

2013 RESULTS

Excellent year of profitable growth: Record Sales and Adjusted EBITDA

Paris-Nanterre, February 18th, 2014

Highlights

- **Record Net Sales: €2,516m, +9.8% of which +3.3% organic growth vs. 2012⁽¹⁾**
- **Record Adjusted EBITDA⁽²⁾: €310m**
- **Adjusted EBITDA margin: 12.3% of sales, +90bps vs. 2012**
- **Net profit attributable to the owners (non adjusted): €99.1m, + 18.5% vs. 2012**
- **Successful integration of Tandus**
- **Strong balance sheet structure: Net debt / Adjusted EBITDA = 1.4x**
- **Dividend: €0.62 per share to be paid in July 2014** (pending approval by AGM)

Net Sales improved by 9.8% vs. 2012 to reach **€ 2,516m**.

Organic growth reached 3.3%, excluding the full-year impact of Tandus acquisition (+€210m) and exchange rates variations (-€61m including a lag effect of selling price increases in Russia of -€21m). While demand remained weaker in certain parts of Europe, the Group maintained a positive momentum in emerging markets as well as in North America, and fully benefitted from the recovery of Sports Surfaces markets.

The Group achieved an adjusted EBITDA of €310m vs. €262.2m in 2012. **Adjusted EBITDA margin improved by 90bps, at 12.3%**. This performance was mainly driven by the full-year impact of Tandus acquisition, positive volume growth and continued operational efficiency, despite adverse currency effects.

Net profit attributable to the owners (non adjusted) **reached €99.1m, +18.5%** vs. 2012.

The pre-tax ROCE reached a record level, at 17.7% (16.5% in 2012⁽³⁾).

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

« Tarkett delivered record results in 2013, demonstrating the strength of its profitable growth strategy. The Group benefitted from the positive impact of the acquisition of Tandus in North America and sustained organic growth in its main markets and segments. Thanks to its balanced worldwide presence, diversified flooring products portfolio and efficient industrial base, Tarkett was able to capture growth in the most dynamic regions of the world. 2013 was also a historic year for Tarkett, with its listing on Euronext Paris. Despite an uncertain economic environment, we remain confident that the Group can pursue its dynamics of sustainable and profitable growth in the coming years thanks to its commitment to innovation, its focus on operational efficiency and its strategy of selective acquisitions. »

(1) 2012 accounts were restated following adoption of IFRS 11 – A JV previously consolidated with the proportional method is now consolidated using the Equity method (except for ROCE figure)

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

(3) 2012 ROCE calculation is based on pro-forma accounts including 12 months of Tandus

Key figures

€ million	2013	2012 ⁽¹⁾
Net Sales	2,516.4	2,291.5
% change	+9.8%	
Of which Organic growth	+3.3%	
Adjusted EBITDA ⁽²⁾	310.0	262.2
% Net Sales	12.3%	11.4%
Net profit attributable to the owners (non adjusted)	99.1	83.6
% Net Sales	3.9%	3.6%
Net cash-flow from operations ⁽³⁾	192.4	212.8
Net debt / Adjusted EBITDA	1.4x	1.7x
ROCE (pre-tax)	17.7%	16.5% ⁽⁴⁾
Earnings per share (diluted)	€ 1.58	€ 1.34

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

(3) Net cash flow from operations: defined as cash generated from operations less on-going capital expenditure

(4) ROCE calculation is based on pro-forma accounts including 12 months of Tandus

Sales by segment

€ million	2013	2012 ⁽¹⁾	% Variation	o/w organic
Europe, Middle East, Africa (EMEA)	669.6	679.0	-1.4%	-0.9%
North America	673.6	477.4	+41.1%	+3.0%
CIS & Others	887.5	874.1	+1.5%	+4.1 %
Sports	285.8	260.9	+9.5%	+12.0%
Consolidated	2,516.4	2,291.5	+9.8%	+3.3%

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In EMEA, Tarkett posted a very positive performance in Germany and Central Europe, combined with sustained volumes in Nordic countries. Spain remained depressed, while France suffered from the slowdown of the economy and lower public spending. Overall, wood flooring markets remained particularly depressed across the region.

In North America sales grew on the back of the full-year effect of Tandus acquisition, combined with the sustained performance of professional end-segments.

The **CIS & Others** segment continued to grow, albeit at a slower pace: organic growth reached 4.1% (i.e. adjusted for currency variations and for the lag effect of selling price increases in Russia). The start-up of the new vinyl floor production line in Russia took place in September as planned. In Latin America, sales

continued to grow steadily, following the success of our high-end vinyl tiles (LVT) range. The activity was also sustained in Asia, but was weaker in Australia.

Sports activities rebounded strongly, mainly driven by the strong recovery in North America, as well as the good performance in Europe and the rest of the world. This confirms the success of Tarkett renewed product range (in particular through the Optimum fiber for artificial turf).

Adjusted EBITDA by segment

€ million	2013	2012 ⁽¹⁾	2013 Margin (% net sales)	2012 Margin (% net sales)
EMEA	71.3	76.3	10.6%	11.2%
North America	74.0	30.1	11.0%	6.3%
CIS & Others	190.1	180.0	21.4%	20.6%
Sports	15.0	10.1	5.2%	3.9%
Central costs Not allocated	(40.3)	(34.2)	-	-
Consolidated	310.0	262.2	12.3%	11.4%

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EMEA was affected primarily by adverse currency evolutions especially in Norway, in the UK and through its exports to Australia. Excluding negative exchange rates impacts, the segment improved its profitability level thanks to enhanced operational efficiency. The Wood activity continued to suffer from depressed market conditions across the region and to weigh on the segment's results.

In North America, the progression of EBITDA margin was primarily driven by the full-year effect of Tandus acquisition. Since its acquisition in September 2012, Tandus has delivered the expected results while being smoothly integrated into the Group. At same perimeter and exchange rate, the margin of the segment increased by 140 bps (from 9.6% to 11.0%), on the back of continuous improvement in operational efficiency.

In the CIS & Others region, the Group achieved a record year in adjusted EBITDA. The Group reacted quickly to the devaluation of the Ruble in May and June, raising prices twice by 5%, in June and in October. Nevertheless, the lag effect during the summer penalized the segment's adjusted EBITDA by €15.5million.

The Sports Division confirmed its on-going turnaround, by posting a 50% increase of its adjusted EBITDA, raising margin to 5.2 % of sales. The volume recovery effect was compounded by the result of restructuring and cost improvement actions taken over the past three years.

Central costs not allocated to the segments rose by €6m, on the back of a reinforced R&D and IT, and an increase in litigation costs.

Net Profit attributable to the owners (non adjusted):

The net profit increased by 18.5% vs. 2012, despite higher adjustments. In particular, the Group booked costs related to the initial public offering and a non-cash impairment charge of €5.1m related to wood manufacturing operations in Europe, acknowledging the persistently depressed market conditions in that region.

A strong balance sheet structure

Net cash-flow from operations reached €192.4m. The increase in operating working capital was contained (€16m), after a very strong reduction in 2012. Capital expenditures have been maintained at 3.5% of sales.

Net debt is down to €429m, i.e. 1.4x adjusted EBITDA. The special €125m dividend paid prior to the flotation was partially used by the Deconinck Family to acquire treasury shares at IPO price for a value of €38m.

At the time of the IPO, the Group raised a new €450m unsecured 5-year syndicated term-loan with a syndicate of 6 banks, increasing the liquidity and the maturity of its debt profile to support its external growth strategy.

At the Annual Shareholder Meeting of May 13th, Tarkett will propose a dividend of €0.62 per share.

Outlook

Despite an uncertain economic environment, Tarkett is well positioned across the globe to pursue its profitable growth strategy. The Group confirms its mid-term 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 a return on capital employed greater than 15%.

Audited consolidated financial statements for 2013 and the presentation of 2013 annual results are available on Tarkett's web site. The related analysts conference will be held on Tuesday 18th of February 2014 at 10:30 am CET and an audio webcast service (live and replay) will also be available at www.tarkett.com

Financial Calendar

- April 17, 2014: First quarter Financial Results
- 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). www.tarkett.com

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