



Q3 2019 Financial Results

October 24, 2019

Q3 2019 highlights

▪ Achievements

- Positive organic growth⁽¹⁾ : +2.6% driven by success of Sports and stable sales in EMEA and CIS, APAC & Latam
- Adjusted EBITDA⁽²⁾ at €107.5m incl. a positive amount of €5.4m related to litigation settlements in Sports
- Slight margin improvement (11.8% vs. 11.6%)
- Selling price increases offset purchasing costs and wage inflation
- Cost savings at €12.1 million, significant acceleration vs. Q1 and Q2
- Industrial footprint restructuring on schedule

▪ Challenge

- Profitability penalized by a weak performance in North America, where a dedicated action plan is being rolled-out

(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.

Q3 2018: Change to Win highlights

Status on 4 strategic pillars

1.

Revenue Growth

- Organic growth: +2.6%
- EMEA, CIS, APAC & LATAM: stable
- North America: -2.2%
- Sports: + 10.5%

2.

One Tarkett for our Customers

- US sales force organization
- Branding simplification in the US
- Completion of SAP implementation

3.

People & Planet

- Safety campaign (“Think twice before acting”)
- Circular Economy: Vinyl ReStart program in EMEA +74% over last twelve months

4.

Cost and financial discipline

- Productivity gains at sustained level
- Industrial footprint restructuring on schedule
- SG&A savings plan launched
- Leverage at around 2.5x at end 2019

Status of dedicated action plans in North America

Dedicated plan to resume growth and improve cost structure

Top line dedicated action plan

- New sales force organization
- Simplified branding - One Tarkett
- Action plans by key regions

Completed

Manufacturing Productivity

- North American sites recovering progressively
- Improvement mitigated by lower utilization of capacity

Industrial footprint reorganization

- 2 sites closures in Canada (310 people)
- Transfers to US facilities completed
- Sites closed

SG&A rationalization plan

- General and Administrative cost reduction
- SAP implementation for commercial carpet

- **New product introductions (LVT, carpet tiles)**

- **Ongoing roll-out of automation plan**

- **Review of warehouse footprint**

- **Ongoing review of SG&A costs**

Key successes in strategic end-user segments

Workplace

Workington

Coworking spaces
Turkey

Vinyl rolls (Excellence)



Workplace

Hologic Zaventem

Belgium

Carpet (Fields and Fuse)



Hospitality

MGM, Las Vegas

*LVT
(Contour and Victory)*



Healthcare

UHS, Universal Health Services

USA

*LVT, Vinyl sheets,
sports flooring*



Key successes in Sports

Sports

**University of
Nebraska's
Memorial Stadium**
USA

*Celebrating 20 years of
FieldTurf success*



Sports

Detroit Lions (NFL)
USA

Football
FieldTurf Classic HD



Sports

**Texas A&M
University**
USA

Tracks
Beynon (BSS 2000 RE)



Sports

Stade Toulousain
France

Rugby
GrassMaster



Selective investments to support growth and strategic initiatives



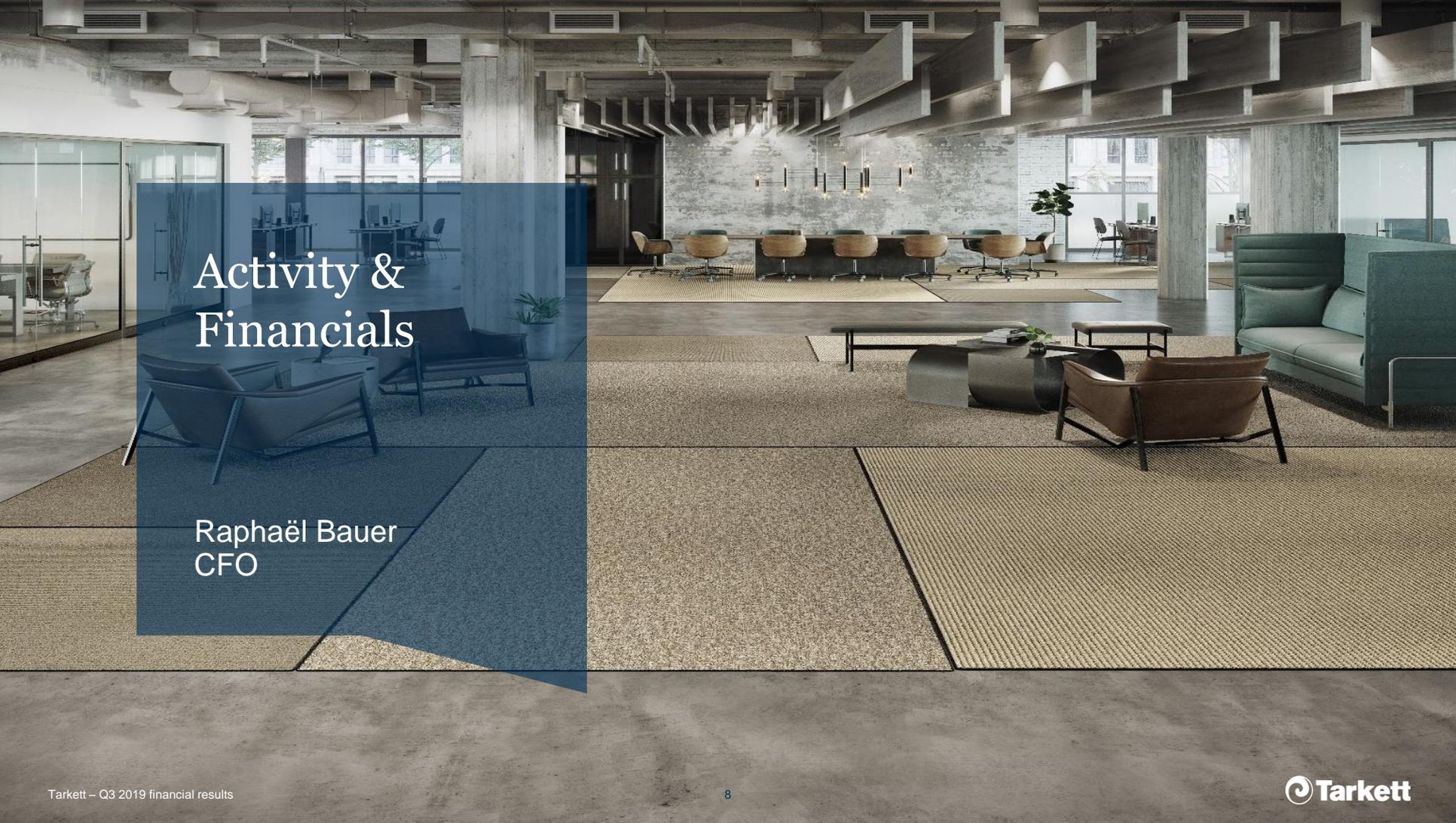
New LVT line in Clervaux
(Luxembourg)



New product lines of accessories
in Chagrin Falls (USA)



Wood Automatic inspection system
in Hanaskog (Sweden)

A modern office interior featuring a large open-plan space with a mix of carpet tiles. The foreground is dominated by a large, textured, light-colored carpet tile. In the background, there are several other carpet tiles in different colors and textures, including a dark blue one and a patterned one. The office is furnished with contemporary furniture, including a long wooden table with orange chairs, a green sofa, and a brown leather armchair. The ceiling is high with exposed concrete beams and modern lighting fixtures. Large windows on the right side provide natural light and a view of the outdoors.

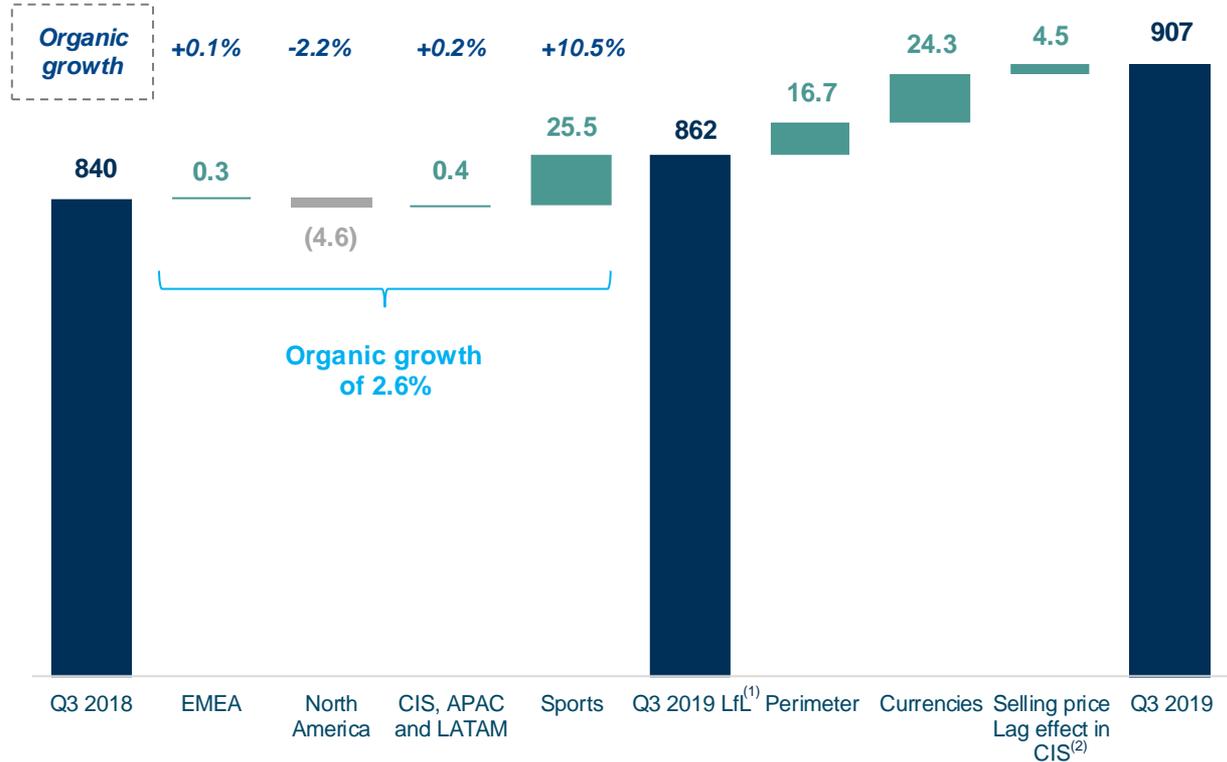
Activity & Financials

Raphaël Bauer
CFO

Solid organic growth in Q3 2019: +2.6%

In €m

- Positive organic growth:
 - +10.5% organic growth in Sports
 - Stable sales in EMEA and CIS, APAC & Latam
 - Negative organic growth in North America
- Reported revenue growth uplifted by currency & lag effect
- Lower perimeter effect than in previous quarters



(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).

(2) Lag effect: Net of currency impact and selling prices adjustments in the CIS countries
Tarkett – Q3 2019 financial results

EMEA Q3 2019

In €m

Net Sales



Net Sales 9M



Q3 2019
Net sales
organic
growth

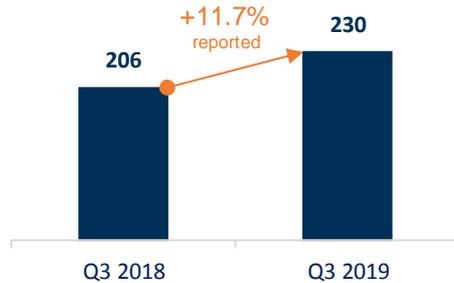
+0.1%

- **Organic growth** affected by ongoing exit of Laminate production
- **Stabilization in France**
- **Significant decline in Germany**
- **UK** activity still affected by Brexit uncertainties
- **Solid growth in Southern Europe and in the Nordic region**
- **Strong growth in Healthcare & Education** thanks to the success of the commercial vinyl range

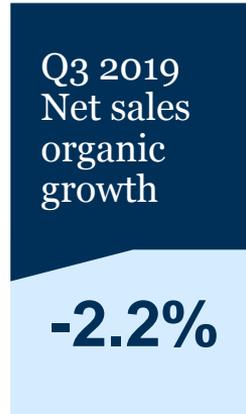
North America Q3 2019

In €m

Net Sales



Net Sales 9M



- **Organic growth down** versus solid 2018 comps
- **Residential activity down** in a tough environment
- **Volume decrease in all commercial categories** outside Accessories
- **Anticipated deliveries of commercial carpet** in September ahead of SAP implementation
- **Mix erosion** due to lower commercial carpet weight and increased LVT weight

CIS, APAC & Latin America Q3 2019

In €m

Net Sales



Net Sales 9M



Q3 2018
Net sales
organic
growth

+0.2%

- **Positive lag effect and stable organic growth**
- **Stable activity in the CIS region** despite challenging environment
- **Solid level of organic growth in Latin America** driven by Brazil
- **Slight improvement in APAC organic growth** driven by China

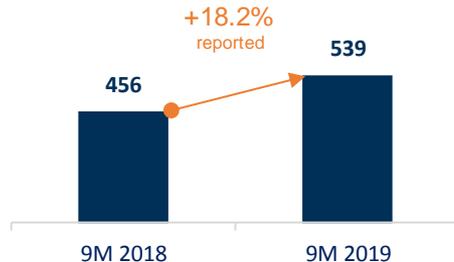
Sports Q3 2019

In €m

Net Sales



Net Sales 9M



Q3 2019
Net sales
organic
growth
+10.5%

- Increase in reported revenues resulting from **strong organic growth and positive forex**
- **Strong growth in artificial turf**
- **Tracks activity less dynamic** with several projects postponed to 2020
- **Integration of recent acquisitions fully completed** and generating synergies

Q3 Adjusted EBITDA

In €m

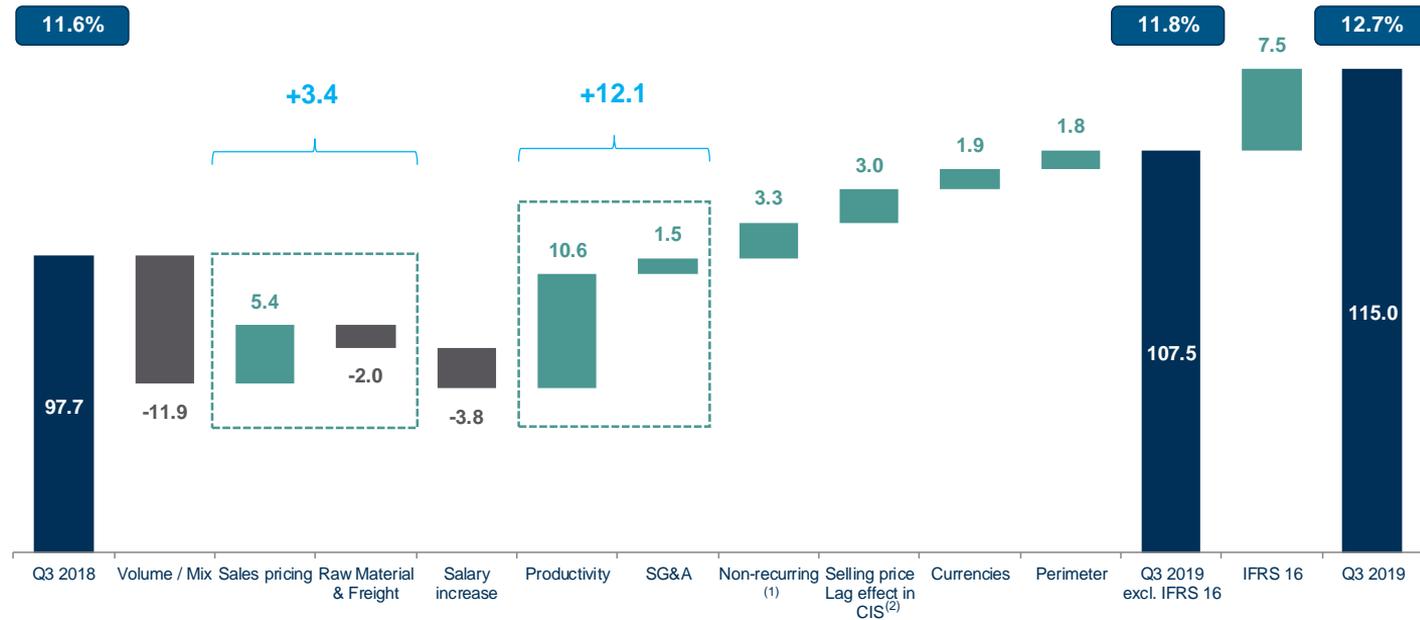
Adj. EBITDA margin

11.6%

11.8%

12.7%

- Negative volume and mix effect largely driven by North America
- Selling prices increases offset purchasing cost and wage inflation
- Acceleration of cost savings
- Sports litigation settlements (+€5.4m)



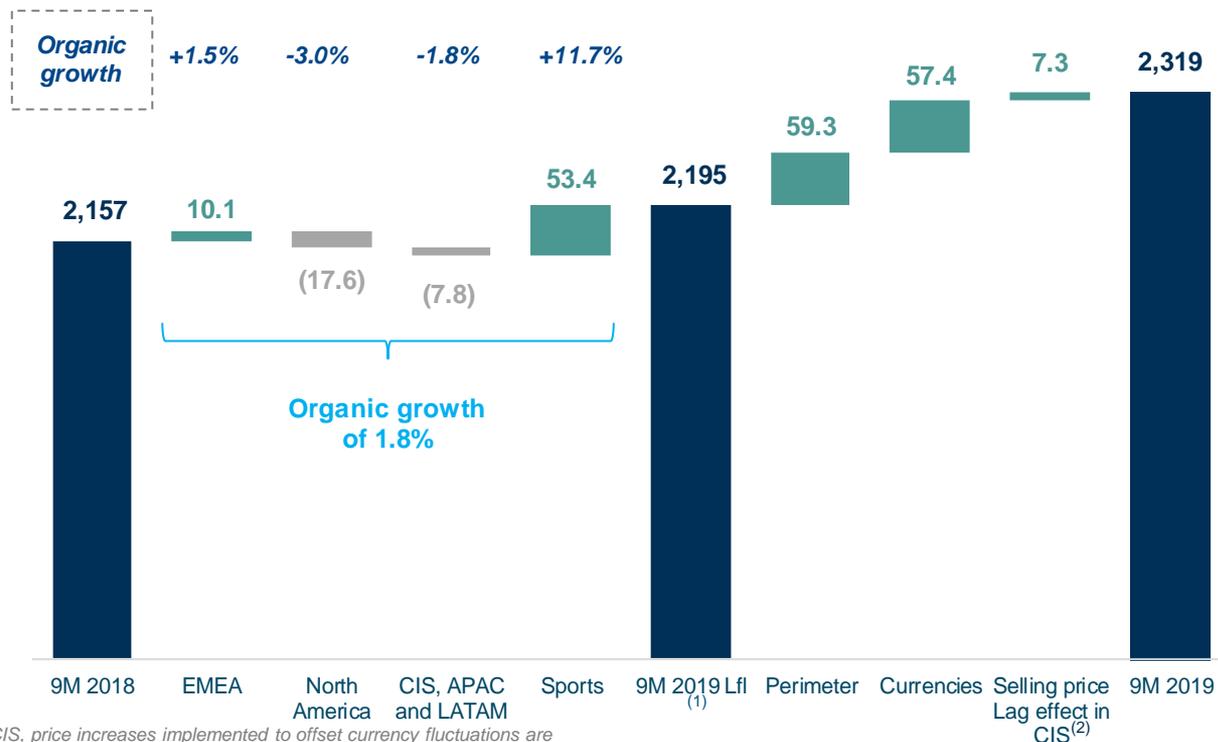
(1) Non recurring includes Sports settlements (€5.4m)

(2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

9M Net Sales: organic growth +1.8%

In €m

- Organic growth driven by Sports and EMEA
- Weak performance in North America penalizing overall revenue growth
- CIS, APAC & Latam down penalized by H1 performance

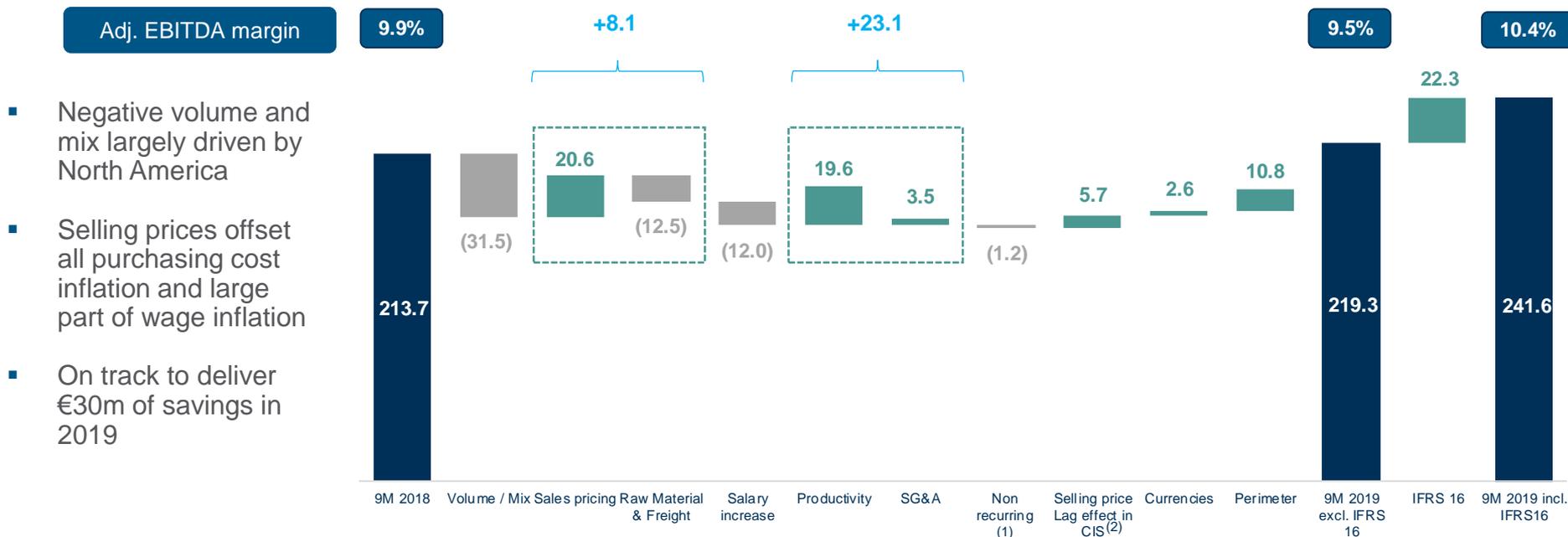


(1) Like for Like: At same perimeter and exchange rates. (NB: In the CIS, price increases implemented to offset currency fluctuations are not included in the organic growth. Organic growth in the CIS therefore reflects volume and mix variances only).

(2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

9M Adjusted EBITDA

In €m



- Negative volume and mix largely driven by North America
- Selling prices offset all purchasing cost inflation and large part of wage inflation
- On track to deliver €30m of savings in 2019

(1) Non recurring: including Q2 inventory write-off & Q3 Sports settlements
 (2) Lag effect : Net of currency impact and selling prices adjustments in the CIS countries

IFRS 16 EBITDA impact by segment

In €m

- New norm IFRS 16 on leases is effective since 1st of January, 2019
 - **Assets leased are now recognized as fixed asset financed by financial debt**
- Estimated impact at 2019 year end:
 - **+€90m in Net Financial Debt**
 - **+€29m in Adjusted EBITDA**
- Estimated impact of IFRS 16 application on the adjusted EBITDA by segment in 2019:

€ million	Estimated 2019 IFRS 16 impact on Adj. EBITDA by segment
EMEA	9
North America	8
CIS, APAC & Latin America	6
Sports	3
Central	3
Group's estimated IFRS 16 impact for 2019	29

A modern office interior featuring a vibrant, multi-colored geometric carpet in shades of yellow, pink, and grey. Large, white, dome-shaped pendant lights hang from the ceiling. In the background, there is a curved reception desk and a large glass wall. The overall atmosphere is bright and contemporary.

2019 Outlook and Mid-term objectives

Outlook

- **2019 Business Outlook**

- › Overall trading conditions more challenging than in 2018 in EMEA and North America
- › No short term rebound in CIS
- › Healthy backlog in Sports

- **Q4 2019 specific:**

- › North America: negative impact of SAP implementation in commercial carpet & slowdown in hospitality
- › Selling price increases more than offset purchasing costs inflation
- › On track to achieve €30m cost reduction
- › Accelerating SG&A cost reduction plan

- **Full year 2019**

- › Adjusted EBITDA slightly up with margin around last year level
- › Net debt to Adjusted EBITDA at around 2.5x at end December



Appendices

Change to Win strategic plan announced in June

4 strategic pillars

1.

Sustainable Growth

- Grow faster in commercial end-user segments
- Innovative designs and solutions
- Pricing power
- Digital channels opportunities

2.

One Tarkett for our Customers

- Customer-centric organization and mindset
- Simplicity
- Agility
- Speed

3.

People & Planet

- Safety focus
- Talent and diversity
- Circular Economy
- Climate Change

4.

Cost and financial discipline

- Footprint review
- Productivity plans
- Review under-performing businesses
- SG&A efficiency
- Deleveraging in 2019
- Selective M&A

Sustainable Growth

Organic
CAGR⁽¹⁾
2018-2022

**> GDP
growth⁽²⁾
in key regions**

Profitability Improvement

Adj. EBITDA
Margin⁽³⁾

**> 12.0%
by 2022**

Leverage

Net Debt to
Adj. EBITDA⁽³⁾

**1.6x to 2.6x
at each year
end over the
period**

(1) CAGR : Compounded annual growth rate

(2) GDP growth for Europe, North America and CIS, as measured by IMF

(3) Post IFRS 16 application, new accounting norm on leases

Sales and adjusted EBITDA performance Q1

Sales performance by quarter

€m	Q1 2019	Q1 2018	% growth	Organic Growth ⁽¹⁾
EMEA	239.0	228.3	+4.7%	+5.8%
North America	195.8	163.5	+19.7%	-0.6%
CIS, APAC & LATAM	112.5	116.3	-3.2%	-2.2%
Sports	77.2	59.8	+29.1%	+19.4%
TOTAL	624.5	567.9	+10.0%	+3.7%

€m	Q1 2019	Q1 2018	Q1 2019 Margin	Q1 2018 Margin
Reported Adjusted EBITDA ⁽²⁾	43.1	29.8	+6.9%	+5.2%
Adjusted EBITDA excluding IFRS 16	35.8		5.7%	

(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 only).

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

Sales and adjusted EBITDA performance Q2

Sales performance by quarter

€m	Q2 2019	Q2 2018	% growth	Organic Growth ⁽¹⁾
EMEA	231.5	236.0	-1.9%	-1.4%
North America	233.4	214.8	+8.7%	-5.6%
CIS, APAC & LATAM	143.1	145.4	-1.6%	-3.8%
Sports	179.8	153.2	+17.4%	+10.5%
TOTAL	787.8	749.4	+5.1%	-0.6%

€m	Q2 2019	Q2 2018	Q2 2019 Margin	Q2 2018 Margin
Reported Adjusted EBITDA ⁽²⁾	83.6	86.3	+10.6%	+11.5%
Adjusted EBITDA excluding IFRS 16	76.1		9.7%	

(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 only).

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

Sales and adjusted EBITDA performance Q3

Sales performance by quarter

€m	Q3 2019	Q3 2018	% growth	Organic Growth ⁽¹⁾
EMEA	223.5	225.2	-0.8%	+0.1%
North America	230.1	206.0	+11.7%	-2.2%
CIS, APAC & LATAM	171.0	165.4	+3.4%	+0.2%
Sports	282.4	243.3	+16.1%	+10.5%
TOTAL	907.1	839.9	+8.0%	+2.6%

€m	Q3 2019	Q3 2018	Q3 2019 Margin	Q3 2018 Margin
Reported Adjusted EBITDA ⁽²⁾	115.0	97.7	12.7%	11.6%
Adjusted EBITDA excl. IFRS16	107.5		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 such as restructuring, acquisitions and share-based payment expenses.

Sales and adjusted EBITDA performance 9M

Sales performance by quarter

€m	9M 2019	9M 2018	% growth	Organic Growth ⁽¹⁾
EMEA	694.0	689.6	+0.6%	+1.5%
North America	659.3	584.4	+12.8%	-3.0%
CIS, APAC & LATAM	426.7	427.1	-0.1%	-1.8%
Sports	539.4	456.3	+18.2%	+11.7%
TOTAL	2,319.4	2,157.3	+7.5%	+1.8%

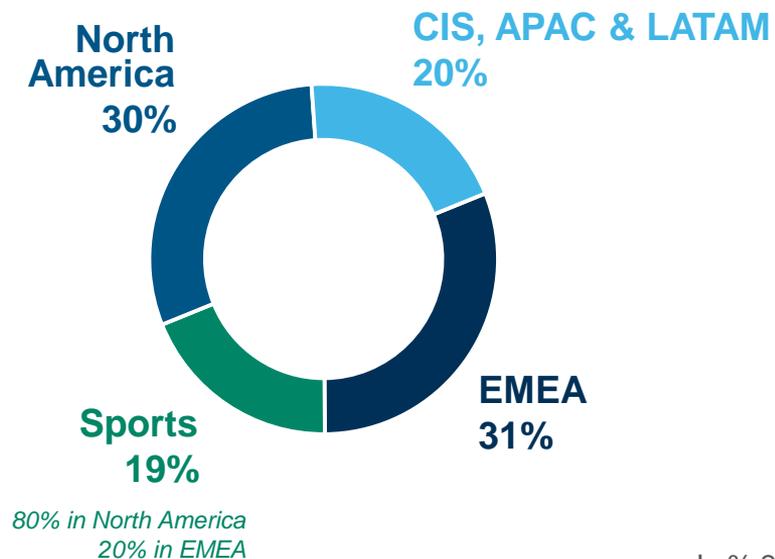
€m	9M 2019	9M 2018	9M 2019 Margin	9M 2018 Margin
Reported Adjusted EBITDA ⁽²⁾	241.6	213.7	10.4%	9.9%
Adjusted EBITDA excl. IFRS16	219.3		9.5%	

(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).

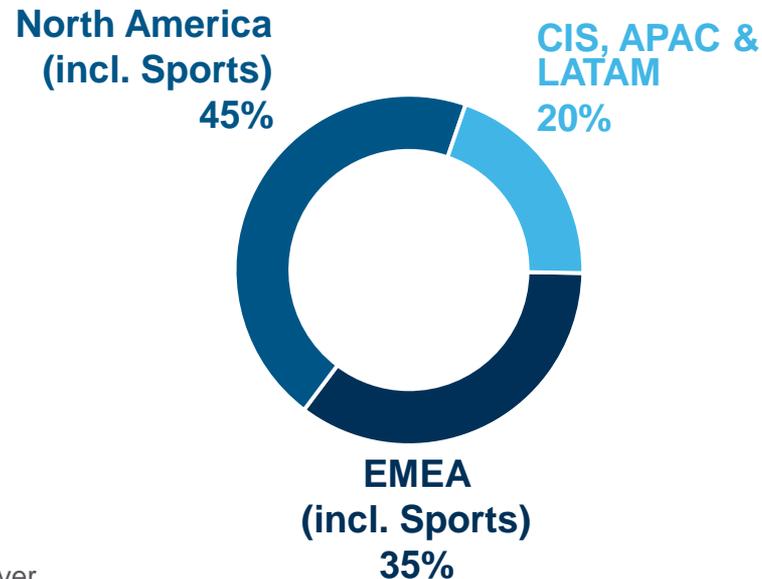
(2) Adjusted EBITDA: Adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.

Tarkett benefits from balanced exposures

Net sales
by reporting segments

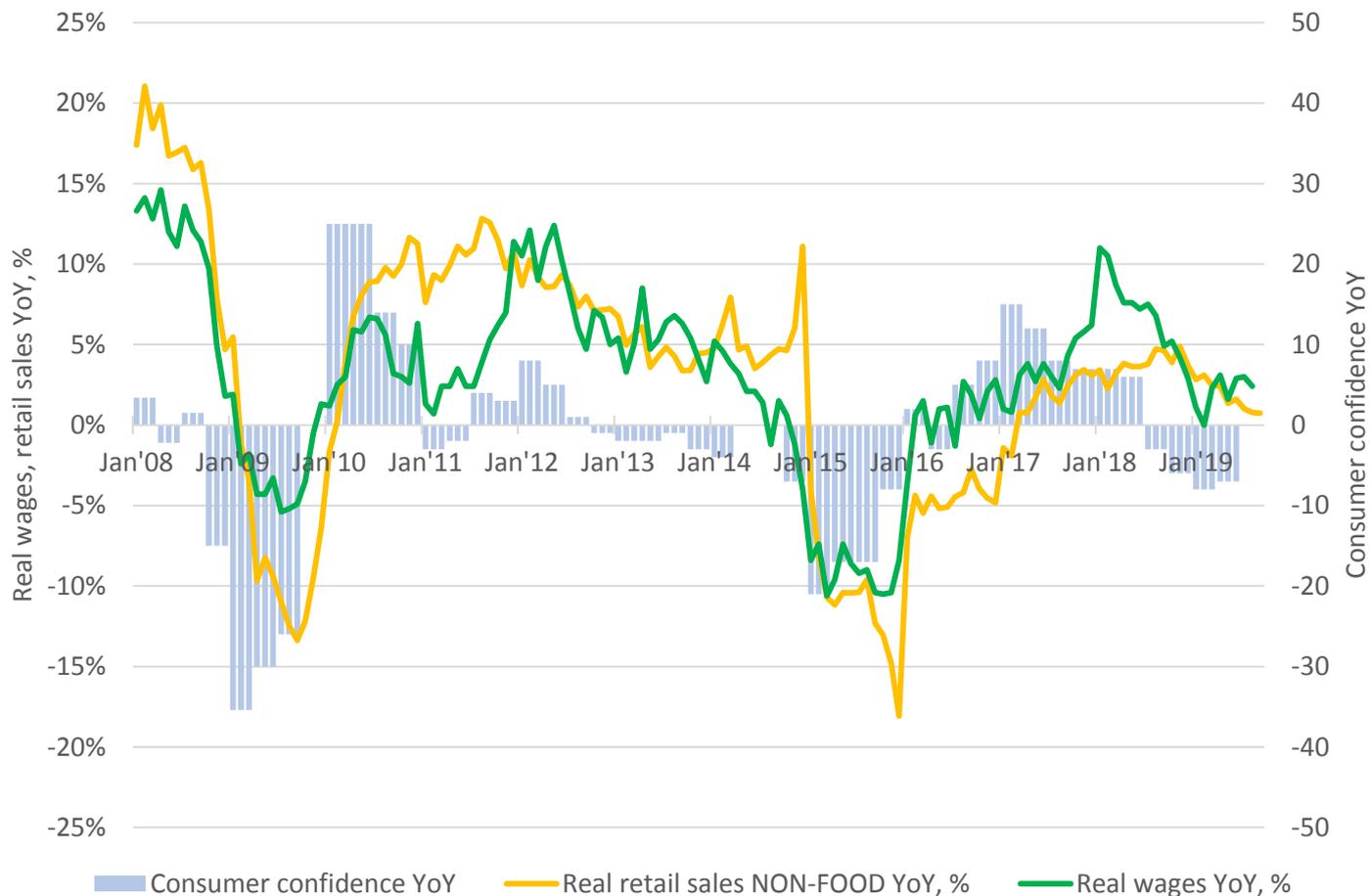


Net sales
by geographies



In % 2018 turn over

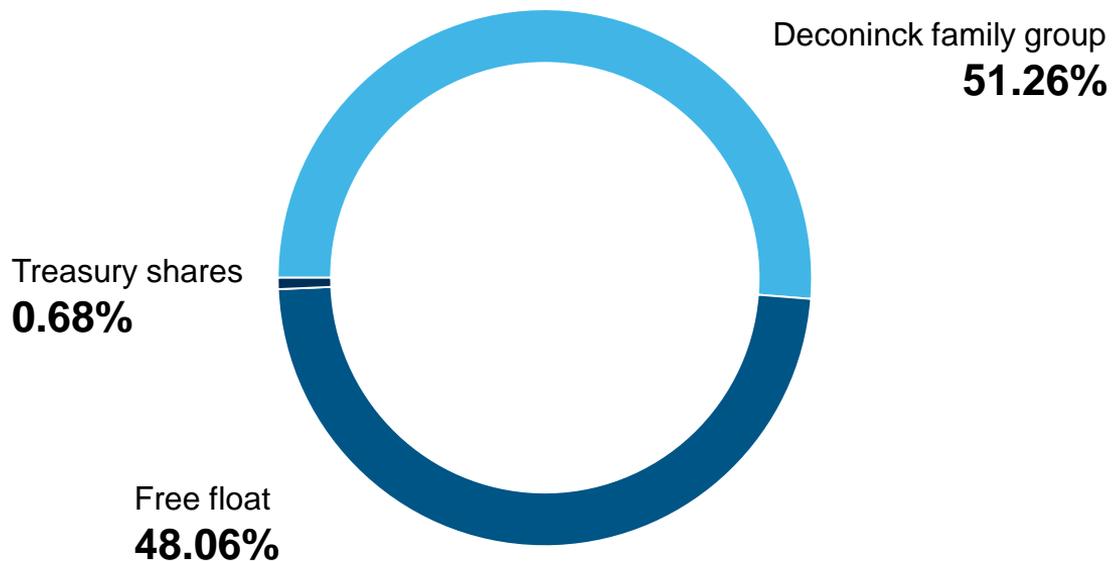
Russia: consumer confidence, real retail sales and real wages



Source: Rosstat.
Tarkett – Q3 2019 financial results

Shareholder composition

As of September 30, 2019



Executive Committee

An international, diverse & entrepreneurial leadership team



Fabrice Barthélemy
CEO and President of
the Management Board



Eric Daliere
Tarkett Sports
President



Pierre Barrard
EVP Strategic
Marketing, Digital &
Innovation



Gilles Lebret
VP Customer
Operations Group CIO



Jeff Fenwick
North America
President



Raphaël Bauer
Chief Financial Officer



Antoine Prevost
EVP Research &
Development and
Operations

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



Slavoljub Martinovic
Eastern Europe
President



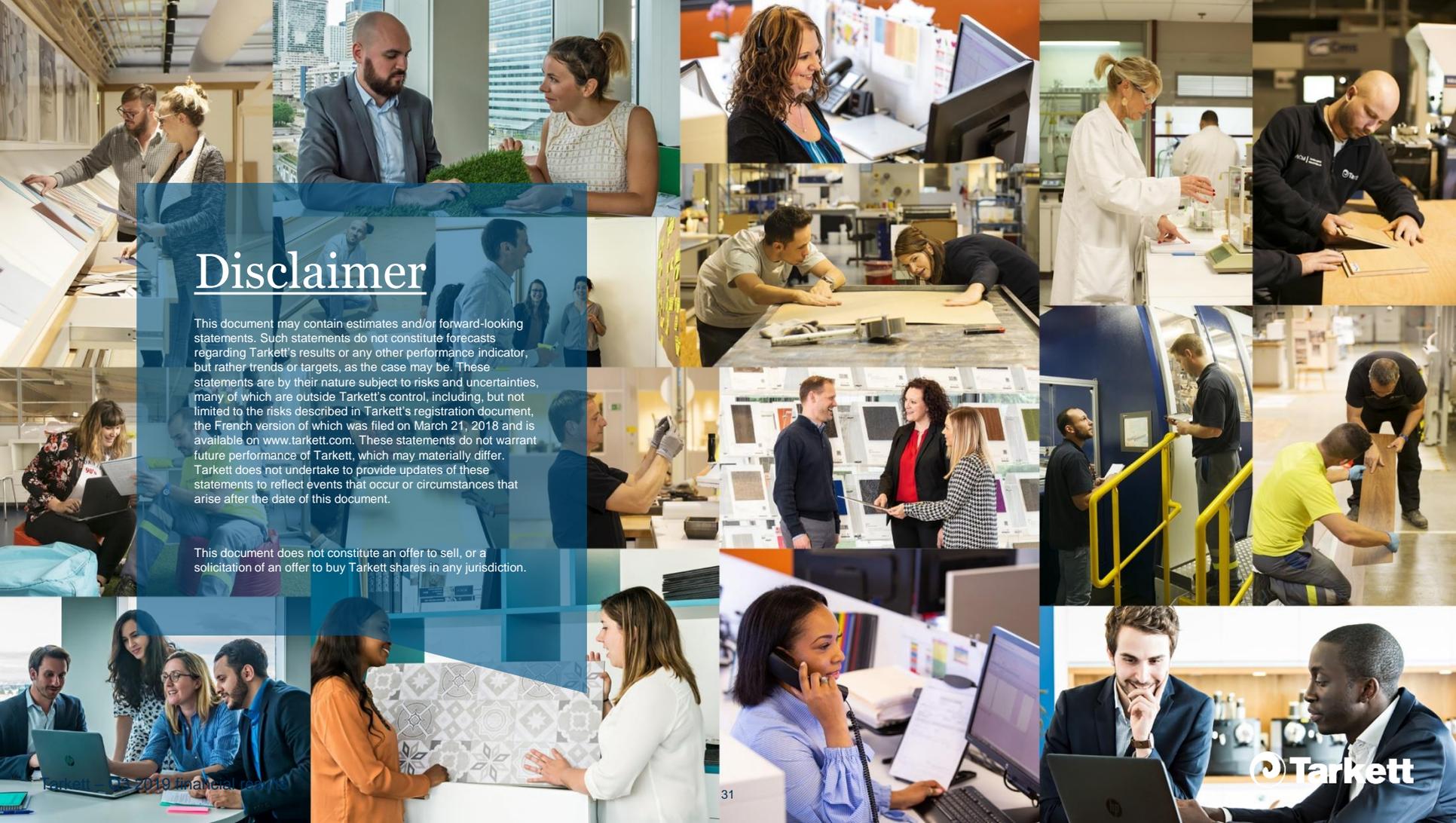
Séverine Grosjean
EVP Group Human
Resources



Francesco Penne
EMEA & LATAM
President



Wendy Kool-Foulon
Group General Counsel



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. 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.

This document does not constitute an offer to sell, or a solicitation of an offer to buy Tarkett shares in any jurisdiction.