

A modern interior space featuring extensive wood paneling on the walls and ceiling. A large, cylindrical pendant light with a honeycomb pattern hangs from the ceiling. In the foreground, there are wooden benches and a table. Large windows on the right side offer a view of a snowy outdoor area with trees and a hedge. A blue semi-transparent overlay is positioned on the left side of the image, containing the title and date.

# Q3 2018 Financial Results

October 24, 2018



# Agenda

Q3 2018 Key Highlights

Q3 2018 Financial Results

Key Initiatives

Conclusion and Outlook

Appendices



A modern office interior with large windows overlooking a city and water. The room features a desk with an orange laptop, a chair, and a large orange graphic overlay. The floor is covered with a patterned carpet in shades of orange and blue. The background shows a cityscape with various buildings and a body of water.

# Q3 2018 Key Highlights

Fabrice Barthélemy  
Acting CEO

# Solid organic growth in Q3

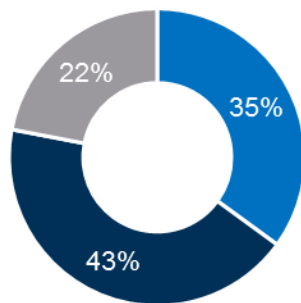
- **Solid Q3 2018 organic growth<sup>(1)</sup> at +3,4%, Net sales reaching €840m**
  - Great momentum in Sports (+11.8%)<sup>(1)</sup>
  - Good growth in North America (+4.3%)<sup>(1)</sup>
- **Growing contribution of selling price increases implemented earlier in the year**
  - In a context of significant purchasing cost inflation
- **Q3 Adjusted EBITDA <sup>(2)</sup> at €98m and EBITDA margin at 11.6%**
- **Lexmark acquisition closed end of September**
  - One of the leaders in carpet for North America hospitality segment
  - \$120m sales immediately accretive to Group EBITDA margin

*(1) Organic growth: At constant scope of consolidation and exchange rates (Note: in the CIS, price increases implemented in order to offset currency fluctuations are not included in organic growth. As a result, organic growth reflects only changes in volumes and the product mix).*

*(2) Adjusted EBITDA: adjustments include expenses related to restructurings, acquisitions, and share-based payment expenses.*

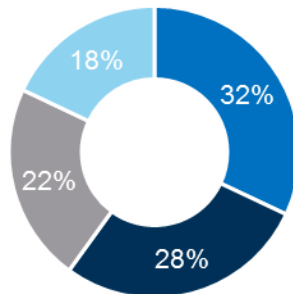
# Tarkett benefits from balanced exposures

## NET SALES BY GEOGRAPHIES



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

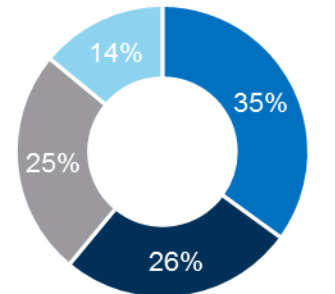
## NET SALES BY REPORTING SEGMENTS



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

## A BALANCED PROFITABILITY PROFILE

Adjusted EBITDA<sup>(1)</sup> split by reporting segments



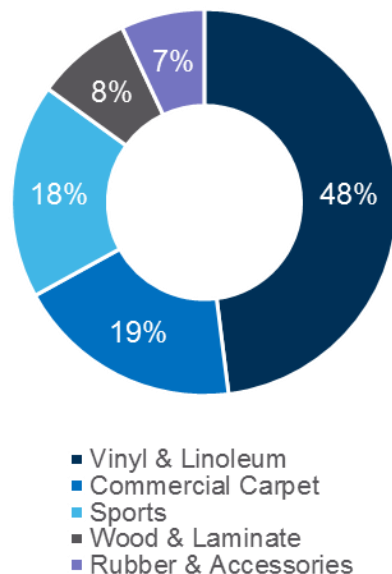
- EMEA
- North America
- CIS, APAC & LATAM
- Sports

Figures based on 2017 Net Sales and Adjusted EBITDA.

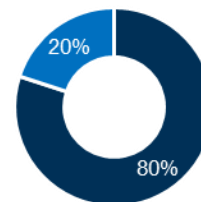
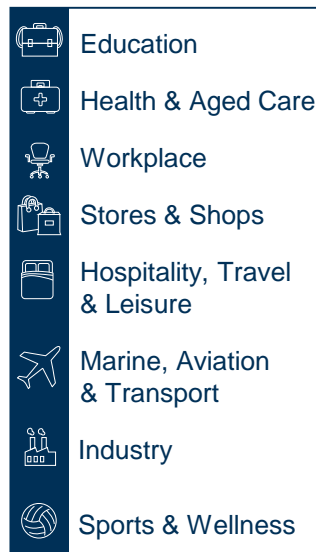
(1) Adjusted EBITDA: adjustments include expenses related to restructurings, acquisitions, and share-based payment expenses. Excluding central costs.

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

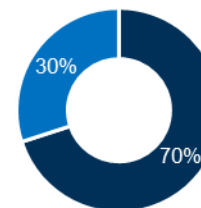
## ONE OF THE BROADEST PRODUCT PORTFOLIOS IN THE FLOORING INDUSTRY



## ATTRACTIVE END-MARKETS EXPOSURE



■ Renovation  
■ New



■ Commercial  
■ Residential

Figures based on 2017 Net Sales.



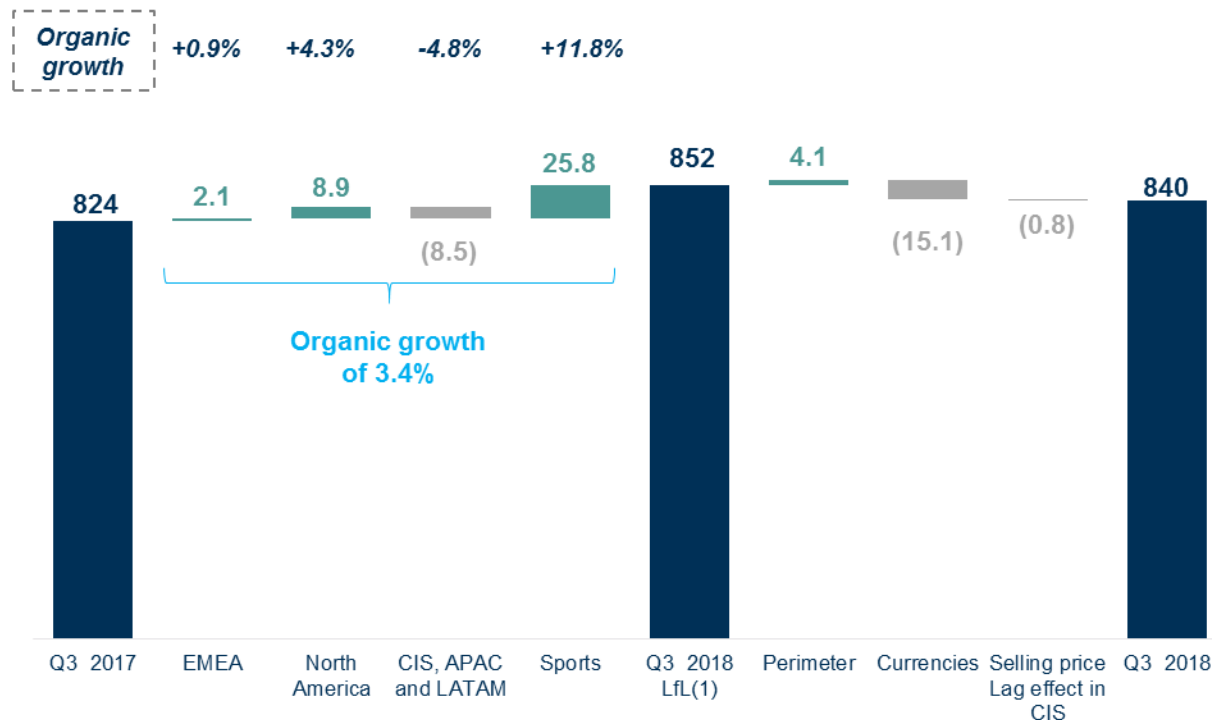
A modern office interior featuring a long, patterned carpet in shades of blue, yellow, and grey. On the left, there are several armchairs, some in blue and others in a neutral tone. On the right, a long, dark wood console table runs along the wall, topped with several white lampshades. The room has large windows in the background, letting in natural light.

# Q3 2018 Financial Results

Raphaël Bauer  
CFO

# Solid organic growth in Q3 2018

in €m



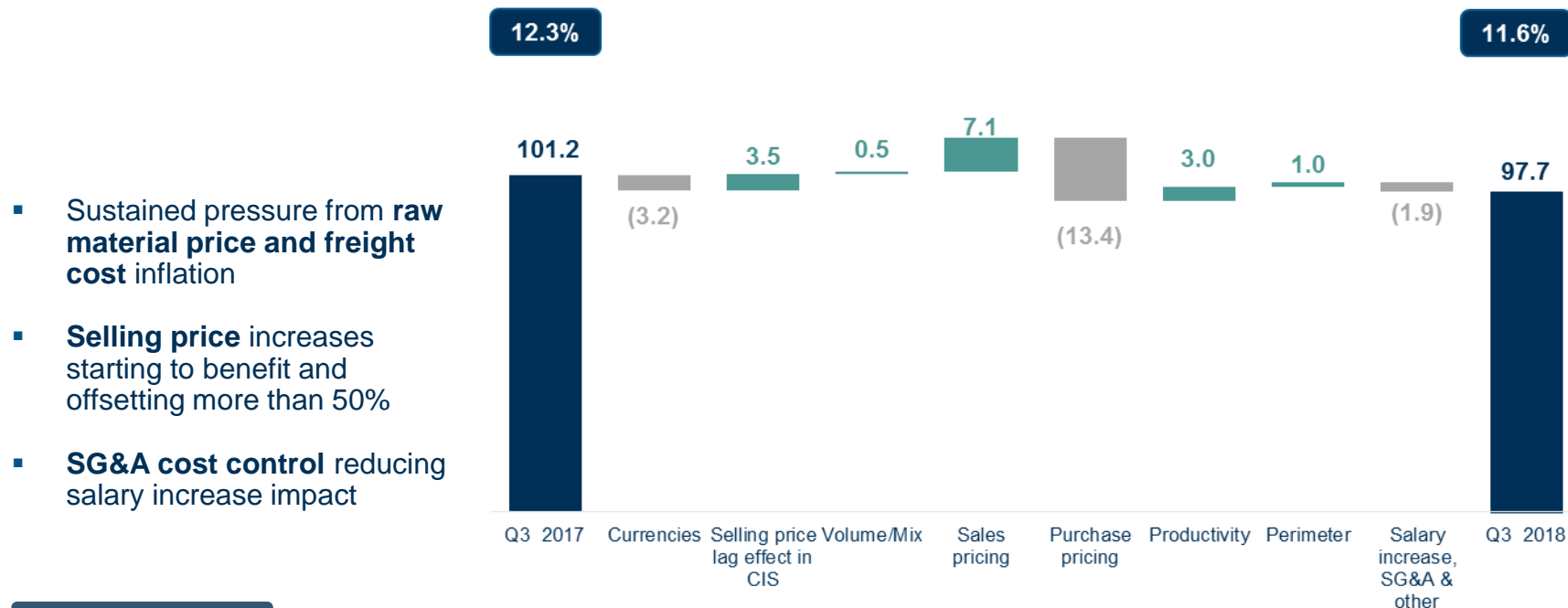
- Great performance in **Sports** busiest quarter
- **North America** fueled by increase of volume and prices
- Slower activity in **CIS** in a hesitating market
- **CIS** currencies headwinds mitigated by price increase

(1) Life 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).



# Adjusted EBITDA margin supported by selling price increases

in €m

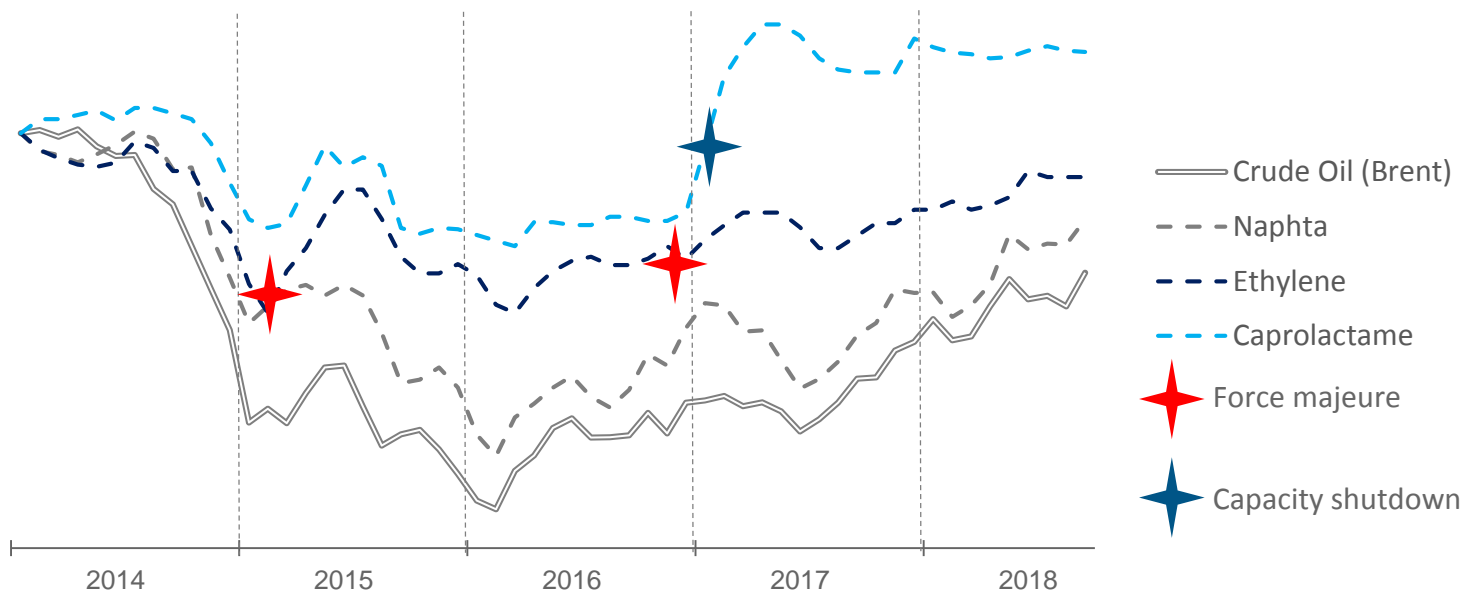


Adj EBITDA<sup>(1)</sup> margin

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

# Vinyl and carpet key oil derivatives<sup>(1)</sup> - Price evolution

Index Base 100 January 2014



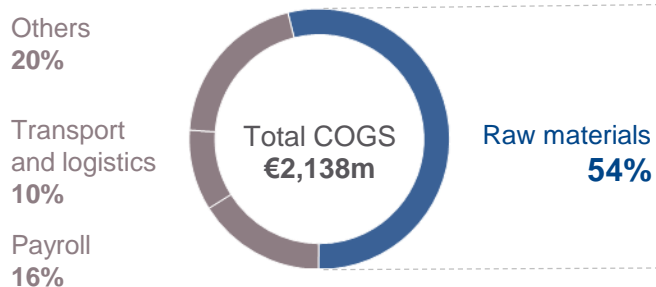
(1) Selection of oil derivatives feedstock – Oil derivatives purchase represent 54% of Tarkett material cost.

Sources: IHS Markit, Tecnon OrbiChem, Tarkett

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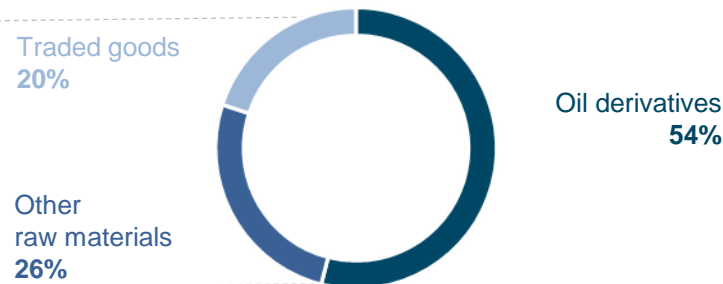
# Recent trends in raw material and freight costs

COGS BREAKDOWN



As of December 2017

MATERIAL CONSUMPTION DETAIL



As of December 2017

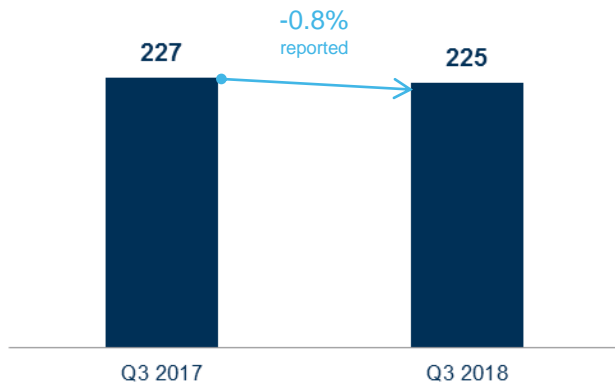
- **Oil and feedstock prices kept rising in Q3 2018**
  - Raw material impact on FY 2018 Adj. EBITDA around **-€38/-€42m**
- **Freight costs keep increasing**
  - Impact on FY 2018 Adj. EBITDA around **-€12m**

**Estimated  
Impact of inflation  
on 2018 EBITDA:  
-€50m/-€55m**

# EMEA Q3 2018

in €m

## Net sales



Q3 2018  
Net sales  
organic  
growth<sup>(1)</sup>

**+0.9%**

- Continuing good trends in **Germany, South Europe and Poland**
- Lower activity in **France**
- **UK** slowdown confirmed
- Worsened economic environment in **Turkey**
- Dynamic growth in **LVT**
- Newly launched **rigid composites tiles** well received

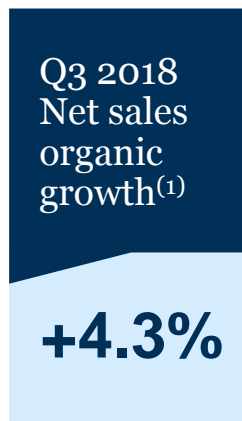
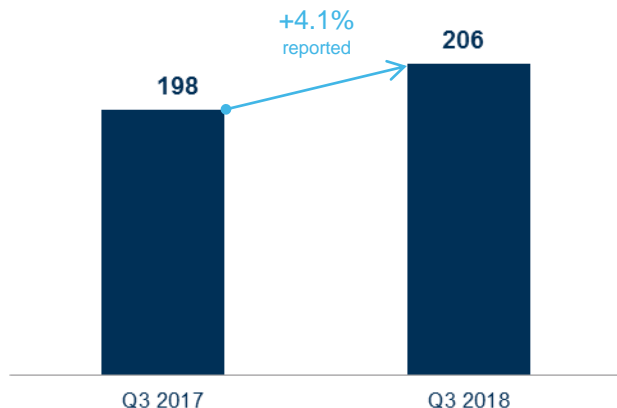
(1) Organic growth: At same perimeter and exchange rates.



# North America Q3 2018

in €m

## Net sales



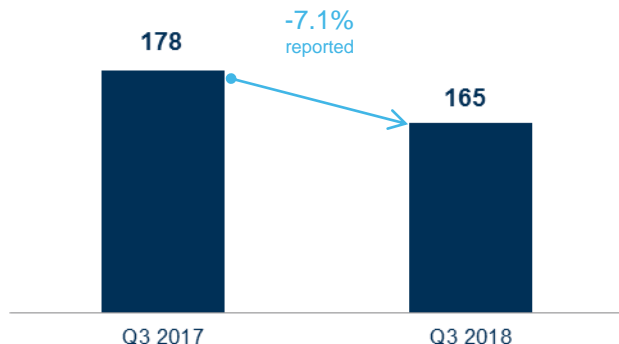
- Continued strong momentum in LVT (Luxury Vinyl Tile) driving growth in vinyl
- Dynamic growth in accessories
- Commercial carpet activity below last year
- **Strong contribution of selling price increase implemented in H1**
- Additional price increase implemented in September

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

# CIS, APAC & Latam Q3 2018

in €m

## Net sales



Q3 2018  
Net sales  
organic  
growth<sup>(1)</sup>

-4.8%

## CIS

- Low activity in Russia
- Rubble weakened in Q3
- Price increase (July 1<sup>st</sup>) in Russia more than offsetting currency impact

## Latin America

- Volume growth and selling price increase in Brazil

## Asia-Pacific

- Good growth driven by China
- Selling price increase bearing fruit in Australia

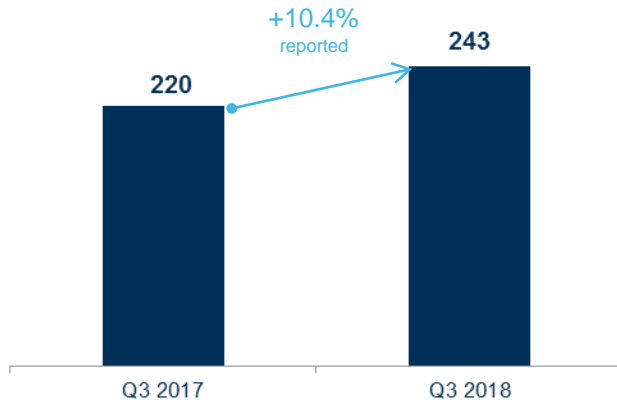
(1) Organic growth: At same perimeter and exchange rates.

(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).

# Sports Q3 2018

in €m

## Net sales



Q3 2018  
Net sales  
organic  
growth<sup>(1)</sup>

**+11.8%**

## Solid growth in all product categories and regions:

- Good momentum in North America Turf and Landscape applications
- High level of activity in Tracks
- Solid growth in EMEA
- Successful integration of Grassman in Australia

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

# Success of our large sports surfaces offering

## Recent References

University of  
Minnesota, MN

Tracks



Olympique de  
Marseille  
2 soccer training  
centers  
Artificial and  
hybrid turf



Monmouth  
University, NJ  
hockey

Artificial turf



Woollahra  
Australia,  
Rugby

Artificial turf







# Q3 2018 Management priorities & Key Initiatives

Fabrice Barthélemy  
Acting CEO

# Management priorities

Focus on selling price and costs

## Increase prices

- Carry-over of H1 increases
- Additional actions in North America
- 40% of raw material and transport inflation covered in 2018

## Accelerate cost reductions

- Reduction in discretionary spend
- Reduction in headcount
- Industrial performance recovery in North America
- Manufacturing productivity driven by automation across the Group

## Integrate Lexmark

- Hospitality segment under Lexmark leadership
- Cost synergies in North America
- Sales synergies in NA and globally

# Thanks to Lexmark, Tarkett is #3 in carpet for Hospitality in North America



Integration  
&  
Synergies

## Lexmark : Strong company - Well recognized brand

- Net sales 2017: \$120m – profitability above industry average
- 460 employees
- 1 carpet production site in USA with state-of-the-art equipment
- #1 in carpet for hospitality rooms in North America
- Longstanding partnership with key accounts

## Strategic and accretive acquisition

- Tarkett becomes #3 in carpet hospitality in North America
- Extended flooring offering to global accounts
- Lexmark management in charge of Tarkett NA Hospitality business
- Sales and cost synergies → **Accretive to Group EBITDA margin by up to +50bps\***
- Closing end of Sept 2018, consolidated in Q4 2018

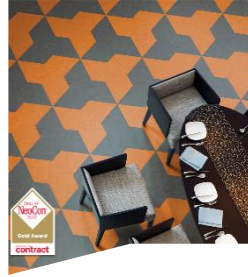
\* Post-synergies, on a full year basis  
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# New products combining performance, design and sustainability



## Tectonic™

- New protection surface treatment enhancing product performance (resistance in high traffic areas & long lasting look)
- Applied on new LVT collections (NA)



## Pentagonals Rubber

- Innovative modular collection combining colors & shapes to create unique spaces
- Low maintenance, comfort & safety (slip resistance)
- Launched and Awarded at Neocon June 2018



## iD Supernature & Tattoo

- Modular tiles (LVT)
- Natural look combined with digital design for personalized spaces
- Launched in April 2018 well received (EMEA)
- Muzz international Award



## iD Revolution

- Innovative modular tiles
- Cradle to Cradle® Gold Certification: +80% of recycled, mineral and bio-based materials
- Launched in Sept 2018 (EMEA)
- Awarded: Innovation Teams Best Practices 2018 in France, and UK Green World Award



A photograph of a modern office interior. In the foreground, there is a light-colored sofa and a low coffee table with decorative items. In the background, a staircase with glass railings leads to an upper level. The walls are decorated with large, textured panels and a wall of bamboo. The lighting is warm and ambient.

# Conclusion and Outlook

Fabrice Barthélemy  
Acting CEO

# Outlook

- **Good overall activity level**
- **Uncertainties in the CIS**
- **Further pressure from raw material price increase**
  - Full year raw material and freight impact estimated at -€50m to -€55m
- **Tarkett management team is focused on improving profitability**
  - Further selling price increases
  - Progressive improvement of industrial performance in North America
  - Acceleration of cost reduction across the Group
  - Implementation of synergies with Lexmark





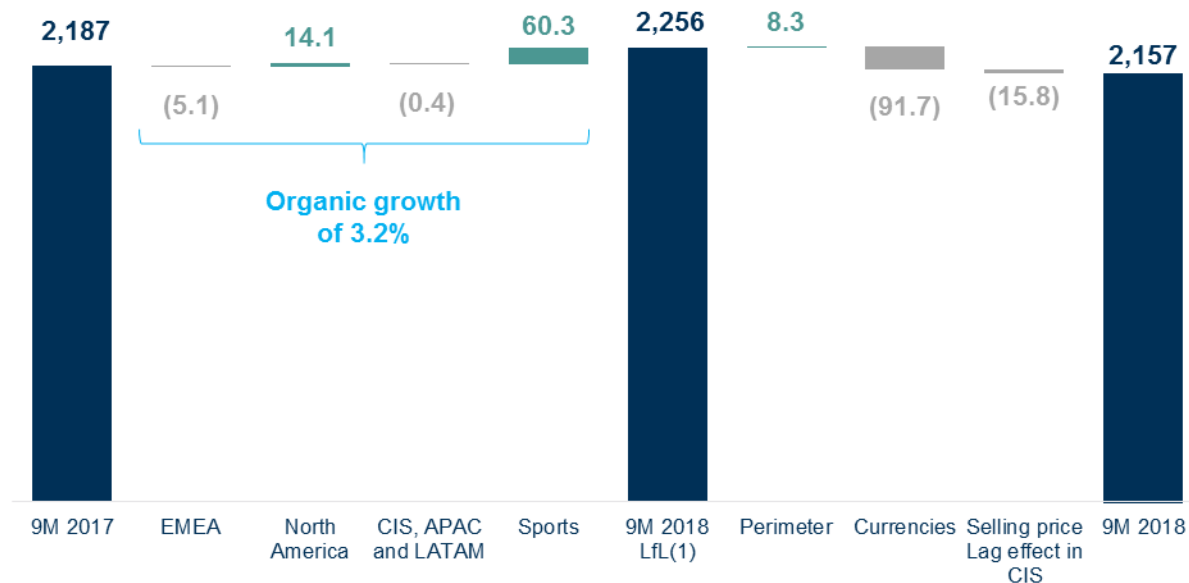
## Appendices

# Organic growth 9M 2018

in €m



- Great performance in **Sports**
- North America** acceleration of selling prices in Q2 and Q3
- Slower activity in **CIS** in Q3
- Significant currencies headwinds from H1 (USD)**



(1) Life 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).



# Adjusted EBITDA<sup>(1)</sup> 9M 2018

in €m

- Sustained pressure from **raw material price and freight cost** inflation
- **Selling price** increases covering 40% of purchasing pricing
- **SG&A cost control** reducing salary increase impact in Q3



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

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

## Sales performance by quarter

€m	Q1 2018	Q1 2017	% growth	Organic growth <sup>(1)</sup>	Q2 2018	Q2 2017	% growth	Organic Growth <sup>(1)</sup>
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%
<b>TOTAL</b>	<b>567.9</b>	<b>611.7</b>	<b>-7.2%</b>	<b>+0.1%</b>	<b>749.4</b>	<b>752.3</b>	<b>-0.4%</b>	<b>+5.3%</b>
€m	Q1 2018	Q1 2017	Q1 2018 Margin	Q1 2017 Margin	Q2 2018	Q2 2017	Q2 2018 Margin	Q2 2017 Margin
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>29.8</b>	<b>51.5</b>	<b>5.2%</b>	<b>8.4%</b>	<b>86.3</b>	<b>108.8</b>	<b>11.5%</b>	<b>14.5%</b>

(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

	Net Sales				Adjusted EBITDA <sup>(2)</sup>			
€m	H1 2018	H1 2017	% growth	Organic Growth <sup>(1)</sup>	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)	-	-
<b>TOTAL</b>	<b>1,317.3</b>	<b>1,364.0</b>	<b>-3.4%</b>	<b>+3.0%</b>	<b>116.1</b>	<b>160.3</b>	<b>8.8%</b>	<b>11.8%</b>

(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.

# Sales and adjusted EBITDA performance in Q3

## Sales performance by quarter

€m	Q3 2018	Q3 2017	% growth	Organic growth <sup>(1)</sup>
EMEA	225.2	227.2	-0.8 %	+0.9 %
North America	206.0	197.9	+4.1 %	+4.3 %
CIS, APAC & LATAM	165.4	178.0	-7.1 %	-4.8 %
Sports	243.3	220.4	+10.4 %	+11.8 %
<b>TOTAL NET SALES</b>	<b>839.9</b>	<b>823.5</b>	<b>+2.0 %</b>	<b>+3.4 %</b>

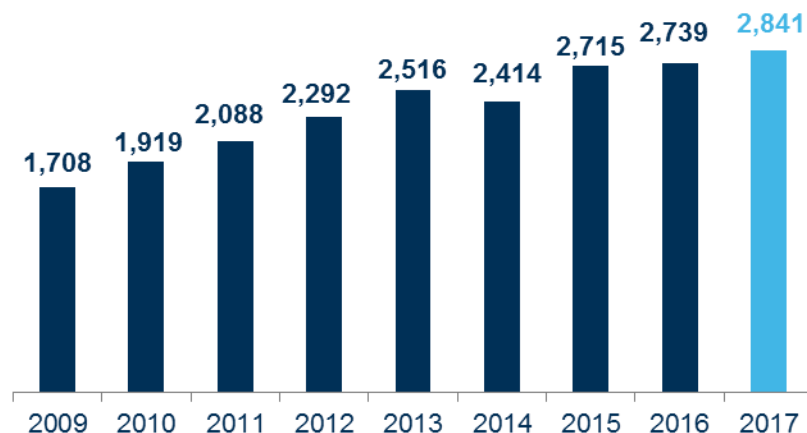
€m	Q3 2018	Q3 2017	Q3 2018 Margin	Q3 2017 Margin
<b>Adjusted EBITDA<sup>(2)</sup></b>	<b>97.7</b>	<b>101.2</b>	<b>+11.6 %</b>	<b>+12.3 %</b>

(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.

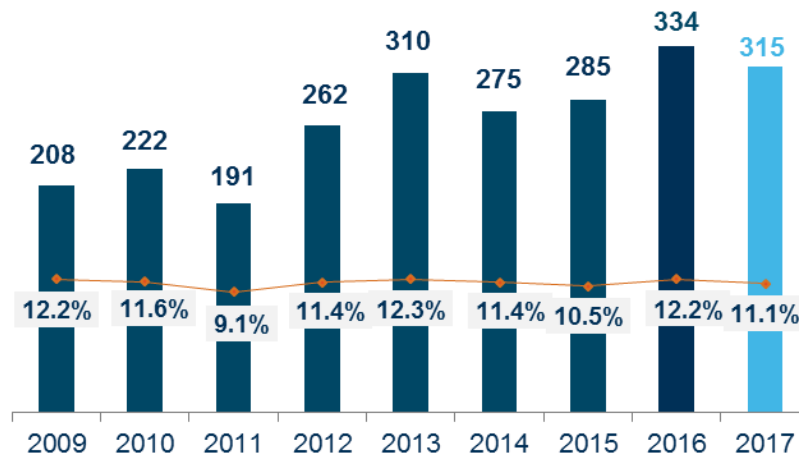
# Long term profitable growth

## NET SALES



**+6.6% CAGR 2009-2017**  
ow 2.8% organic and 3.3% perimeter

## ADJUSTED EBITDA<sup>(1)</sup>



**+5.4% CAGR 2009-2017**

(1) Adjusted EBITDA: adjustments include expenses 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

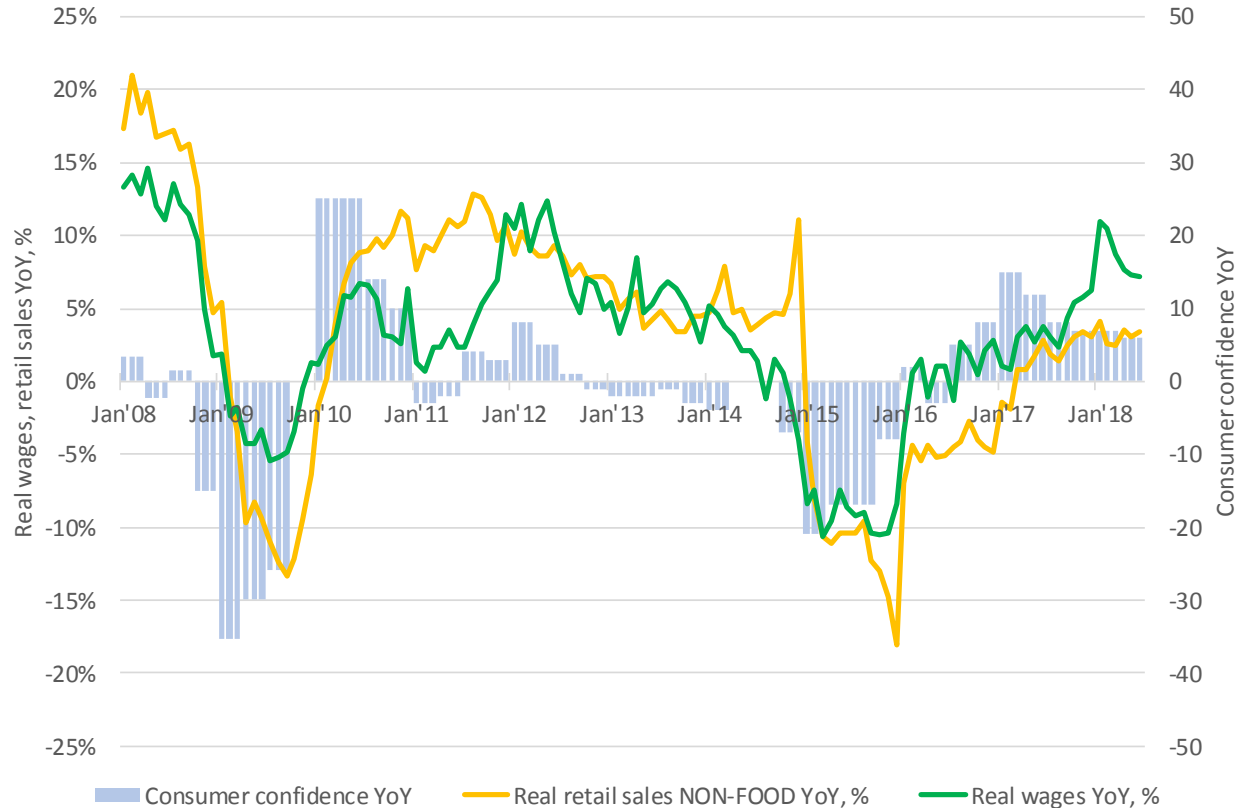


Sources: Reuters and Tarkett

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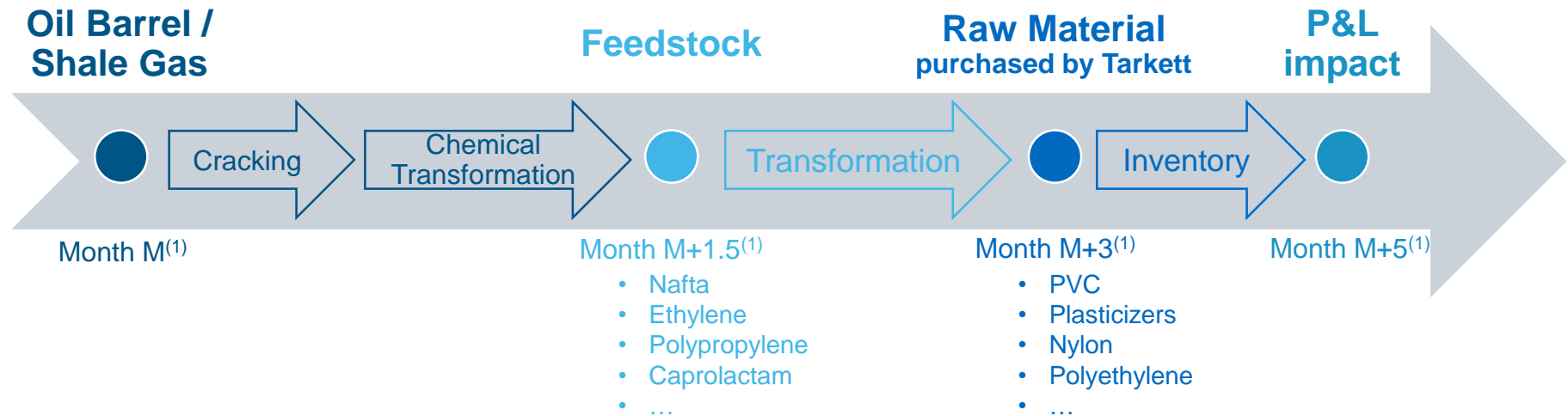


# Russia: consumer confidence, real retail sales and real wages



Source: Rosstat.

# Key Oil Derivatives: Purchasing Price Drivers



## > Oil barrel price impact raw materials price with a lag

- Pricing formulas have also a negotiated fixed part

## > Other drivers of price evolution

### • Offer/Production

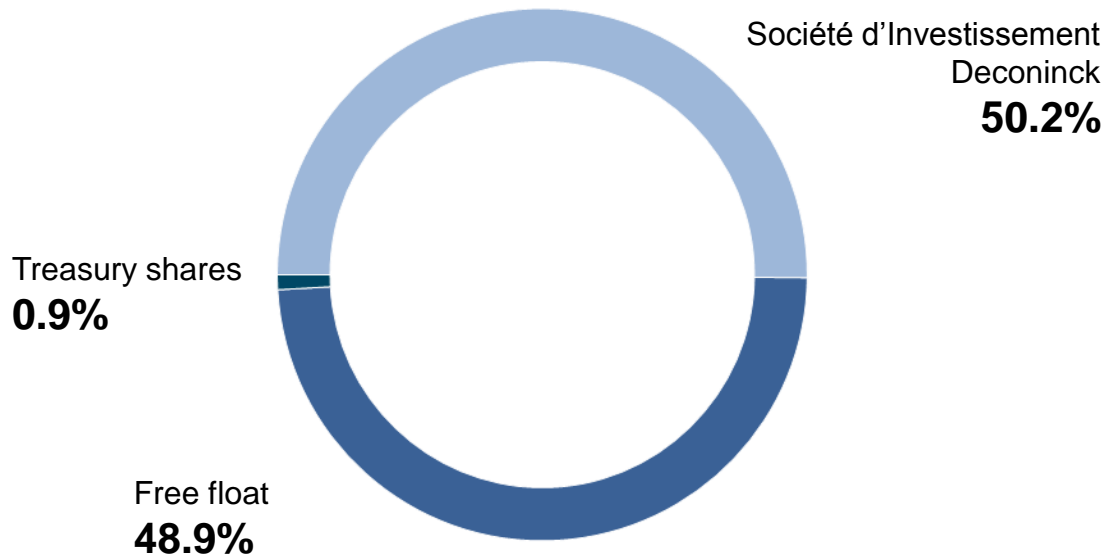
- ✓ “Force Majeure”: industrial accident, weather event (e.g.: Harvey hurricane)
- ✓ Structural change in production capacity

- **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.

# Shareholder composition

As of March 30, 2018



# Executive Committee


An international, diverse & entrepreneurial leadership team

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



**Fabrice Barthélemy**  
Acting CEO of Tarkett  
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 Lebreton**  
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**

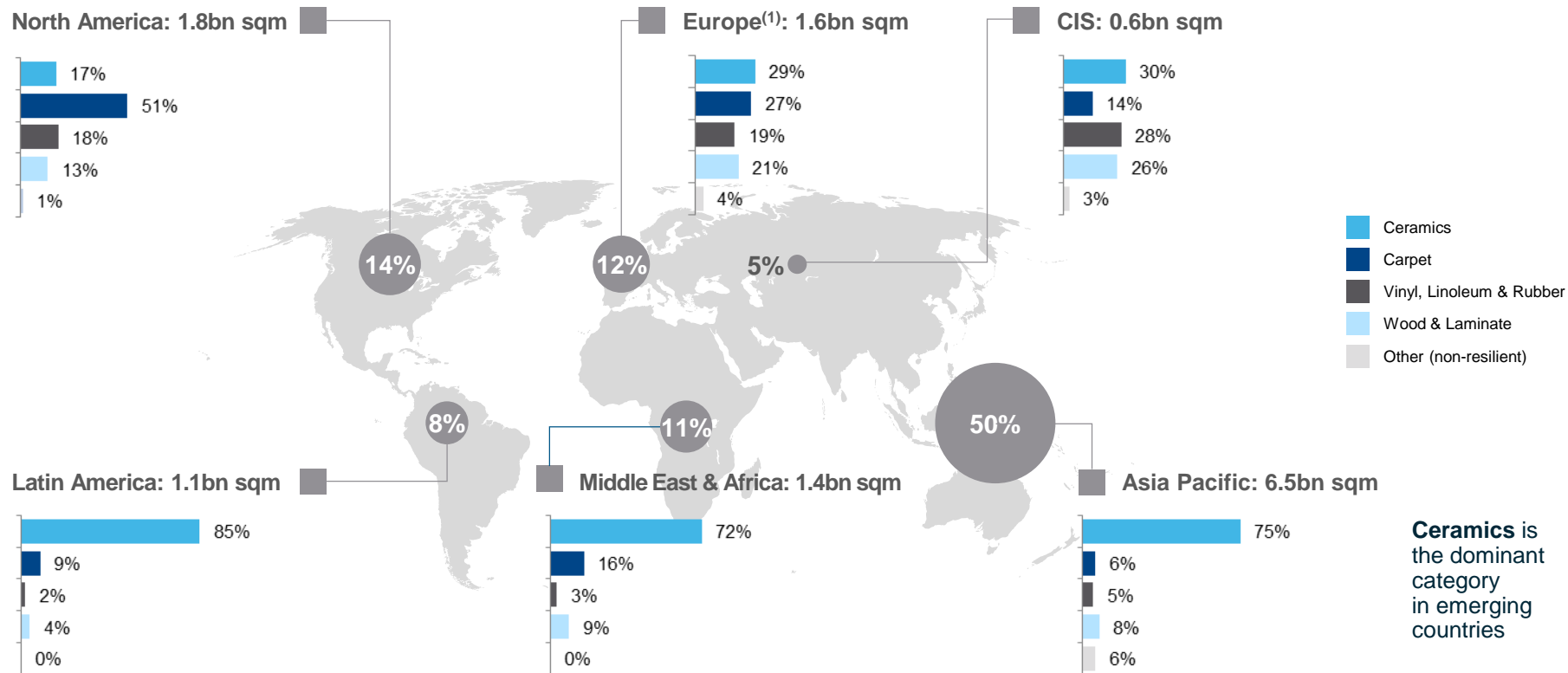
World flooring market = 12.9bn sqm<sup>(1)</sup>



**27%**  
addressed  
product  
categories

(1) 2016 breakdown of volume demand by product. Source: Tarkett estimate (World Flooring Report - July 2017).

# Flooring preferred categories vary greatly across world



Source: Tarkett estimate (World Flooring Report - July 2017). (1) Excluding Turkey.

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# Disclaimer

This document may contain estimates and/or forward-looking statements. Such statements do not constitute forecasts regarding Tarkett's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties, many of which are outside Tarkett's control, including, but not limited to the risks described in Tarkett's registration document, the French version of which was filed on March 21, 2018 and is available on [www.tarkett.com](http://www.tarkett.com). These statements do not warrant future performance of Tarkett, which may materially differ. Tarkett does not undertake to provide updates of these statements to reflect events that occur or circumstances that arise after the date of this document.

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