Q1-2014 results

Stable organic growth despite adverse situation in the CIS

Paris-Nanterre, April 17th, 2014

Highlights

- **Net Sales: €492.9m, -5.4% vs. 2013, of which -0.2% organic**
- **Adjusted EBITDA margin: 7.3% of sales, -140bps vs. 2013**
- **Significant impact of currency devaluations: -€26.9m on net sales (of which -€11.9m in the CIS) and -€12.4m on adjusted EBITDA (of which -€8.5m in the CIS)**
- **In the CIS, price increases have already been implemented to offset currency devaluations**
- **Net sales in EMEA grow by 3.6% organically**

Key figures

€ million	Q1 - 2014	Q1 - 2013
Net Sales	492.9	521.1
% change	*-5.4%*	
Of which Organic growth [(1)]	*-0.2%*	
Adjusted EBITDA[(2)]	35.8	45.1
% Net Sales	*7.3%*	*8.7%*

(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). No perimeter change in Q1-14

(2) Adjusted EBITDA: adjustments include expenses related to restructuring, acquisitions and non-recurring items.

Net Sales

Net sales reached €492.9m, a reduction of 5.4% vs. Q1-2013. The first quarter is structurally the smallest period of the year for the Group, especially in the Sports segment and in the CIS region. This year, Q1 has been marked by difficult economic conditions and strong currency devaluations in the CIS countries. Despite those headwinds, Tarkett managed to limit the organic reduction in sales to -0.2%.

Adjusted EBITDA

The Group achieved an adjusted EBITDA of €35.8m vs. €45.1m in Q1 2013. The adjusted EBITDA margin was down 140bps, at 7.3%. This shortfall is essentially explained by a €8.5m lag effect of price increases in the CIS, partly compensated by our local cost content. In addition, the evolution of the US dollar and other currencies impacted the EBITDA by a further €3.9m. Input costs and productivity action plans are in line with expectations. In the CIS, our teams have taken additional cost reduction measures.

Commenting these results, CEO Michel Giannuzzi declared: ***"Tarkett's performance in Q1 demonstrates the strength of its balanced business model between geographies and end markets. In the CIS countries, our teams have also shown their ability to leverage our leadership position and react quickly to a challenging environment."***

Sales by segment

€ million	Q1 - 2014	Q1 - 2013	% Q1-14 vs. Q1-13	
			Reported	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%**

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In EMEA, Tarkett posted a positive performance in Scandinavia and Central Europe (Germany, Poland). South Europe is also starting to rebound, but demand remained weak in France. Our modular collections continue to drive volume growth, while the deployment of our phthalate-free technology across the entire product range has been very well received by our customers.

In North America the residential demand was particularly weak, but our commercial activities continued to perform very well.

The **CIS & Others** segment is mostly affected by the situation in Ukraine, Russia, and Kazakhstan. Currencies dropped severely since Dec 31st: the Ukrainian hryvnia devaluated by 26% (from 11 to 15), the Kazakh tenge by 16%. In Russia, the ruble lost 8% against the euro (from 45 to 49), after a 10% devaluation in 2013. As Tarkett has done before, the Group quickly implemented price increases: in Ukraine and Kazakhstan price lists were modified effective mid-February. In Russia, prices were increased by 5% on April 1. Thanks to this swift reaction, the ''lag effect" on net sales (net impact of currency devaluations mitigated by price increases) was limited to €11.9m. Organic net sales evolution was -3.4%.

Since most of the **Sports surface activity** consists in outdoor surfaces, that business is structurally very slow at the beginning of the year and is rarely a good indication of the full-year trend. In addition the weather conditions experienced in North America have been exceptionally unfavorable this year.

Outlook

Despite an uncertain economic environment in the CIS, Tarkett is well positioned across the globe to pursue its profitable growth strategy. Some of the currency effects observed in Q1 are likely to continue to weigh on profitability. In the CIS region we are confident in our ability to offset currency devaluations with price increases but we remain cautious on the economic outlook in that region.

As announced on January 22, Tarkett has engaged negotiations with the owners of Gamrat, a Polish company specialized in commercial flooring. This bolt-on acquisition (sales of circa €20m in 2013) would strengthen Tarkett's leadership in manufacturing and selling commercial vinyl flooring in Central Europe. The transaction is expected to be closed in Q2.

An audio-conference will be held for the analysts on Thursday April 17th at 10:30 am CET and an audio webcast service (live and replay) will also be available at www.tarkett.com

Financial Calendar

- May 13, 2014: Annual General Meeting
- July 31, 2014: Half-year Financial Results
- 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 athletics track, the Group serves customers in more than 100 countries worldwide. With 11,000 employees and 30 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

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