

## Tarkett 2017-2020 strategic plan for a sustainable and profitable growth

Paris - La Défense, October 26<sup>th</sup>, 2016

Tarkett, a global leader in innovative and sustainable solutions for flooring and sports surfaces, will present its 2017-2020 strategic plan and financial targets during its Investor Day on October 27<sup>th</sup> in Paris.

Tarkett develops, manufactures and sells one of the broadest products portfolio in the industry and addresses diversified commercial and residential end-markets. The Group benefits from a very balanced geographical footprint that offers both resilience and opportunities.

The 2017-2020 strategic plan is shaped around the Group's core values and reflects its vision to be the global leader in innovative solutions that generate value for customers in a sustainable way.

**Michel Giannuzzi, Tarkett CEO**, states:

*"Since the IPO in 2013, Tarkett has demonstrated the strength of its business model. The Group has delivered a very resilient financial performance despite headwinds in the CIS. In that region, Tarkett has maintained its leadership position and will benefit from the expected economic recovery. We are also proud of our track record in integrating value-creative acquisitions; our strong cash flows will allow us to actively pursue selective external growth opportunities. I am confident in our entrepreneurial and agile teams to implement our 2020 strategy and further deliver a balanced growth of revenue and profit."*

### **2017-2020 financial objectives** (unless transforming acquisitions)

- **Net sales of circa €3.5bn<sup>(1)</sup>,**
- **Adjusted EBITDA<sup>(2)</sup> margin in excess of 12%**  
and a **Return On Invested Capital (ROIC)<sup>(3)</sup> above 9%,**
- Circa **€500m** of additional sales thanks to **acquisitions,**
- Maintain a sound financial structure, with a **leverage<sup>(4)</sup> below 2.5x,**
- Commitment to shareholder return through an annual **dividend of at least 0.60 euro per share.**

(1) Including acquisitions; organic growth outperforming estimated market growth.

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

(3) Defined as the Net operating profit after tax [Adjusted EBIT \* (1 - Normative tax rate of 35%)] divided by the Capital employed [Goodwill + Tangible and intangible assets + Working capital].

(4) Net debt divided by the Adjusted EBITDA.

## 2020 strategic initiatives

These financial objectives are supported by the four following strategic pillars:

### 1. Deliver outstanding customer experience

Tarkett wants to become **the easiest company to interact with** in the flooring industry. Tarkett intends to create value for its customers by offering a comprehensive portfolio of innovative solutions, acting as a multi-specialist value-adding solutions partner. The Group aims also at providing an impeccable and hassle-free customer experience at multiple touch-points as well as outstanding service levels to increase customers' satisfaction and loyalty. This initiative relies on a robust IT structure and coordinated digital platforms which are being built to support this ambition.

### 2. Lead in design, innovation & sustainability

**Tarkett's 2020 strategic plan embraces design, innovation and sustainability** as key differentiating and success factors. The Group's ambition is to drive further innovation to answer customers' growing needs in terms of a healthy environment and unique and modular spaces. Tarkett will continue to focus on developing sustainable products and solutions and on offering personalized and interactive services.

### 3. Excel in sales and operations

In recent years, Tarkett has shown its **robustness in sales and operations excellence**. The Group will pursue this quest for excellence, based notably on its proven World Class Manufacturing program, as well as supply chain and sales force best-in-class practices.

### 4. Create additional value with acquisitions

After acquiring and successfully integrating 20 companies since 2008, Tarkett will **continue to implement its M&A strategy** shaped around three themes: extend its portfolio of products, expand into new geographies, realize cost synergies.

The presentation given by CEO Michel Giannuzzi and the company's executive management team will be webcasted (live and replay) on Tarkett's website. The slides will be available on the website before the meeting.

### **About Tarkett**

With net sales of 2.7 billion euros in 2015, 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 is listed on Euronext Paris (compartment A, ticker TKTT, ISIN: FR0004188670). [www.tarkett.com](http://www.tarkett.com).

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