PRESS RELEASE

H1 2015 Results
+15% sales growth
Reduced weight of the CIS countries in the Group profile

Paris, July 29th, 2015

Highlights

- **Net sales of €1,274m, +15.0% vs. H1 2014 boosted by acquisitions (+9.6%) and exchange rates (+5.8%)**
- **Stable like-for-like[1] sales thanks to very positive performance in Sports and EMEA offsetting the slowdown in Russia and Ukraine**
- **Adjusted EBITDA[2] of €128m vs. €125m in H1 2014[3] and adjusted EBITDA margin of 10.1%**
- **Net profit attributable to owners of the Company of €30m vs. €28m in H1 2014[3]**
- **€650m refinancing, extending the Group's debt maturity and reducing its cost**
- **Sale of property in Houston for $40m that will be recorded in H2 2015**

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. **Organic growth in the CIS therefore reflects volume and mix variances only).**
(2) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.
(3) Figures restated to reflect the impact of IFRIC 21, leading to a change in the recognition date for certain tax liabilities and of IAS 12.41.

Net Sales reached **€1,274m** in the first half of 2015, up +15.0% vs. H1 2014.

The change in **perimeter** had a **+9.6%** positive impact reflecting the acquisitions of Desso (mainly), Gamrat Flooring, Renner Sport Surfaces and limited assets of California Track and Engineering. The **exchange rates** contributed positively for **+5.8%** thanks chiefly to the significant depreciation of the euro against the US dollar.

On an **organic** basis, net sales were virtually unchanged (**-0.4%**). EMEA posted another good performance in the second quarter resulting in a 5.7% organic growth over the first half of 2015. In North America, the operational disruptions linked to the transfer of the VCT production line from Texas to Alabama weighed on volumes over the first half and net sales decreased by -2.8% organically. In Russia, due to the difficult economic environment, volumes erosion was accentuated in the second quarter while the sales mix was still on the negative, leading to a -13.1% drop in sales for the segment CIS, APAC & LATAM. In a healthy market, the Sports segment showed upward trends, reporting a +30.5% organic growth over the semester.

The **adjusted EBITDA** amounted to €128m vs. €125m in H1 2014 (restated to reflect the impact of IFRIC 21 of -€1.0m): the strong improvement in EMEA, the contribution of Desso (already accretive) and the performance of the Sports segment offset the contraction in Russia and Ukraine.

Commenting on the financial results, **Michel Giannuzzi, CEO of Tarkett**, declared:

"The second quarter confirmed the strong momentum seen in the first quarter in Europe and in the Sports segment, which offset the slowdown in Russia and in Ukraine. In North America, the industrial disruptions still dented the segment performance but will fade away in the second half of 2015. Moreover we are very pleased with Desso's smooth integration and financial performance. Combined with the growth in EMEA and Sports, this strategic acquisition reduces the weight of the CIS countries in Tarkett activities."

Key figures

€ million	H1 2015	H1 2014[4]
Net Sales	1,273.9	1,107.6
% change	*+15.0%*	
Of which organic growth[1]	*-0.4%*	
Adjusted EBITDA[2]	128.1	124.7
% Net Sales	*10.1%*	*11.3%*
Net profit attributable to owners of the Company (non-adjusted)	30.4	28.4
% Net Sales	*2.4%*	*2.6%*
Net cash-flow from operations[3]	(31.7)	(26.5)
Net debt/LTM Adjusted EBITDA pro-forma Desso[2]	2.3x	1.8x

Net sales and adjusted EBITDA[2] by segment

€ million	H1 2015	H1 2014[4]	% change	o/w organic[1]
EMEA				
Net Sales	462.6	347.0	*+33.3%*	*+5.7%*
Adjusted EBITDA[2]	70.1	40.8		
% Net Sales	*15.1%*	*11.8%*		
North America				
Net Sales	373.6	318.8	*+17.2%*	*-2.8%*
Adjusted EBITDA[2]	33.6	33.8		
% Net Sales	*9.0%*	*10.6%*		
CIS, APAC & LATAM				
Net Sales	277.7	345.0	*-19.5%*	*-13.1%*
Adjusted EBITDA[2]	37.0	61.8		
% Net Sales	*13.3%*	*17.9%*		
Sports				
Net Sales	160.0	96.9	*+65.1%*	*+30.5%*
Adjusted EBITDA[2]	9.9	6.5		
% Net Sales	*6.2%*	*6.7%*		
Central costs not allocated				
Impact on Adjusted EBITDA[2]	(22.6)	(18.2)		

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. **Organic growth in the CIS therefore reflects volume and mix variances only**).
(2) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.
(3) Net cash flow from operations: defined as cash generated from operations less on-going capital expenditure.
(4) Figures restated to reflect the impact of IFRIC 21, leading to a change in the recognition date for certain tax liabilities and of IAS 12.41.

Comments by segment

Europe, Middle East, Africa (EMEA)

In **EMEA**, **net sales** climbed 5.7% on a like-for-like basis in the first half of 2015, of which 6.1% in the second quarter, powered by a further strengthening of the Luxury Vinyl Tiles (LVT) category. The Nordic countries, Germany and Central Europe pursued their ongoing positive momentum. Southern Europe continued to show strength, delivering again a robust growth in the first half of 2015. France remained weak in the second quarter on the back of the depressed construction activity. Desso delivered a good performance during the first half, fuelling the solid trends of the segment.

The increase in volumes, the restructuring of the wood business, the acquisitions as well as the erosion of some raw material prices all boosted **EMEA adjusted EBITDA margin**, which reached 15.1% in H1 2015 from 11.8% in H1 2014.

North America

In **North America**, **net sales** contracted by -2.8% organically over the first half of 2015 and by -2.2% in the second quarter. The industrial disruptions that occurred following the transfer of the VCT production line from Texas to Alabama explain around 80% of the volume decline of the segment. Thanks to the actions implemented in the past few months, the plant is now able to manufacture the desired volumes. Glen Morrison, newly appointed as division President, will focus notably on regaining market shares and improving the overall industrial performance.

The **adjusted EBITDA margin** slipped from 10.6% to 9.0% in the first half of 2015, affected by ramp-up costs and industrial variances generated by the industrial disturbances mentioned above. Those additional costs should disappear during the second half of the year.

CIS, APAC & LATAM

In **CIS, APAC & LATAM, net sales** were down -13.1% organically, strictly reflecting volume and mix.
After a first quarter positively impacted by some restocking in the distribution chain, the further decrease in volumes in the second quarter reflected the deterioration in purchasing power in Russia, consumers being penalized by the degradation of real wages. Moreover the unfavorable mix, with a shift towards entry-level products continued to weigh on sales in the same order of magnitude as in the first quarter. The situation in Ukraine remains very challenging, net sales dropped by 50% in the first half of 2015.
Asia Pacific posted a good growth, with a healthy dynamic in China and Australia. In Latin America, the very tough market conditions in Brazil hid the good performance in other countries.

The **adjusted EBITDA margin** in the CIS, APAC & LATAM segment dropped from 17.9% to 13.3% in the first half of 2015, suffering from the decline in volumes and the mix deterioration in Russia. Thanks to the price increases that Tarkett applied in the beginning of the year (by 15% to 20% depending on the products) to cope with the ruble decline at the end of 2014, the 'lag effect' of currencies on adjusted EBITDA (net impact of currency devaluation mitigated by price increases) was limited to -€7m over the first half.
Selling prices were adjusted downwards in June 2015 by 10% to 15% depending on the products, to adjust to the strengthening of the ruble in the second quarter.

Sports

Sports activities remained bullish in the second quarter, delivering a 24.2% **organic growth** and 30.5% over the first half. All business units contributed to this growth, artificial turf in North America substantially driving the momentum.

Although H1 2014 had been boosted by the resolution of some litigations, the **adjusted EBITDA** improved from €6.5m in H1 2014 to €9.9m in H1 2015, thanks to better volumes, efficient cost management, favorable exchange rates and the addition of **Desso Sports**.

In May 2015, Beynon Sports Surfaces, a Tarkett Sports company focused on high performance running tracks and indoor gymnasiums, announced the acquisition of limited assets of California Track and Engineering, a professional track builder in the United States which saw US$7m of sales in 2014.

Central Costs

Central costs not allocated to the segments increased to €22.6m (vs. €18.2m), owing mostly to favorable one-offs in H1 2014.

Net Profit attributable to owners of the Company (non-adjusted)

The **adjustments to EBIT** remained stable at €9.2m in H1 2015 vs. €9.7m in H1 2014. The sale of the Houston property for $40m announced on July 23rd 2015, will generate a positive EBIT impact of circa $29m in H2 2015. This will be recorded in the adjustments to EBIT.
The income tax charge decreased from -€22.9m in H1 2014 to -€17.5m in H1 2015, mainly due to the application of the IAS 12.41 rule with an impact of -€1.5m in H1 2014 and +€2.1m in H1 2015 on the income tax. The **net profit attributable to owners of the Company** improved from €28.4m in H1 2014 to €30.4m in H1 2015.

A robust balance sheet structure

Net cash-flow from operations amounted to -€31.7m, compared to -€26.5m in the first half of 2014. As usual in the first half of the year, the working capital increased (+€111m in H1 2015 vs. +€108m in H1 2014) in accordance with the seasonality of the activity, particularly in Sports and in the CIS countries. On-going capital expenditures were higher than last year at €42m versus €33m in H1 2014, due to capacity investments in LVT, in commercial vinyl in China as well as in new tufting machines at Tandus to develop state-of-the-art design capabilities.

Net debt reached €671m, i.e. 2.3x last twelve month adjusted EBITDA, pro-forma for Desso. The increase in the net debt compared to last year is linked to the several recently made acquisitions, especially Desso at the end of 2014. Tarkett concluded in June 2015 the early refinancing of its €450m revolving credit facility (RCF) expiring in June 2016, as well as of the €60m and $24m term loan expiring in May 2016. The new 5-year €650m RCF, arranged by a pool of sixteen banks, extends the maturity of the debt of the Group and reduces its cost.

Outlook

In Russia, Tarkett will continue to be highly reactive to adapt its selling prices, product offering and cost structure to the market conditions. In North America, the industrial disruptions which explained around 80% of the decline in segment volumes in H1 2015 and weighted on its profitability, should disappear during the second half of 2015. In EMEA and Sports, demand should remain well oriented and will contribute to maintain a reduced weight of the CIS countries in the Group profile. A weaker euro should also have a positive impact.

The reviewed consolidated financial statements for H1 2015, the H1 2015 financial report and the presentation of H1 2015 results are available on Tarkett's website. The related analysts' conference will be held on Thursday 30th of July 2015 at 11:00 am CET and an audio webcast service (live and replay) will also be available at www.tarkett.com.

Financial Calendar - *Publications to be released after market closing*

- October 21, 2015: Third quarter Financial Results

About Tarkett

Tarkett is a global leader in innovative and sustainable solutions for flooring and sports surfaces. Offering a wide range of products including vinyl, linoleum, carpet, rubber, wood & laminate, synthetic turf and athletic tracks, the Group serves customers in more than 100 countries worldwide. With 12,000 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 circular economy. Tarkett's net sales of 2.4 billion euros in 2014 are balanced between Europe, North America and the region comprising CIS countries, APAC & LATAM. Tarkett is listed on Euronext Paris (compartment A, ticker TKTT, ISIN: FR0004188670). www.tarkett.com.

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Disclaimer

The Supervisory Board of Tarkett held on July 29, 2015, reviewed the consolidated financial statements of the Group as of June 30, 2015. Limited review has been carried out and auditors' report on financial statements is being issued.

This press release may contain estimates and/or forward-looking statements. Such statements do not constitute forecasts regarding Tarkett's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties, many of which are outside Tarkett's control, including, but not limited to the risks described in Tarkett's 'document de référence', filed on April 2nd, 2015, available on its Internet website (www.tarkett.com). These risks and uncertainties include those discussed or identified under 'Facteurs de Risques' in the 'document de référence'. These statements do not warrant future performance of Tarkett, which may materially differ. Tarkett does not undertake to provide updates of these statements to reflect events that occur or circumstances that arise after the publication of the press release.

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Appendices

Quarterly Net Sales by segment and Adjusted EBITDA

€ million	Q1 2015	Q1 2014[3]	% Variation	o/w organic[1]
EMEA	226.5	169.4	+33.7%	+5.2%
North America	162.8	140.8	+15.6%	-3.4%
CIS, APAC & LATAM	126.4	157.9	-19.9%	-10.9%
Sports	45.5	24.8	+83.3%	+48.7%
Net Sales	**561.2**	**492.9**	**+13.9%**	**-0.2%**

€ million	Q1 2015	Q1 2014[3]	% Net Sales Q1 15	% Net Sales Q1 14
Adjusted EBITDA[2]	**31.8**	**34.2**	**5.7%**	**6.9%**

€ million	Q2 2015	Q2 2014[3]	% Variation	o/w organic[1]
EMEA	236.0	177.6	+32.9%	+6.1%
North America	210.8	178.0	+18.4%	-2.2%
CIS, APAC & LATAM	151.3	187.1	-19.1%	-14.9%
Sports	114.5	72.1	+58.8%	+24.2%
Net Sales	**712.7**	**614.8**	**+15.9%**	**-0.6%**

€ million	Q2 2015	Q2 2014	% Net Sales Q2 15	% Net Sales Q2 14
Adjusted EBITDA[2]	**96.2**	**90.5**	**13.5%**	**14.7%**

Net Sales by segment – Half-year

€ million	H1 2015	H1 2014[3]	% Variation	o/w organic[1]
EMEA	462.6	347.0	+33.3%	+5.7%
North America	373.6	318.8	+17.2%	-2.8%
CIS, APAC & LATAM	277.7	345.0	-19.5%	-13.1%
Sports	160.0	96.9	+65.1%	+30.5%
Net Sales	**1,273.9**	**1,107.6**	**+15.0%**	**-0.4%**

Adjusted EBITDA[2] by segment – Half-year

€ million	H1 2015	H1 2014[3]	*H1 2015 Margin (% net sales)*	*H1 2014 Margin (% net sales)*
EMEA	70.1	40.8	*15.1%*	*11.8%*
North America	33.6	33.8	*9.0%*	*10.6%*
CIS, APAC & LATAM	37.0	61.8	*13.3%*	*17.9%*
Sports	9.9	6.5	*6.2%*	*6.7%*
Central costs not allocated	(22.6)	(18.2)	-	-
Adjusted EBITDA[2]	**128.1**	**124.7**	***10.1%***	***11.3%***

(1) Organic growth: At same perimeter and exchange rates (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. **Organic growth in the CIS therefore reflects volume and mix variances only**).
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