

Q3 2014 results

Robust margin performance in a challenging macro environment

Paris-Nanterre, October 20th, 2014

- Net Sales of €731.2m, -3.3% vs. Q3 2013, of which -3.8% organic growth⁽¹⁾
- Identical Adjusted EBITDA⁽²⁾ margin as in Q3 2013 at 15.4% (€112.3m vs. €116.6m in Q3 2013)

Key figures

€ million	Q3 2014	Q3 2013
Net Sales	731.2	756.5
% change	-3.3%	
<i>Of which Organic growth⁽¹⁾</i>	-3.8%	
Adjusted EBITDA ⁽²⁾	112.3	116.6
% Net Sales	15.4%	15.4%

(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.

Net Sales

Net sales reached €731.2m, a reduction of -3.3% vs. Q3 2013 (-3.8% organically). The main driver was a slowdown of demand in the CIS countries similar to the second quarter (organic growth at -11.0% vs. Q3 2013, representing strictly the effect of volume and mix). The activity in North America was soft, especially in August. EMEA as a whole remained positively oriented (+0.4% vs. Q3 2013 organically). The Sports division confirmed the solid growth reported in the first half of this year.

The integration of Gamrat Flooring since May 1st contributed positively for +0.7% in the quarter; currencies had a slightly negative impact of -0.2%.

Adjusted EBITDA

The Group continued to show resilience in matching Q3 2013 adjusted EBITDA margin at 15.4% (€112.3m vs. €116.6m in Q3 2013). Tarkett managed to protect margins in the CIS region thanks to selling price increases (to offset currency weakness) and cost reductions (to cope with lower volumes). Combined with continuing improvement in EMEA and Sports, this achievement allows the Group to report a very solid adjusted EBITDA margin.

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

“In the third quarter, we have confirmed once again our ability to protect margins through continued pricing and cost management. This performance demonstrates the resilience of our business model, even in a challenging macro environment.”

Sales by segment

€ million	Q3 2014	Q3 2013	% Q3 2014 vs. Q3 2013	
			Reported	Organic ⁽¹⁾
Europe, Middle East, Africa (EMEA)	174.2	169.7	+2.7%	+0.4%
North America	178.1	186.3	-4.4%	-5.0%
CIS & Others	234.6	263.4	-10.9%	-11.0%
Sports	144.2	137.1	+5.2%	+6.4%
Consolidated	731.2	756.5	-3.3%	-3.8%

(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**).

In **EMEA**, Tarkett posted a positive organic growth in Scandinavia, Central Europe and Middle East as well as in Spain and Italy which continued to rebound. France was again negatively affected by the contraction in public spending and the overall weakness of its economy. In addition, Tarkett suffered from the decrease in the French wood flooring market that shrank by circa 20% between 2010 and 2013. The Group thus announced the contemplated closure of its Marty wood flooring plant in France, which experienced severe financial difficulties despite industrial, sales and marketing investments made.

Sales in **North America** retreated in the third quarter as the recovery in the market has not yet materialized. The residential activity remained on the same negative trend as in the first half of the year and commercial was penalized by a particularly weak demand in August. As planned, the Houston plant (Texas) was closed on July 31st and the new production line of vinyl tiles (VCT) has started in our facility in Florence (Alabama).

The **CIS & Others** segment posted a -11.0% decrease in organic growth, strictly reflecting volume and mix. Market conditions in both Russia and Ukraine have stabilized. The Group has been able to contain volume erosion thanks to adapting its entry-level product range. Following the selling price increases implemented in the first-half, the current level of prices is in line with the present exchange rates. Moreover the cost structure has been quickly adjusted to the new level of activity. In Latin America, the slowdown of the Brazilian economy has negatively affected the performance in spite of a positive development of LVT (high-end vinyl tiles).

The **Sports** division pursued its vigorous start of the year with a solid top line growth (posting a +6.4% increase in sales) combined with margin improvement, confirming the progress of this business.

Outlook

Tarkett confirms its ambition to protect margins in a challenging economic environment. The Group will continue to proactively manage costs and cash-flow.

Thanks to its strong balance sheet and cash generation, Tarkett will also pursue its value-creative strategy of acquisitions.

An audio-conference will be held for the analysts on Monday October 20th at 10:30 am CET and an audio webcast service (live and replay) will also be available at www.tarkett.com.

Financial Calendar - Publications to be released after market closing

- February 18, 2015: Full year 2014 Financial Results
- April 21, 2015: First quarter Financial Results
- April 24, 2015: Annual General Meeting

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 athletic tracks, the Group serves customers in more than 100 countries worldwide. With 11,000 employees and 32 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) and is included in the following indices: SBF 120, CAC Mid 60, CAC Mid & Small, CAC All-Tradable www.tarkett.com.

Investor Relations Contact

Tarkett - Jacques Bénétreau - jacques.benetreau@tarkett.com

Tarkett - Alexandra Baubigeat Boucheron - alexandra.baubigeatboucheron@tarkett.com

Media Contact

Tarkett - Véronique Bouchard Bienaymé - communication@tarkett.com

Brunswick - tarkett@brunswickgroup.com - Tel. : +33 (0) 1 53 96 83 83

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Appendices

Quarterly Sales by segment and Consolidated Adjusted EBITDA

€ million	Q1 2014	Q1 2013	% Variation	o/w organic ⁽¹⁾
Europe, Middle East, Africa (EMEA)	169.4	166.4	+1.8%	+3.6%
North America	140.8	149.0	-5.5%	-0.7%
CIS & Others	157.9	179.9	-12.3%	-3.4%
Sports	24.8	25.7	-3.6%	-0.5%
Consolidated Net Sales	492.9	521.1	-5.4%	-0.2%

€ million	Q1 2014	Q1 2013	% Net Sales Q1 14	% Net Sales Q1 13
Consolidated Adjusted EBITDA⁽²⁾	35.8	45.1	7.3%	8.7%

€ million	Q2 2014	Q2 2013	% Variation	o/w organic ⁽¹⁾
Europe, Middle East, Africa (EMEA)	177.6	175.6	+1.1%	+0.8%
North America	178.0	185.3	-3.9%	+1.1%
CIS & Others	187.1	219.4	-14.7%	-11.0%
Sports	72.1	69.0	+4.5%	+8.4%
Consolidated Net Sales	614.8	649.3	-5.3%	-2.3%

€ million	Q2 2014	Q2 2013	% Net Sales Q2 14	% Net Sales Q2 13
Consolidated Adjusted EBITDA⁽²⁾	89.9	88.1	14.6%	13.6%

€ million	Q3 2014	Q3 2013	% Variation	o/w organic ⁽¹⁾
Europe, Middle East, Africa (EMEA)	174.2	169.7	+2.7%	+0.4%
North America	178.1	186.3	-4.4%	-5.0%
CIS & Others	234.6	263.4	-10.9%	-11.0%
Sports	144.2	137.1	+5.2%	+6.4%
Consolidated Net Sales	731.2	756.5	-3.3%	-3.8%

€ million	Q3 2014	Q3 2013	% Net Sales Q3 14	% Net Sales Q3 13
Consolidated Adjusted EBITDA⁽²⁾	112.3	116.6	15.4%	15.4%

€ million	9M 2014	9M 2013	% Variation	o/w organic ⁽¹⁾
Europe, Middle East, Africa (EMEA)	521.2	511.7	+1.9%	+1.6%
North America	496.9	520.6	-4.6%	-1.6%
CIS & Others	579.6	662.8	-12.5%	-8.9%
Sports	241.1	231.8	+4.0%	+6.3%
Consolidated Net Sales	1,838.8	1,926.8	-4.6%	-2.3%

€ million	9M 2014	9M 2013	% Net Sales 9M 14	% Net Sales 9M 13
Consolidated Adjusted EBITDA⁽²⁾	238.0	249.8	12.9%	13.0%

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