is calculated by applying the previous year's exchange rates to sales for the current year and calculating the difference as compared with sales for the current year. It also includes the impact of price adjustments in CIS countries intended to offset movements in local currencies against the euro.
  - The scope effect reflects:
    - current-year sales for entities not included in the scope of consolidation in the same period in the previous year, up to the anniversary date of their consolidation;
    - the reduction in sales relating to discontinued operations that are not included in the scope of consolidation for the current year but were included in sales for the same period in the previous year, up to the anniversary date of their disposal.

Year-on-year net sales trends can be analyzed as follows:

€ million	2017	2016	% Change	*o/w Exchange rate effect*	*o/w Scope effect*	*o/w Organic growth*
Total Group – Q1	611.7	576.3	+6.1%	*+3.3%*	*0.0%*	*+2.8%*
Total Group – Q2	752.2	721.8	+4.2%	*+0.9%*	*+0.1%*	*+3.2%*
Total Group – H1	1,364.0	1,298.1	+5.1%	*+2.0%*	*+0.1%*	*+3.0%*

- **Adjusted EBITDA**:
  - Adjusted EBITDA is calculated by deducting the following income and expenses from result from operations before depreciation and amortization:
    - restructuring costs intended to increase the Group's future profitability;
    - capital gains and losses recognized on significant asset disposals;
    - provisions and provision reversals for loss in value;
    - costs arising on corporate and legal restructuring;
    - share-based payment expenses;
    - other one-off items considered non-recurring owing to their nature.
  - Note 3.1 to the consolidated financial statements includes a table reconciling result from operations (EBIT) to adjusted EBITDA, along with the allocation of the adjustments by type.

- **Net cash flow from operations**:
  - Cash generated from operations less ongoing capital expenditure.
  - Ongoing capital expenditure is defined as investments in property, plant and equipment and intangible assets, excluding the construction of new plants or distribution sites and acquisitions of companies or activities.

Net cash flow from operations for the year can be broken down as follows:

€ million	H1 2017	H1 2016
Cash generated from operations	23.4	(10.7)
Acquisitions of property, plant and equipment and intangible assets	(45.5)	(43.9)
Restatement of non-recurring capital expenditure	0.6	(0.7)
Net cash flow from operations	**(21.5)**	**(55.3)**