PRESS RELEASE

H1 2014 RESULTS

Tarkett demonstrates the solidity of its business model: Highly resilient margins despite a challenging environment in the CIS countries

Nanterre, July 31st, 2014

Highlights

- **Net Sales: €1,107.6m, -5.4% vs. H1 2013 of which -1.4% organic growth(1)**
- **Stable Adjusted EBITDA(2) margin at 11.4% of sales (€125.7m vs. €133.2m in H1 2013)**
- **Net profit attributable to the owners (non adjusted): €30.8m**
- **Net debt / Adjusted EBITDA(2) = 1.8x, stable compared to end of June 2013**
- **Continued expansion strategy through the acquisition of Gamrat Flooring (Poland) and of industrial assets in China**

(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.

Net Sales reached €1,107.6m in the first half of 2014, a slight contraction by -1.4% organically vs. H1 2013 and by -5.4% in reported figures.

All segments posted organic growth, with the exception of CIS & Others which was hit by the Ukraine crisis and the slowdown of the Russian economy.

On a reported basis, sales contracted by -5.4% due to the negative -4.2% currency impact, mainly reflecting the fall against the euro of the key CIS currencies and of the US dollar. The consolidation of Gamrat Flooring effective on May 1st, had a slightly positive impact (+0.3%).

Despite a challenging environment and adverse currency effects, the Group achieved a **stable adjusted EBITDA margin of 11.4%** (€125.7m compared to €133.2m in H1 2013). This performance was made possible by the quick measures taken in the CIS region in reaction to the Ukraine crisis, as well as by good results in other segments.

The Group pursued its strategy of **external growth** through the acquisition of **Gamrat Flooring** in Poland which strengthens its market position and manufacturing capacities on high performance vinyl flooring for professional applications in Central Europe. Tarkett also increased its manufacturing and logistic footprint in **China** with the acquisition of **industrial assets** for vinyl flooring production, near Beijing, reinforcing its selective profitable growth strategy in this country.

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

"*In a very challenging environment in the CIS countries, Tarkett demonstrated the resilience of its business model and its ability to maintain a solid level of profitability by reacting swiftly to the tough market conditions. The Group continues to implement its strategy of expansion in profitable segments with the Gamrat Flooring acquisition in Poland and the strengthening of its industrial footprint in China. We remain confident that Tarkett will pursue its dynamics of sustainable and profitable growth thanks to its balanced geographic and end-market exposure, its focus on operational efficiency, its commitment to innovation and its strategy of selective acquisitions.*"

Key figures

€ million	H1 2014	H1 2013
Net Sales *% change* *Of which Organic growth(1)*	1,107.6 *-5.4%* *-1.4%*	1,170.3
Adjusted EBITDA(2) *% Net Sales*	125.7 *11.4%*	133.2 *11.4%*
Net profit attributable to the owners (non adjusted) *% Net Sales*	30.8 *2.8%*	36.7 *3.1%*
Net cash-flow from operations(3)	(26.5)	(19.4)
Net debt / Adjusted EBITDA (last twelve months)(2)	1.8x	1.8x
Earnings per share (diluted)	€ 0.48	€ 0.59

(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.

Net Sales by segment for the first half

€ million	H1 2014	H1 2013	% Variation	o/w organic(1)
Europe, Middle East, Africa (EMEA)	347.0	342.0	+1.5%	+2.2%
North America	318.8	334.3	-4.6%	+0.3%
CIS & Others	345.0	399.4	-13.6%	-7.6%
Sports	96.9	94.7	+2.3%	+6.0%
Consolidated	**1,107.6**	**1,170.3**	**-5.4%**	**-1.4%**

(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).

In **EMEA,** net sales grew +2.2% fueled by a positive performance in Central Europe and in Scandinavia, combined with the continuing recovery in Southern Europe. France is still suffering from a weak economic environment.

In **North America,** Tarkett experienced a moderate increase in sales. While commercial activities remained on a positive trend, residential sales were soft in a context where the Group is implementing a more selective strategy in certain distribution channels. Tandus integration has reached another step in combining Centiva's sales forces (high-end commercial tiles) with Tandus'.

The **CIS & Others** segment reported a -7.6% organic drop in sales. Volumes were mainly impacted by the slowdown of the Russian economy while sales in Ukraine were hit, as the business on the Eastern side of the country has been particularly disrupted in the second quarter. Price increases successfully implemented throughout the half-year limited the 'lag effect' of currencies to -€17m (net impact of currency devaluations mitigated by price increases). In Latin America, sales remained upbeat, following the success of our high-end vinyl tiles (LVT) range now partially produced locally following the addition of a new production line in our Brazilian facility. The activity was vigorous in China and flat in Australia.

In the **Sports** segment sales climbed 6.0% organically. Most business lines and regions contributed to this continued recovery.

Adjusted EBITDA[1] by segment for the first half

€ million	H1 2014	H1 2013	H1 14 Margin (% Net Sales)	H1 13 Margin (% Net Sales)
EMEA	41.3	38.5	11.9%	11.3%
North America	34.1	36.6	10.7%	11.0%
CIS & Others	61.8	76.4	17.9%	19.1%
Sports	6.7	(0.9)	6.9%	-0.9%
Central costs not allocated	(18.1)	(17.4)	-	-
Consolidated	**125.7**	**133.2**	**11.4%**	**11.4%**

(1) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.

EMEA margins held firm at 11.9% of sales versus 11.3% in the first half of 2013, driven by the organic growth and by continuing improvements in operational efficiencies along the entire value chain.

In **North America**, the slight erosion in adjusted EBITDA margin from 11.0% to 10.7% was mainly due to marketing investments, in particular samples and displays, related to the launch of new product collections.

In the **CIS & Others** segment, adjusted EBITDA margin came out at a solid 17.9% versus 19.1% in the first half of 2013, confirming Tarkett's ability to react swiftly to a challenging environment. The Group has quickly and successfully implemented price increases in each country. In Ukraine and Kazakhstan price lists were modified effective mid-February. In Russia, prices were increased by 5% effective from April 1st, having consequently a full effect in the second quarter. Therefore the 'lag effect' of currencies on the EBITDA (net impact of currency devaluations mitigated by price increases) was limited to -€7.4m, essentially in the first quarter.

The **Sports** segment posted a strong increase of its adjusted EBITDA, bolstered by the resolution of some litigations as well as by the confirmed on-going recovery of the activity.

The slight increase **of central costs not allocated** to the segments has been strictly contained.

Net Profit attributable to the owners (non adjusted)

Net profit attributable to the owners (non adjusted) reached €30.8m (€36.7m in H1 2013), in line with the EBIT evolution and on the back of slightly increasing financial charges (+€0.9m) and a moderate increase of the effective tax rate.

A strong balance sheet

Net cash-flow from operations amounted to -€26.5m, compared to -€19.4m in the first half of 2013. As usual in the first half of the year, the **working capital** increased (+€109m in H1 2014 vs. +€98m in H1 2013) in accordance with the seasonality of the activity, particularly in Sports and in the CIS countries. **On-going capital expenditures** have been slightly lower than expected at 3.0% of sales, due to timing effects between H1 and H2 2014. **Net debt** reached €531m, i.e. 1.8x last twelve month adjusted EBITDA, stable compared to end of June 2013.

Outlook

We remain cautious for the rest of the year, given the uncertainty of the economic environment, especially in the CIS countries where we will continue to actively adapt to market conditions. On the mid-term, the Group confirms its objectives to outperform aggregate GDP growth in the regions where it operates and to maintain its adjusted EBITDA margin in excess of 12% as well as its goal to generate additional sales of €300m through external growth by 2016.

Audited consolidated financial statements for H1 2014 and the presentation of H1 2014 results are available on Tarkett's website. The related analysts' conference will be held on Thursday 31st of July 2014 at 11:00 am CET and an audio webcast service (live and replay) will also be available at www.tarkett.com.

Financial Calendar

- October 20, 2014: Third Quarter Financial Results

About Tarkett

Tarkett is a global leader in innovative and sustainable solutions for flooring and sports surfaces. With 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 11,000 employees and 32 production 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 net sales of 2.5 billion euros in 2013 are balanced between Europe, North America and new economies. Tarkett is listed on Euronext Paris (compartment A, ticker TKTT, ISIN: FR0004188670) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small, CAC All-Tradable www.tarkett.com.

Investor Relations Contact

Tarkett - Jacques Bénétreau - jacques.benetreau@tarkett.com

Tarkett - Alexandra Baubigeat Boucheron - alexandra.baubigeatboucheron@tarkett.com

Media Contact

Tarkett - Véronique Bouchard Bienaymé - communication@tarkett.com

Brunswick - tarkett@brunswickgroup.com - Tel. : +33 (0) 1 53 96 83 83

Appendices

Quarterly Sales by segment

€ million	Q1 2014	Q1 2013	% Variation	o/w organic(1)
Europe, Middle East, Africa (EMEA)	169.4	166.4	+1.8%	+3.6%
North America	140.8	149.0	-5.5%	-0.7%
CIS & Others	157.9	179.9	-12.3%	-3.4%
Sports	24.8	25.7	-3.6%	-0.5%
Consolidated	**492.9**	**521.1**	**-5.4%**	**-0.2%**

(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).

€ million	Q2 2014	Q2 2013	% Variation	o/w organic(1)
Europe, Middle East, Africa (EMEA)	177.6	175.6	+1.1%	+0.8%
North America	178.0	185.3	-3.9%	+1.1%
CIS & Others	187.1	219.4	-14.7%	-11.0%
Sports	72.1	69.0	+4.5%	+8.4%
Consolidated	**614.8**	**649.3**	**-5.3%**	**-2.3%**

(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).

Key figures by quarter

€ million	Q1		Q2		H1	
	2014	2013	2014	2013	2014	2013
Net Sales	**492.9**	**521.1**	**614.8**	**649.3**	**1,107.6**	**1,170.3**
Adjusted EBITDA(1)	**35.8**	**45.1**	**89.9**	**88.1**	**125.7**	**133.2**
Adjusted EBITDA(1) Margin	***7.3%***	***8.7%***	***14.6%***	***13.6%***	***11.4%***	***11.4%***

(1) Adjusted EBITDA: Adjustments include expenses related to restructuring, acquisitions and certain other non-recurring items.