



H1 2018 Financial Results

July 26, 2018



Agenda

Key Highlights

Activity and Financials

Key Initiatives

Conclusion

Appendices



Key Highlights

Glen Morrison
CEO

Acceleration in organic growth in Q2 supported by ramp-up in selling price increases

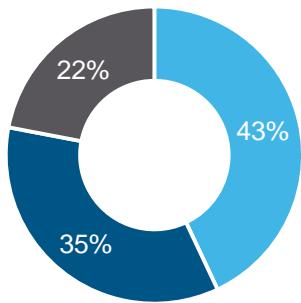
- **Strong Q2 2018 organic growth⁽¹⁾ at +5.3%, reaching €1,317m**
 - Excellent performance in Sports (+18.6%)⁽¹⁾
 - Expansion in all segments
- **Good progress on selling price increases in Q2 2018**
 - Beginning to offset the anticipated raw material prices increase
- **Cost actions initiated in Q1 generating benefit in Q2**
- **Q2 2018 Adjusted EBITDA⁽²⁾ at €86m and EBITDA margin at 11.5%**
- **Sound leverage ratio (net debt/adjusted EBITDA) of 2.2x**

(1) Organic growth: at constant scope of consolidation and exchange rates (note that in the CIS segment, price increases implemented to offset currency fluctuations are not included in organic growth, which only reflects changes in volumes and the product mix).

(2) Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

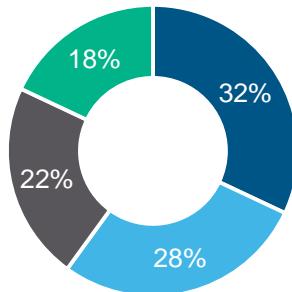
Tarkett benefits from balanced exposures

NET SALES BY GEOGRAPHIES



- North America (incl. Sports)
- EMEA (incl. Sports)
- CIS, APAC & LATAM

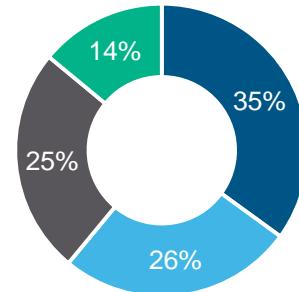
NET SALES BY REPORTING SEGMENTS



- EMEA
- North America
- CIS, APAC & LATAM
- Sports

A BALANCED PROFITABILITY PROFILE

Adjusted EBITDA⁽¹⁾ split by reporting segments



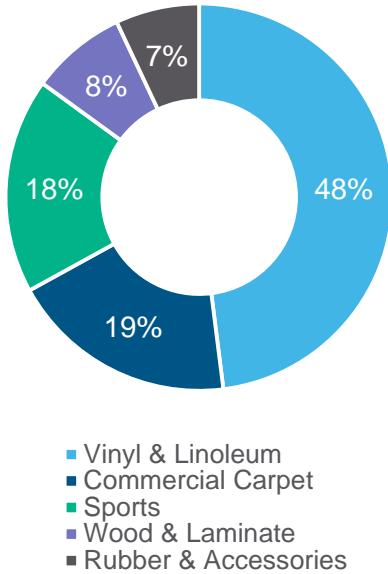
- EMEA
- North America
- CIS, APAC & LATAM
- Sports

Figures based on 2017 Net Sales and Adjusted EBITDA.

(1) Adjusted EBITDA: adjustments include expenses related to restructurings, acquisitions, and share-based payment expenses. Excluding central costs.

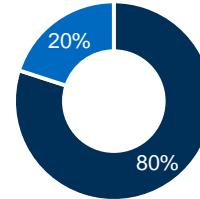
... and one of the broadest product offering providing resilience to industry cycles

ONE OF THE BROADEST PRODUCT PORTFOLIOS IN THE FLOORING INDUSTRY

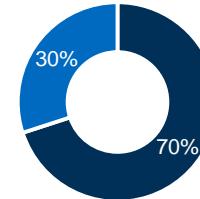


Figures based on 2017 Net Sales.

ATTRACTIVE END-MARKETS EXPOSURE



- Renovation
- New



- Commercial
- Residential

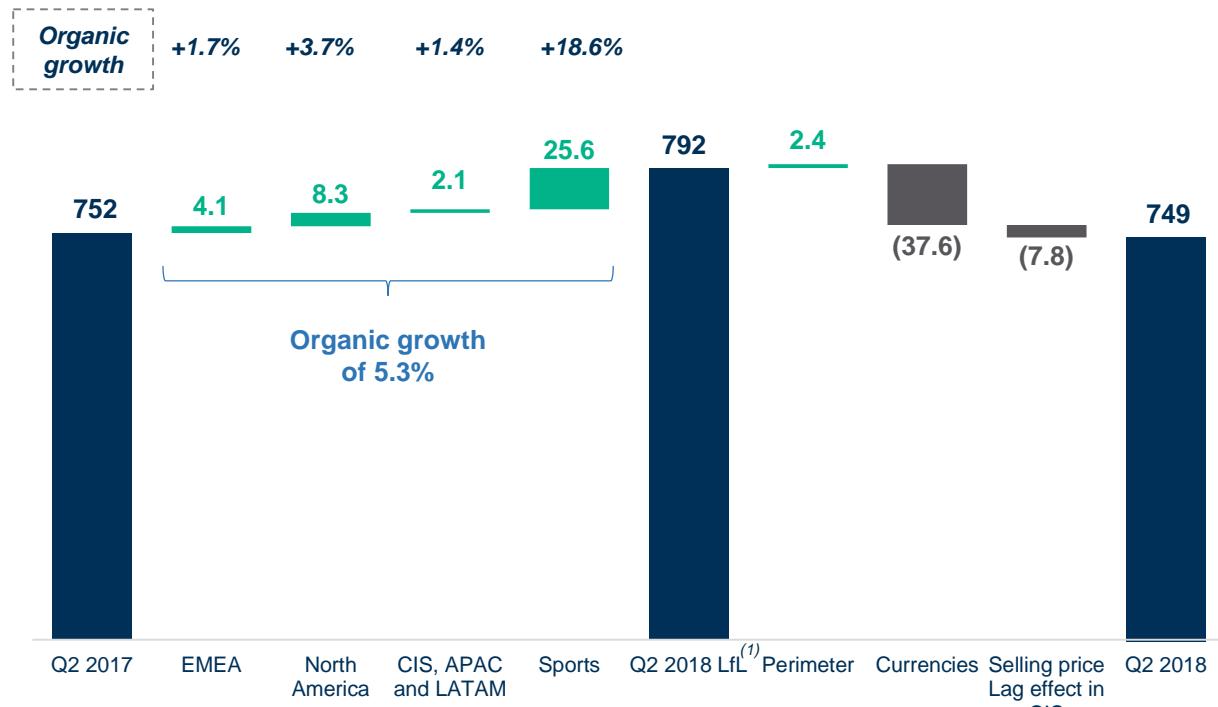
Activity & Financials

Raphaël Bauer
CFO

Strong +5.3% organic growth in Q2 2018

in €m

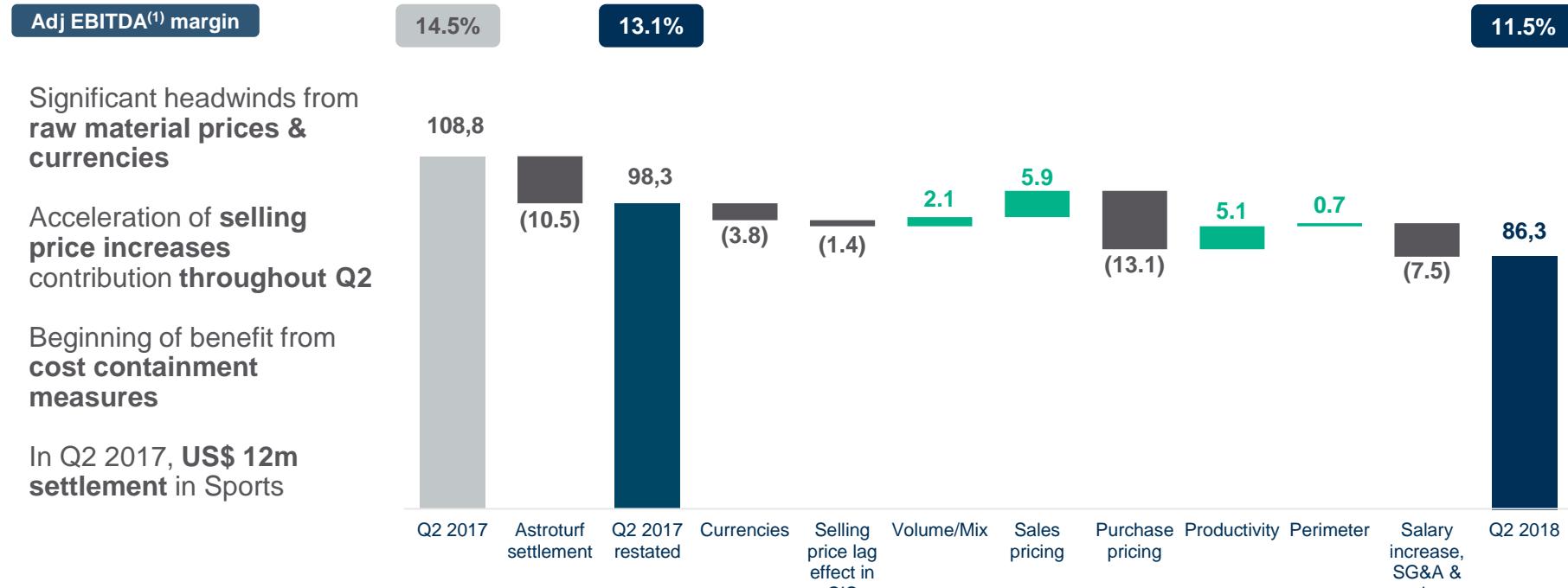
- Excellent performance in Sports
- Robust growth in North America
- Improvement in EMEA
- Strong headwind from currencies, mainly US\$, Russian ruble and Swedish krona



(1) Like for Like: 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).

Q2 Adjusted EBITDA margin narrowed the gap with last year

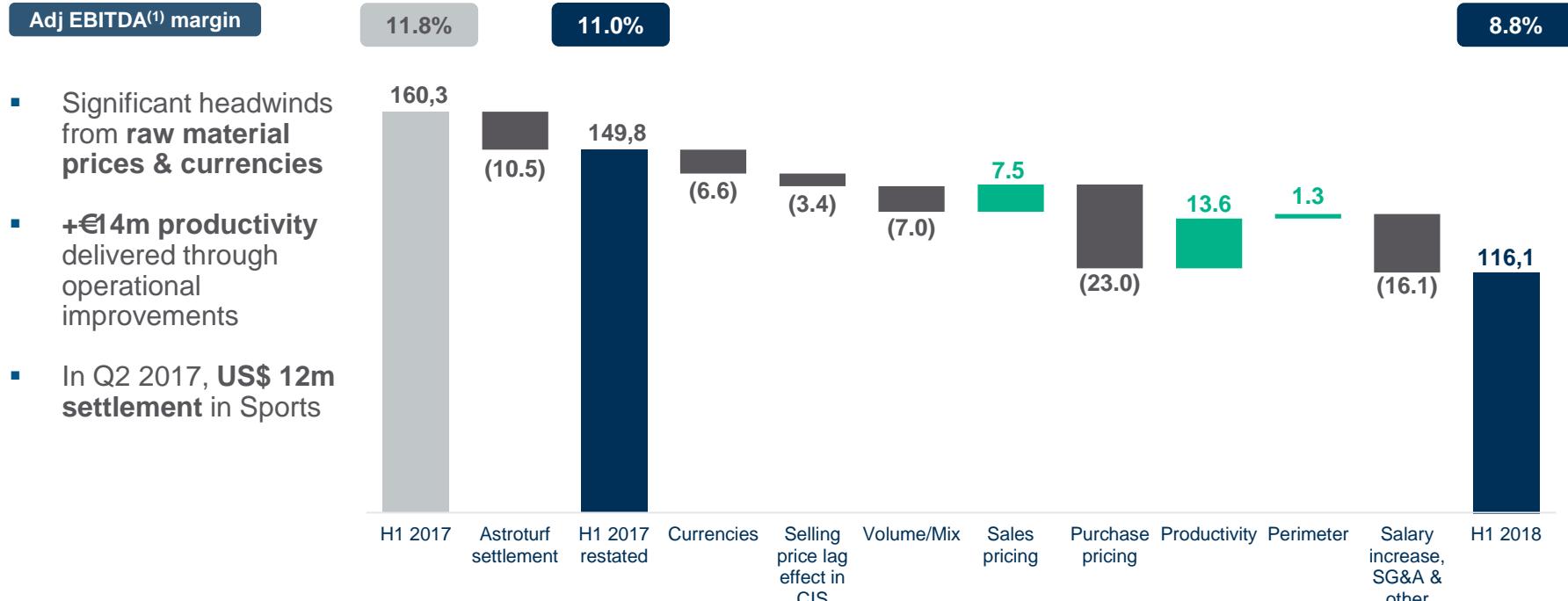
in €m



(1) Note: Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

H1 Adjusted EBITDA margin still penalized by raw materials and currencies headwinds

in €m



(1) Note: Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

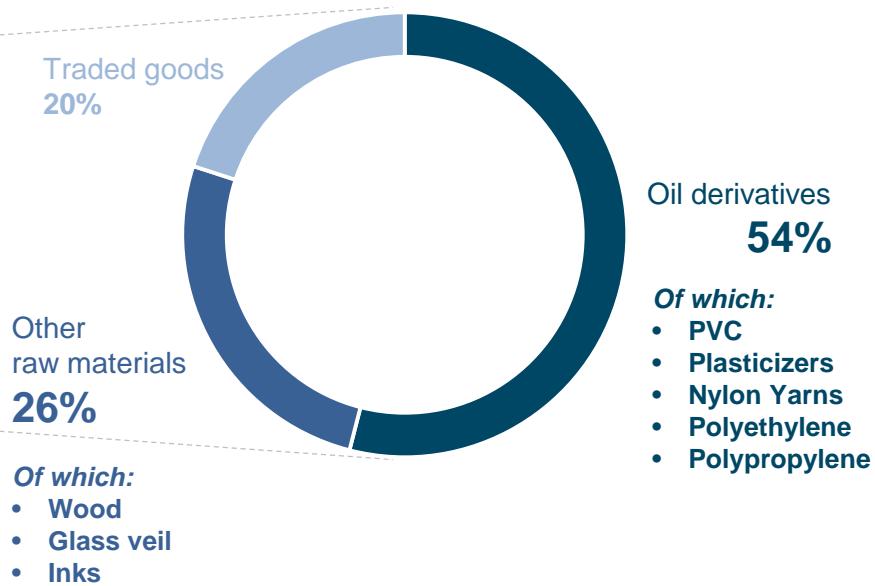
COGS⁽¹⁾ & Material consumption breakdown

As of December 2017

COGS BREAKDOWN

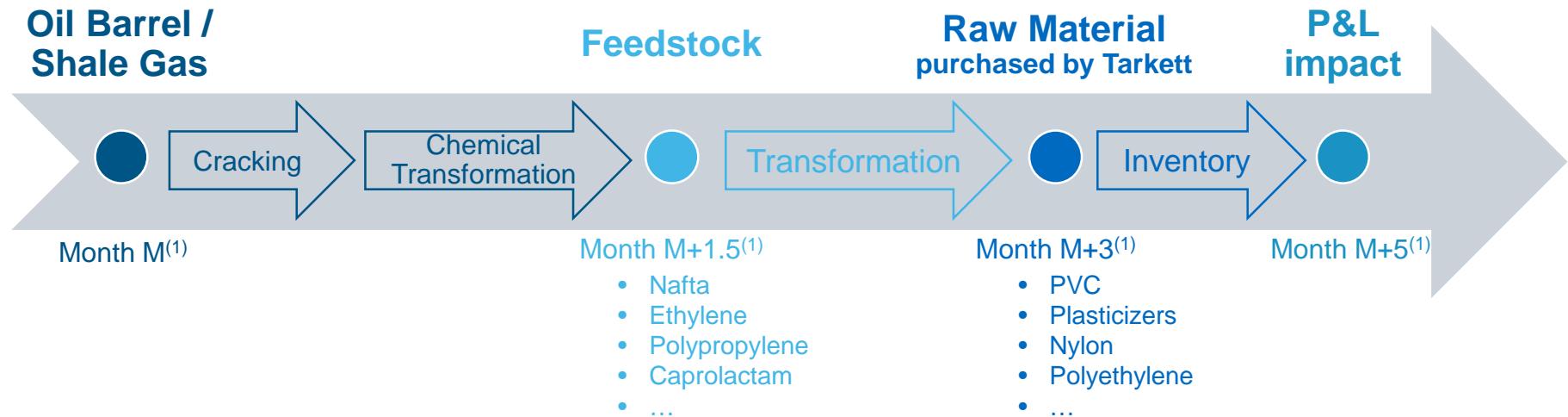


MATERIAL CONSUMPTION DETAIL



(1) COGS = Cost Of Goods Sold

Key Oil Derivatives: Purchasing Price Drivers



> Oil barrel price impact raw materials > Other drivers of price evolution
price with a lag

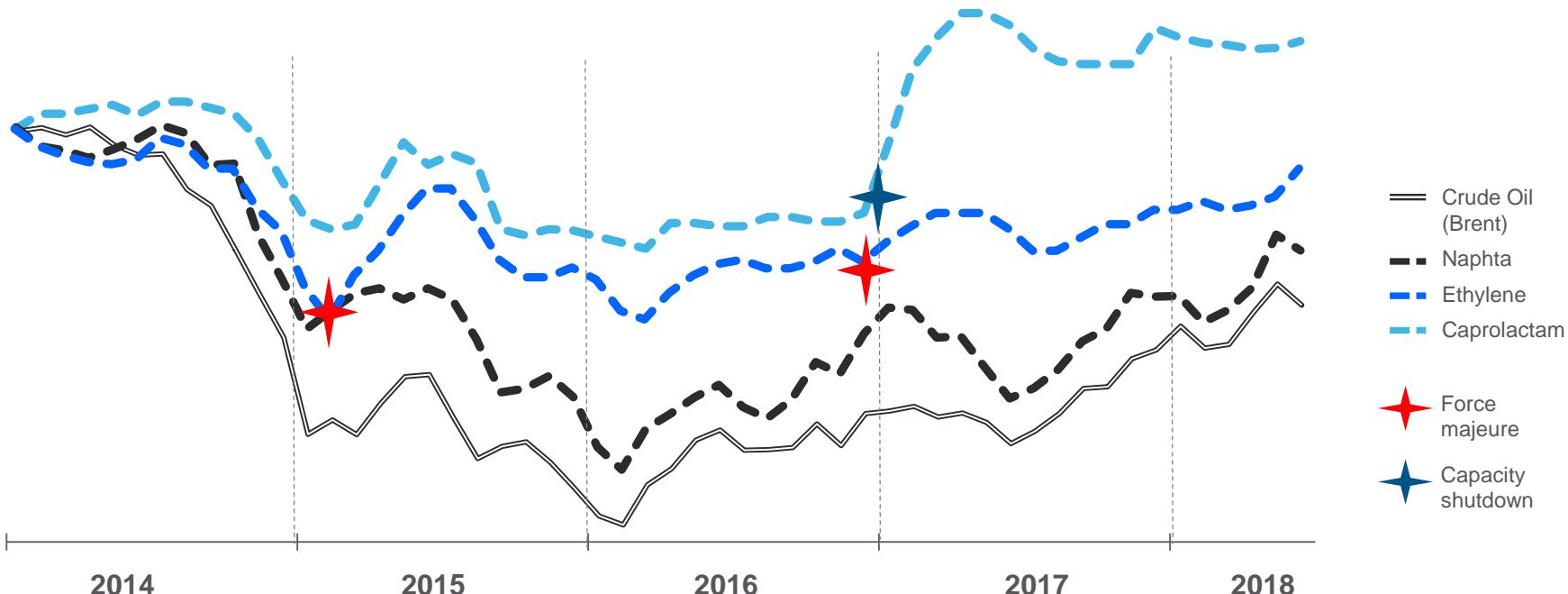
- Pricing formulas have also a negotiated fixed part

- Offer/Production
 - ✓ “Force Majeure”: industrial accident, weather event (e.g.: Harvey hurricane)
 - ✓ Structural change in production capacity
- Demand evolution, also impacted by other industries (e.g.: automotive or textile)

(1) Indicative timeline for oil derivatives materials purchased by Tarkett. This may change depending on market conditions and negotiations.

Vinyl and Carpet Key Oil Derivatives⁽¹⁾ Price Evolution

Index Base 100 January 2014



(1) Selection of oil derivatives feedstock – Oil derivatives purchase represent 54% of Tarkett material cost.

Sources: IHS Markit, Tecnon OrbiChem, Tarkett

Tarkett - H1 2018 Financial Results - July 26, 2018

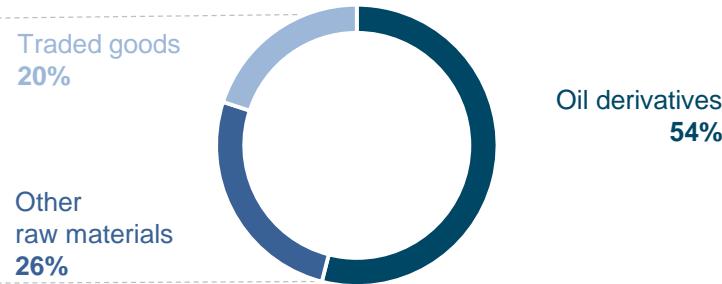
Recent Trends in Raw Material and Freight Costs

As of December 2017

COGS BREAKDOWN



MATERIAL CONSUMPTION DETAIL



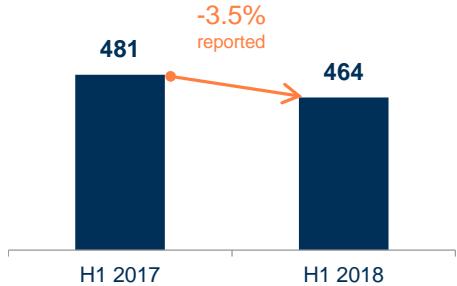
- Oil and some feedstock prices have risen throughout Q2 2018
 - Impact on FY 2018 Adj. EBITDA around -€35m⁽¹⁾
 - Freight costs are increasing rapidly both in Europe and in North America
 - Impact on FY 2018 Adj. EBITDA around -€10m⁽¹⁾
- Estimated
Inflation impact
on 2018 EBITDA:
-€45m*

(1) At current prices and market conditions..

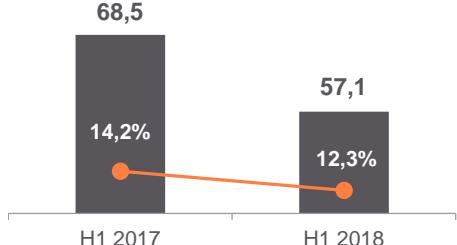
EMEA H1 2018

in €m

Net Sales



Adjusted EBITDA and Margin Evolution



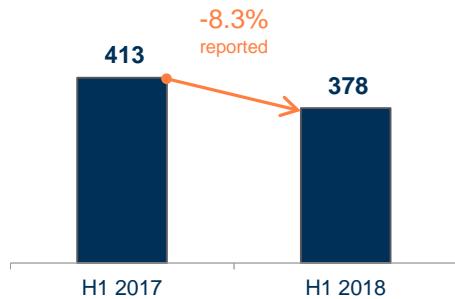
- Strong performance in **Germany, Central Europe, Spain & Italy**
- Slight growth in the **Nordics** in Q2
- **France:** below last year but improvement in Q2
- Good momentum in **LVT**
- **Rigid board** launch well received
- **Adjusted EBITDA**
 - Lower volumes
 - High raw materials costs
 - Good level of productivity
- **Positive selling prices impact**

(1) Organic growth: At same perimeter and exchange rates.

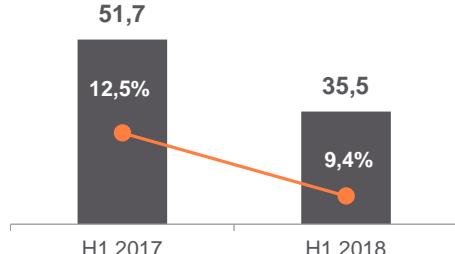
North America H1 2018

in €m

Net Sales



Adjusted EBITDA and Margin Evolution



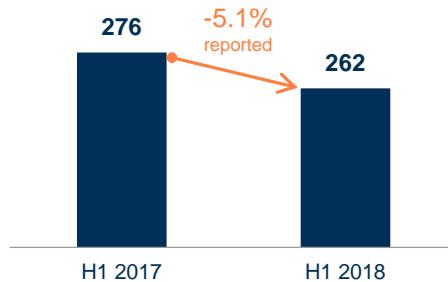
- Robust growth in commercial and residential resilient, rubber & accessories
- Commercial carpet
 - Improvement in Q2
 - Very good feedback from customers on new launches
- Good performance in LVT
- Adjusted EBITDA
 - High raw materials prices
 - Significant impact from freight costs
- Q2 Selling price increases
 - Holding up well

(1) Organic growth: At same perimeter and exchange rates.

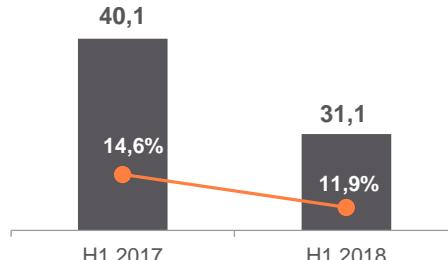
CIS, APAC & Latam H1 2018

in €m

Net Sales



Adjusted EBITDA and Margin Evolution



- CIS countries
 - Product mix improvement in H1
 - New designs well-received
 - Slow start of Q2 in Russia
- Latin America
 - Vigorous LVT volumes in Brazil
- APAC
 - Stable sales
- Adjusted EBITDA
 - Ruble weakness
 - Raw material price increases

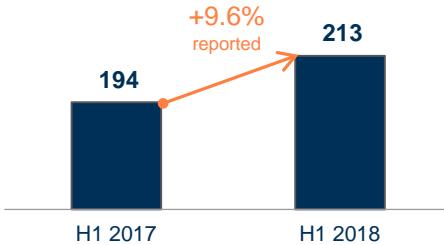
(1) Organic growth: At same perimeter and exchange rates.

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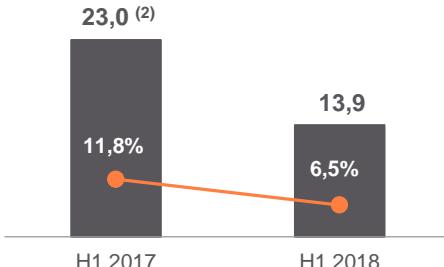
Sports H1 2018

in €m

Net Sales



Adjusted EBITDA and Margin Evolution



- Remarkable momentum thanks to
 - Strong **artificial turf** in North America
 - Robust **landscape** applications & **indoor** activities
 - Good development in **hybrid products**
- Good integration of turf acquisition in Australia
- Acquisition of Tennis & Tracks company (Utah, US)
- **Adjusted EBITDA**
 - Q2 2017 included a US\$12m settlement payment
 - Strong volume growth offsets raw material prices impact

(1) Organic growth: At same perimeter and exchange rates. (2) Including a US\$12m settlement payment related to a patent infringement claim against a competitor.

EBIT at €48m, reflecting operational activity

in €m

	H1 2018	H1 2017
Net sales	1,317.3	1,364.0
Adjusted EBITDA⁽¹⁾	116.1	160.3
<i>% of net sales</i>	<i>8.8%</i>	<i>11.8%</i>
Depreciation and amortization	(58.1)	(59.8)
Adjusted EBIT	58.0	100.5
<i>% of net sales</i>	<i>4.4%</i>	<i>7.4%</i>
Adjustments to EBIT	(9.5)	(164.2)
EBIT	48.4	(63.7)
<i>% of net sales</i>	<i>3.7%</i>	<i>nm</i>



	H1 2018	H1 2017
Restructuring	(5.6)	(1.5)
Gain/losses on asset sales/impairment	(0.3)	(0.2)
Business combinations	(0.8)	(0.3)
Shared-based compensation	(2.1)	(11.9)
Others	(0.8)	(150.3)
TOTAL ADJUSTMENTS TO EBIT	(9.5)	(164.2)

(1) Adjusted EBITDA: Adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

Net income of €29m

in €m

	H1 2018	H1 2017
EBIT	48.4	(63.7)
<i>% of net sales</i>	3.7%	<i>nm</i>
Financial income and expenses	(11.7)	(12.2)
Profit before income tax	37.1	(74.6)
Income tax	(8.0)	(22.9)
<i>Effective tax rate</i>	21.9%	30.9% ⁽¹⁾
Net profit	29.1	(97.5)
Net profit (attributable to owners)	28.7	(97.9)
Earnings per share (Basic, €)	0.45	(1.55)

(1) H1 2017: excluding the effect of €150m provision, non tax deductible.

Cash Flow evolution

in €m

	H1 2018	H1 2017
Operating cash flow before working capital changes	107.1	154.7
Change in working capital	(118.7)	(131.3)
Cash generated from operations	(11.6)	23.4
On-going capital expenditure	(50.4)	(44.9)
% of net sales	3.8%	3.3%
Net cash flow from operations	(62.0)	(21.5)

- **Good control of Working Capital**
- **Planned increase of Capex:**
 - Productivity through automation
 - Increased capacity in growing categories

Capex Plan for 2018

Capex should amount to ~5% of sales

Modular Products Capacity Expansion

- > €70m investment planned over 3 years
- > North America: 2 manufacturing facilities
- > Europe: mainly in Luxemburg and Poland

Productivity Automation

- > Short payback (~2/3 years)
- > Affordable automation
- > Reduction in headcount

Other Capacity Investments

- > CIS: New wood production line (opened in May 2018 - Moscow)
 - Increasing demand for wood
 - Local sourcing
 - Lead time reduction

Capex Example: Enhance use of digital technology and automation

Digital Printing



Can be used for LVT,
HE, Carpet, Wood

- ⊕ • Increase flexibility
- Allow better design (resolution and pattern)
- Reduce fix cost for design → customization

Data Analysis



Used to define algorithm
to optimize machine
setting

Artificial Vision



Replace operators
for **on-line product
inspection**

- ⊕ • Reduce headcount and costs
- More reliable

Robots



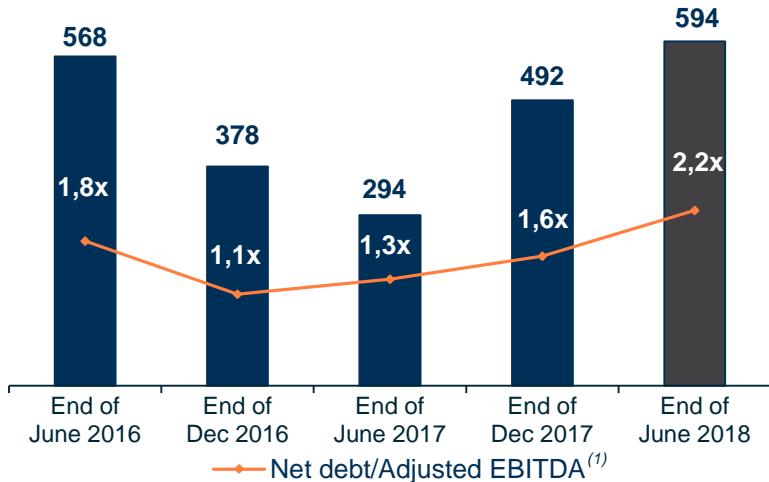
Packaging
Cutting ...

- ⊕ • Reduce headcount and costs

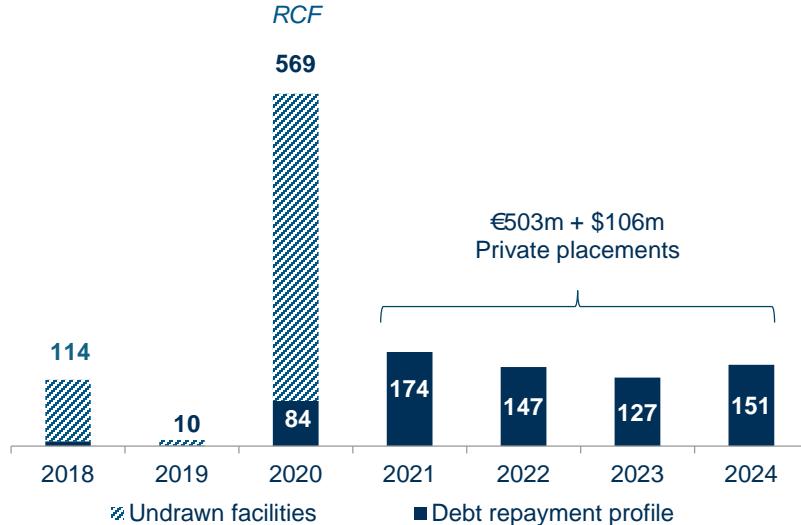
Low level of debt and solid financing in place

in €m

NET FINANCIAL DEBT AND LEVERAGE RATIO



MATURITY OF AVAILABLE CREDIT LINES



Healthy leverage

(1) Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

H1 2018 Key Take-aways

- Solid organic growth, accelerating in Q2, with all segments growing
- Good contribution from selling price increases, ramping up at the end of Q2
- Profitability still hampered by raw material prices and currencies
- SG&A control thanks to first benefits of cost measures in Q2





Key Initiatives

Glen Morrison
CEO

Levers for Margin Improvement

Follow-up on key measures and initiatives implemented in Q1 2018

Cost Reduction

- > Immediate reduction in discretionary spend
- > Salary increase delayed
- > Reduction in headcount
- > Ongoing review of cost structure

Selling Price Increases

- > North America & EMEA
- > Russia → to contribute in H2
- > New selling price increases across the regions in Q3 to mitigate additional inflation

Growth Initiatives

- > New products and services
- > Driving growth
- > Improving the profitability
- > Enhancing the brand

New products driving profitable growth

Combine design, performance and services

Full solutions provider for commercial projects

- Complete upgrade of our core vinyl collections for healthcare and education
- Comprehensive solutions with coordinated designs combining floors with walls, stairs and accessories; and high performance (durability, comfort, sustainability)
- Successful launch in EMEA (Q2)



Excellence, Platinum, ProtectWALL, Tapiflex Stairs vinyl collections (EMEA)

Launching the next generation of modular flooring

- Rigid Core board ProGen (residential): Fastest growing product category in North America

- iD & Starfloor Click Ultimate: Successful launch in EMEA (Istanbul Sabiha Gökçen Airport)

- In-sourcing underway (Europe and Russia)



Sports expertise winning iconic projects

- 2018 World Cup in Russia with GrassMaster Hybrid grass: 16 football games, including the quarter final (France/Belgium)



- University Michigan Stadium (USA) with FieldTurf (artificial turf): 'The Big House', the largest college stadium



The background image shows a modern interior space. On the left, there's a glass-enclosed staircase with a glass railing. In the center, a large aquarium with green and yellow fish is set against a wall with a wavy pattern. To the right, a long, light-colored sofa is positioned in front of a large window with sheer curtains. A tall, thin vase filled with bamboo stands near the window.

Outlook

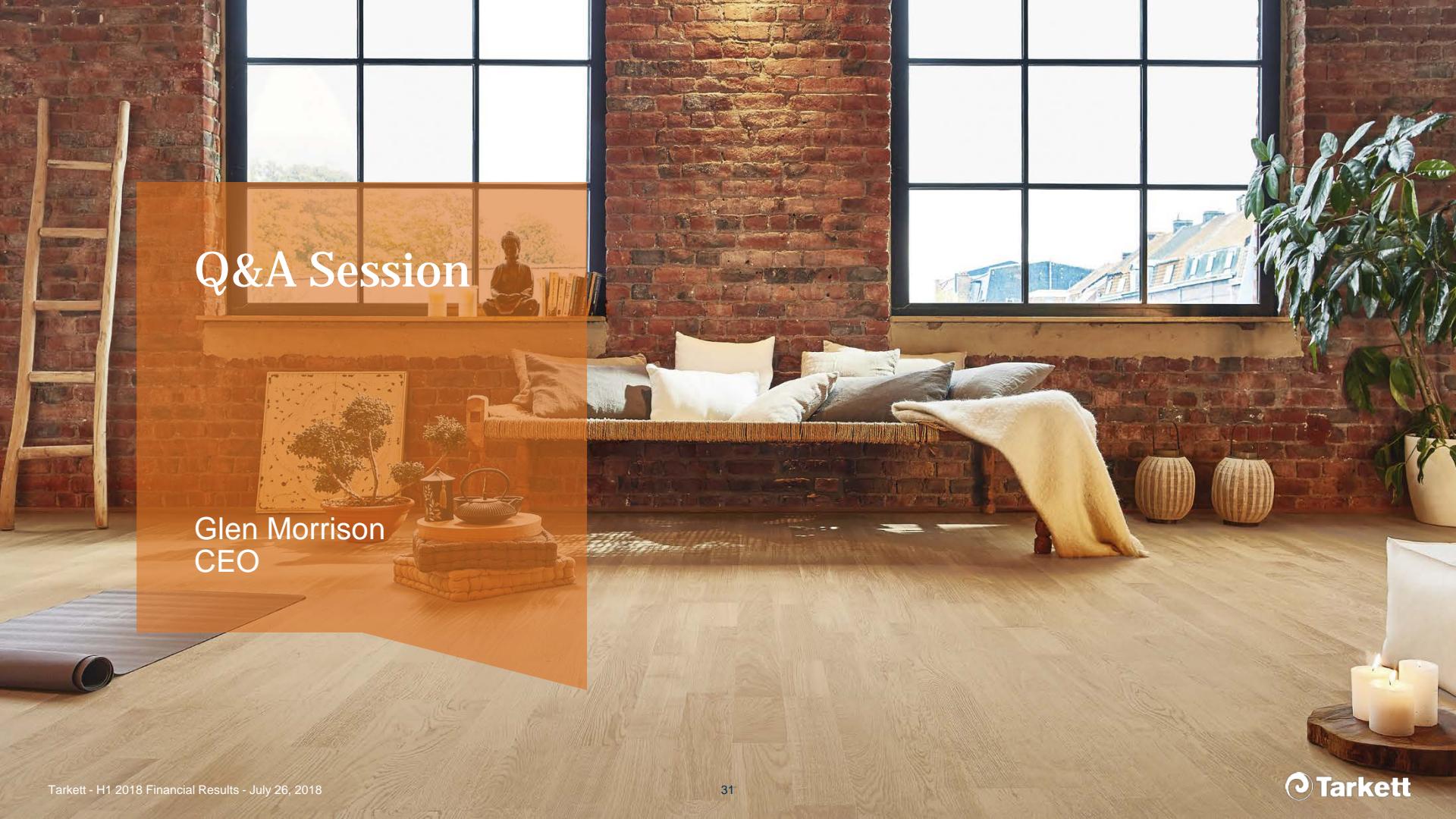
Glen Morrison
CEO

Outlook

At constant exchange rates and current market conditions

- **Increasing headwinds from raw materials and freight costs**
 - Impact on FY 2018 Adj. EBITDA likely to be around -€45m
- **Intense focus on margin**
 - Proactive selling price management
 - Further cost containment measures
 - Systematic review of the cost structure
- **New product introduction generating profitable growth**
- **Customer feedback positive on market outlook**





Q&A Session

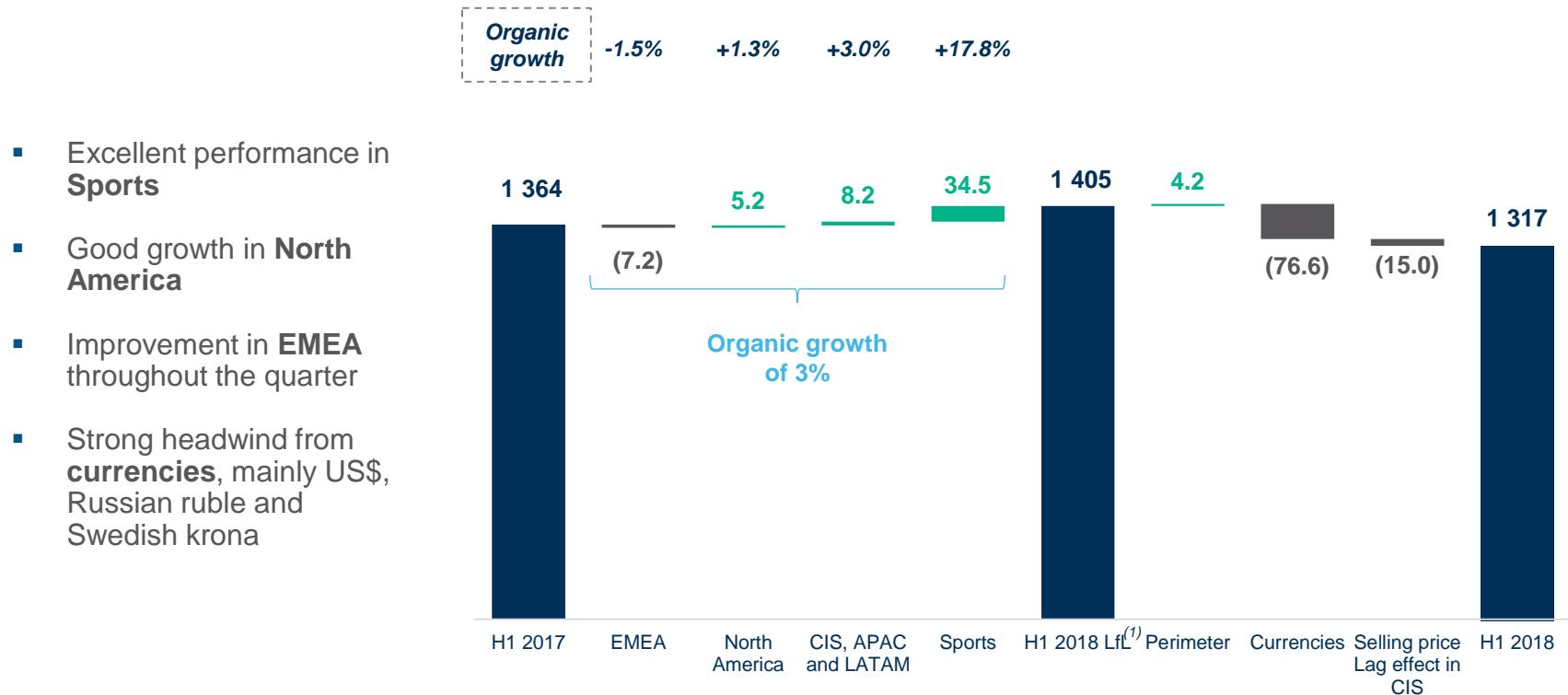
Glen Morrison
CEO



Appendices

Solid +3.0% organic growth in H1 2018

in €m



Sales and adjusted EBITDA performance in 2017

	Net Sales				Adjusted EBITDA ²			
€m	2017	2016	% growth	Organic growth ¹	2017	2016	2017 Margin	2016 Margin
EMEA	926.4	906.5	+2.2%	+3.7%	126.8	136.7	13.7%	15.1%
North America	783.4	816.7	-4.1%	-1.8%	95.0	113.0	12.1%	13.8%
CIS, APAC & LATAM	619.0	549.6	+12.6%	+10.8%	88.5	81.0	14.3%	14.7%
Sports	512.3	466.5	+9.8%	+11.7%	51.5	54.1	10.1%	11.6%
Central Costs	-	-	-	-	(46.7)	(50.4)	-	-
TOTAL	2,841.1	2,739.3	+3.7%	+4.8%	315.1	334.4	11.1%	12.2%

(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.

Sales and adjusted EBITDA performance by quarter (Q1 & Q2)

Sales performance by quarter

€m	Q1 2018	Q1 2017	% growth	Organic growth ¹	Q2 2018	Q2 2017	% growth	Organic growth ¹
EMEA	228.3	243.4	-6.2%	-4.6%	236.0	237.9	-0.8%	+1.7%
North America	163.5	190.3	-14.1%	-1.6%	214.8	222.4	-3.4%	+3.7%
CIS, APAC & LATAM	116.3	121.3	-4.1%	+5.0%	145.4	154.4	-5.8%	+1.4%
Sports	59.8	56.7	+5.4%	+15.9%	153.2	137.6	+11.3%	+18.5%
TOTAL	567.9	611.7	-7.2%	+0.1%	749.4	752.3	-0.4%	+5.3%
€m	Q1 2018	Q1 2017	Q1 2018 Margin	Q1 2017 Margin	Q2 2018	Q2 2017	Q2 2018 Margin	Q2 2017 Margin
Adjusted EBITDA²	29.8	51.5	5.2%	8.4%	86.3	108.8	11.5%	14.5%

(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 such as restructuring, acquisitions and share-based payment expenses.

Sales and adjusted EBITDA performance in H1

€m	Net Sales				Adjusted EBITDA ²			
	H1 2018	H1 2017	% growth	Organic growth ¹	H1 2018	H1 2017	H1 2018 Margin	H1 2017 Margin
EMEA	464.3	481.3	-3.5%	-1.5%	57.1	68.5	12.3%	14.2%
North America	378.3	412.7	-8.3%	+1.3%	35.5	51.7	9.4%	12.5%
CIS, APAC & LATAM	261.7	275.7	-5.1%	+3.0%	31.1	40.2	11.9%	14.6%
Sports	213.0	194.3	+9.6%	+17.8%	13.9	23.0	6.5%	11.9%
Central Costs	-	-	-	-	(21.5)	(23.1)	-	-
TOTAL	1,317.3	1,364.0	-3.4%	+3.0%	116.1	160.3	8.8%	11.8%

(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 such as restructuring, acquisitions and share-based payment expenses.

Russia: Selling price strategy to adapt to the exchange rate evolution

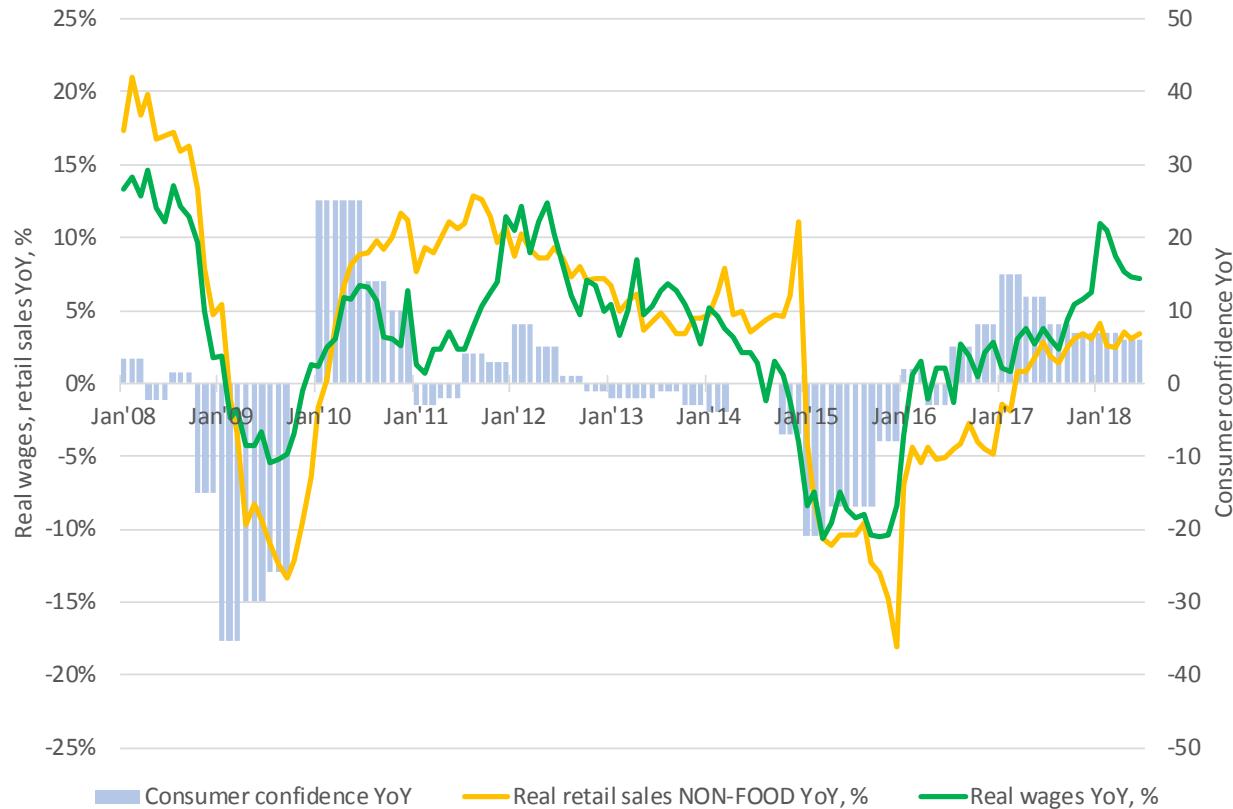
Evolution of Tarkett Vinyl prices in Russia and EUR/RUB exchange rate



New selling price increases announced in Russia:

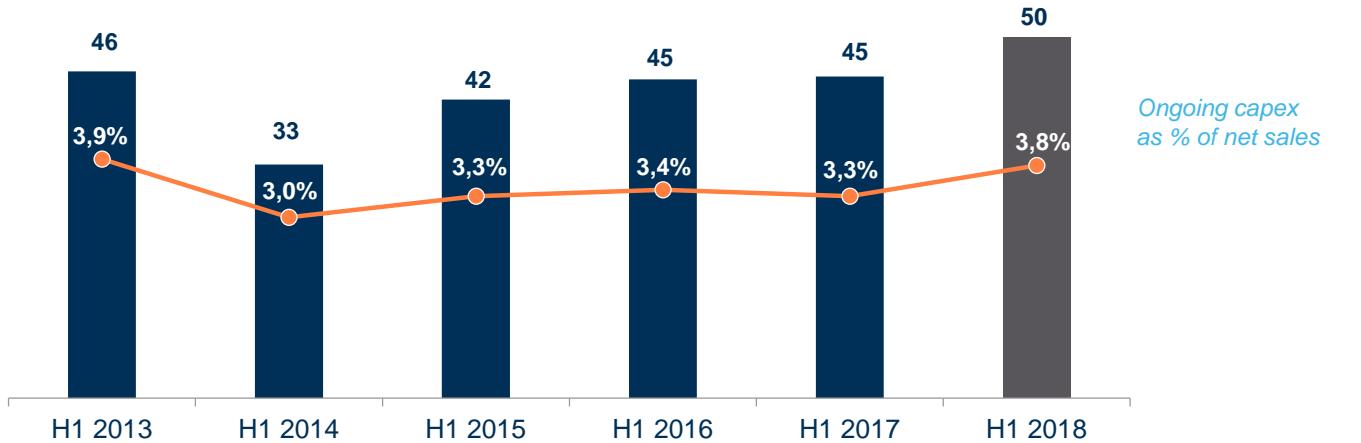
- +6% in Wood effective June 1st
- +5% in Resilient and Laminate effective in July

Russia: consumer confidence, real retail sales and real wages



Capex expansion in 2018 to drive productivity

Ongoing Capex in €m



Objective: ~ 5% of sales in 2018



Good liquidity

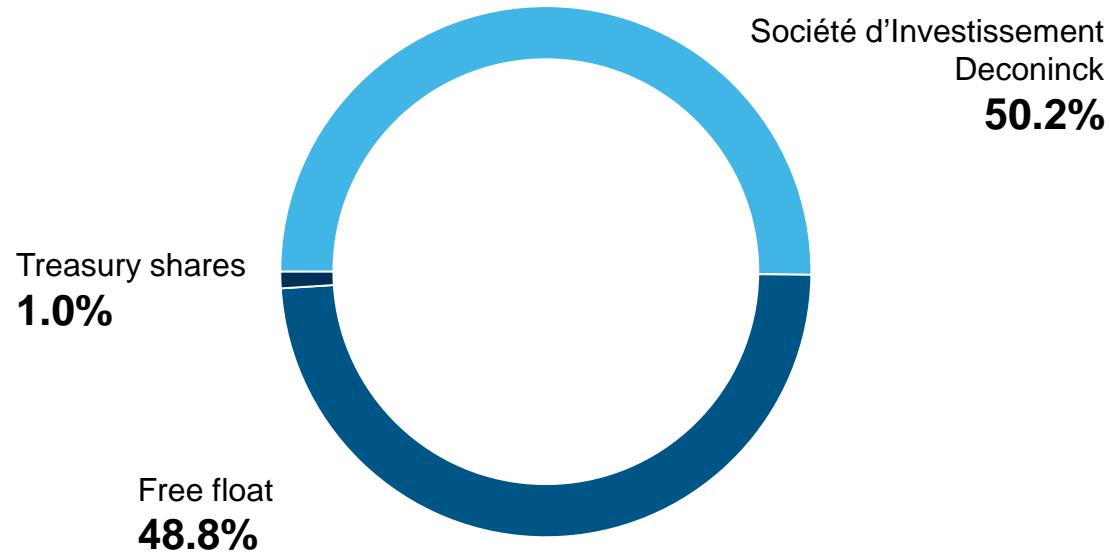
As of June 30, 2018

In €m

	Utilization	Credit Lines
Syndicated Facility (RCF)	82	650
Private Placement	594	594
Asset-backed financing	0	50
Other	18	91
Total Borrowings	693	1,385
Cash and cash equivalent	(99)	
Net Debt	594	

Shareholder composition

As of June 30, 2018



Executive Committee

An international, diverse & entrepreneurial leadership team



Glen Morrison
CEO & President
of the Management Board



- Customer-driven culture
- Operational agility thanks to a decentralized and aligned organization



Fabrice Barthélémy
EMEA & LATAM President
Member of the Management Board



Andrew Bonham
North America President



Eric Daliere
Tarkett Sports President



Slavoljub Martinovic
Eastern Europe President



Operational Leaders



Anne-Christine Ayed
Research, Innovation & Environment



Pierre Barrard
Strategic Marketing & Digital



Raphaël Bauer
CFO



Wendy Kool-Foulon
General Counsel



Gilles Lebret
Customer Operations & Group CIO



Sharon MacBeath
Human Resources & Communications
Member of the Management Board



Antoine Prevost
Operations



Function Leaders

Global flooring market

Flooring market is growing more or less in line with GDP growth, with specificities by region and product

Flooring market (excluding ceramics) is ~80% exposed to renovation

Flooring market is a very traditional industry where customers value reputation and long-term relationships

World flooring market = 13.1bn sqm⁽¹⁾

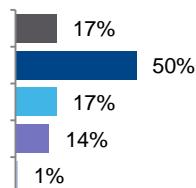


26% addressed product categories

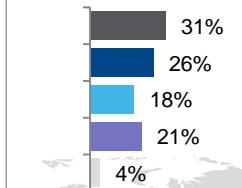
(1) 2017 breakdown of volume demand by product. Source: Tarkett estimate (World Flooring Report - July 2018).

Flooring preferred categories vary greatly across world

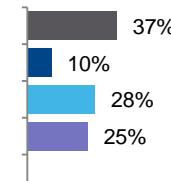
North America: 1.7bn sqm



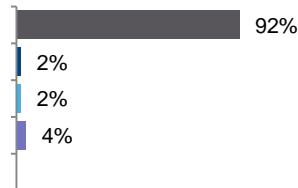
Europe⁽¹⁾: 1.6bn sqm



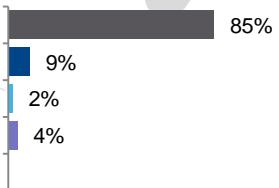
CIS: 0.6bn sqm



Latin America: 1.1bn sqm

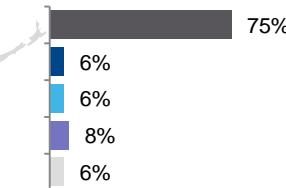


Middle East & Africa: 1.6bn sqm



50%

Asia Pacific: 6.5bn sqm



Ceramics is the dominant category in emerging countries

Consolidated Income Statement

€m	June 2018	June 2017
Net sales	1,317.3	1,364.0
Cost of sales	(995.8)	(1001.7)
Gross profit	321.5	362.3
Other operating income	5.8	16.9
Selling and distribution expenses	(162.6)	(163.2)
Research and development expenses	(19.9)	(19.6)
General and administrative expenses	(89.1)	(103.7)
Other expenses	(7.3)	(156.4)
Result from operating activities	48.4	(63.7)
Financial income	0.4	0.7
Financial expenses	(12.1)	(12.9)
Net finance costs	(11.7)	(12.2)
Share of profit on equity accounted investees (net of income tax)	0.4	1.3
Profit before income tax	37.1	(74.6)
Income tax expense	(8.0)	(22.9)
Profit for the period	29.1	(97.5)
Attributable to owners of the Company	28.7	(97.9)
Attributable to non-controlling interests	0.4	0.4

Consolidated Cash Flow Statement

€m	June 2018	June 2017
Net profit before tax	37.1	(74.6)
Depreciation, financial expenses and other	70.0	229.3
Operating profit before working capital changes	107.1	154.7
Effects of changes in assets and liabilities	(118.7)	(131.3)
Cash generated from operations	(11.6)	23.4
Other operating items	(19.6)	(32.2)
NET CASH FROM OPERATING ACTIVITIES	(31.2)	(8.8)
Acquisition of subsidiaries net of cash acquired	(10.0)	0.0
Acquisition of property, plant and equipment	(52.3)	(45.5)
o/w On-going Capex	(50.4)	(44.9)
Others	0.8	0.6
NET CASH FROM INVESTING ACTIVITIES	(61.5)	(44.9)
Acquisition of non-controlling interests	0.0	(0.5)
Proceeds from loans and borrowings	121.6	369.8
Repayment of loans and borrowings	(39.0)	(221.3)
Payment of finance lease liabilities	(0.4)	(0.6)
Acquisition of treasury shares	(4.9)	0.0
Dividends paid	0.0	(0.4)
NET CASH FROM FINANCING ACTIVITIES	77.3	147.0
Net increase (decrease) in cash and cash equivalents	(15.4)	93.3
Cash and cash equivalents, beginning of period	114.7	93.1
Effect of exchange rate fluctuations on cash held	(0.6)	(1.8)
Cash and cash equivalents, end of period	98.7	184.6

Consolidated Balance Sheet

€m	June 30, 2018	December 31, 2017
ASSETS		
Goodwill	525.7	510.5
Intangible assets	86.2	91.4
Property, plant and equipment	466.4	467.4
Financial assets	30.2	31.7
Deferred tax assets	80.4	80.1
Other non-current assets	-	-
Non-current assets	1,188.9	1,181.1
Inventories	477.3	404.2
Trade receivables	470.0	356.2
Other receivables	77.8	76.9
Cash and cash equivalent	98.7	114.7
Current assets	1,123.8	952.0
TOTAL ASSETS	2,312.7	2,133.1
EQUITY AND LIABILITIES		
Share capital	318.6	318.6
Share premium and reserves	145.8	145.8
Retained earnings	280.3	352.7
Net result for the year	28.7	(38.7)
Equity attributable to equity holders of the parent	773.4	778.4
Minority interest	2.3	2.2
Total equity	775.7	780.6
Interest-bearing loans and borrowings	683.5	594.1
Other financial liabilities	0.5	0.5
Deferred tax liabilities	35.2	37.8
Employee benefits	132.5	135.4
Provisions and other non-current liabilities	47.4	49.7
Non-current liabilities	899.1	817.5
Trade payables	367.2	288.9
Other liabilities	186.9	197.4
Interest-bearing loans and borrowings	9.4	12.3
Other financial liabilities	42.8	7.0
Provision and other current liabilities	31.6	29.4
Current liabilities	637.9	535.0
TOTAL EQUITY AND LIABILITIES	2,312.7	2,133.1

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