Q1 2018 Key Highlights

Q1 2018 Financial Results

Key Measures and Initiatives

Conclusion and Outlook

Appendices
Q1 2018
Key Highlights

Glen Morrison
CEO
Stable sales at constant exchange rates; adjusted EBITDA penalized by raw material prices and currency effects

- Slight organic growth of 0.1%⁽¹⁾, net sales at €568m
- Lower than expected growth in EMEA (-4.6%⁽¹⁾) and in North America (-1.6%⁽¹⁾) including negative calendar effects
- Strong organic growth in Sports (+15.9%⁽¹⁾) and CIS, APAC and Latin America segment (+5.0%⁽¹⁾)
- Adjusted EBITDA⁽²⁾ down to €30m versus €52m in Q1 2017
  - Raw material prices,
  - Currency effects,
  - Lower activity in EMEA and North America
- Clear set of actions, addressing both top line and costs
- Underlying markets sound

⁽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
- 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

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

- Vinyl & Linoleum
- Commercial Carpet
- Sports
- Wood & Laminate
- Rubber & Accessories

ATTRACTION END-MARKETS EXPOSURE

- Education
- Health & Aged Care
- Workplace
- Stores & Shops
- Hospitality, Travel & Leisure
- Marine, Aviation & Transport
- Industry
- Sports & Wellness

- Renovation
- New
- Commercial
- Residential

Figures based on 2017 Net Sales.
Stable organic growth in Q1 2018

in €m

- Negative calendar effects
- Lower than expected trends in EMEA
- Flat North America at constant number of days
- Good start to the year for CIS, APAC and Latin America
- Strong organic growth in Sports

(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).

Tarkett - Q1 2018 Financial Results - April 25, 2018
Adjusted EBITDA penalized by raw material, lower activity in EMEA and North America and currencies

in €m

- As expected, significant headwinds from raw material prices & currencies
- Lower activity in EMEA and North America

<table>
<thead>
<tr>
<th>Q1 2017</th>
<th>Currencies</th>
<th>Selling price lag effect in CIS</th>
<th>Volume/Mix pricing</th>
<th>Sales pricing</th>
<th>Purchase pricing</th>
<th>Productivity</th>
<th>Perimeter</th>
<th>Salary increase, SG&amp;A &amp; other</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-2.8%</td>
<td>-2.1%</td>
<td>1.7%</td>
<td>8.5%</td>
<td>0.5%</td>
<td>-8.6%</td>
<td>29.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adj. EBITDA(1) margin</td>
<td>8.4%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.2%</td>
</tr>
</tbody>
</table>

(1) Note: Adjusted EBITDA: adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.
EMEA Q1 2018

**in €m**

**Net sales**

- Q1 2017: 243
- Q1 2018: 228

-6.2% reported

**Q1 2018 Net sales organic growth\(^{(1)}\)**

-4.6%

- Negative calendar effect (-1.6%)
- Challenging basis of comparison
- Destocking in France and UK
- Nordics slowing down
- Continued growth in South Europe, Central Europe and NL
- Good growth in LVT

\(^{(1)}\) Organic growth: At same perimeter and exchange rates.
North America Q1 2018

Net sales

-14.1% reported

Q1 2017: 190
Q1 2018: 164

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

- Negative calendar effect (-1.6%)
- Growth in resilient: rubber, accessories & VCT
- Solid growth in LVT
- Commercial carpet slower than anticipated
- Further selling price increase (+5 to +7%) effective May 1st
CIS, APAC & Latam Q1 2018

in €m

Net sales

Q1 2017: 121
Q1 2018: 116

-4.1% reported

121
116

Q1 2018
Net sales
organic growth(1)

+5.0%

CIS countries
- Volumes and mix up
- Recent ruble volatility

APAC
- China up
- Slow start in Australia and SE Asia

Latin America
- Good growth in Brazil

(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 Q1 2018**

Net sales

<table>
<thead>
<tr>
<th>Q1 2017</th>
<th>Q1 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>57</td>
<td>60</td>
</tr>
</tbody>
</table>

+5.4% reported

**Q1 2018 Net sales organic growth**

+15.9%

- Strong growth in artificial turf in North America
- Good development of turnkey projects
- Vigorous performance in landscape applications

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(1) Organic growth: At same perimeter and exchange rates.
Q1 2018 Key Take-aways

- Slow start to the year in EMEA
- Good growth in resilient, slower than expected commercial carpet sales in North America
- Robust growth in CIS countries
- Dynamic momentum in Sports
- Still headwinds from raw materials and currencies
- Recent ruble volatility
Key Measures and Initiatives

Glen Morrison
CEO
Key Measures and Initiatives

Cost Reduction
- Immediate reduction in discretionary spend
- Salary increase delayed
- Non customer-facing hirings postponed
- Ongoing review of cost structure

Selling Price Increase
- Carry-over effect of 2017 selling price increases

Growth Initiatives
- EMEA
  - ECOBASE backing: leadership in sustainability in commercial carpet ➔ significant volume growth in Q1’18
  - Renewal of LVT commercial core ranges ➔ strong pick-up in Click Collections
- North America
  - ProGen success (semi-rigid board) ➔ residential LVT sales almost doubled in Q1’18
  - iQ Optima: Education & Healthcare high perf. vinyl ➔ sales up significantly in Q1’18

> North America
  - Further selling price increase (+5 to +7%) effective May 1st
A Robust New Products Pipeline in H1 2018

Lead in design, innovation & sustainability

- Rigid LVT: new innovative class of flooring combining the strength and feel of hardflooring solution with all the advantages of vinyl
- Launch of the new heterogeneous high-end ranges: design renewal and product upgrade

- After successful launch in May 2017, further extension of the product offer, combining several widths & lengths
- Tarkett, first to propose this modularity solutions
- Reinforces Tarkett’s position in the laminate high-end segment
- Full offer available in May 2018

- Intended to work in Healthcare, Workplace and Education segments
- Constructed for budget projects, this product is priced for volume without sacrificing aesthetics
- Ethos backing with Omnicoat technology to mitigate adverse flooring conditions and the need for quick installations
- Launched end-Q1 2018

- Continued growth in North America alternative infill segment (10%) YOY
- Growth of the alternative infill offering with introduction of PureSelect, patented revolutionary natural infill: comfort and easy maintenance
- Launched Q1 2018
Conclusion and Outlook

Glen Morrison
CEO
Conclusion and Outlook

- Slower than expected sales in EMEA and North America
- Markets remain well oriented
- Immediate cost measures taken contributing to EBITDA going forward
- Further selling price increases announced in North America, Russia selling prices will be adjusted
- Positive response to new product launches, strong pipeline in place fueling growth
Appendices
## Sales and adjusted EBITDA performance in Q1

### Sales performance by quarter

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>% growth</th>
<th>Organic growth¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>228.3</td>
<td>243.4</td>
<td></td>
<td>-6.2%</td>
<td>-4.6%</td>
</tr>
<tr>
<td>North America</td>
<td>163.5</td>
<td>190.3</td>
<td></td>
<td>-14.1%</td>
<td>-1.6%</td>
</tr>
<tr>
<td>CIS, APAC &amp; LATAM</td>
<td>116.3</td>
<td>121.3</td>
<td></td>
<td>-4.1%</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Sports</td>
<td>59.8</td>
<td>56.7</td>
<td></td>
<td>+5.4%</td>
<td>+15.9%</td>
</tr>
<tr>
<td><strong>TOTAL NET SALES</strong></td>
<td><strong>567.9</strong></td>
<td><strong>611.7</strong></td>
<td></td>
<td><strong>-7.2%</strong></td>
<td><strong>+0.1%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>Q1 2018 Margin</th>
<th>Q1 2017 Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA²</td>
<td>29.8</td>
<td>51.5</td>
<td></td>
<td>5.2%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

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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(1)

+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
Material consumption in 2017
As of December 2017

Total COGS: €2,138m

COGS Breakdown:
- Payroll: 16%
- Transport and logistics: 10%
- Others: 20%

Material Consumption Detail:
- Oil derivatives: 54%
- Other raw materials: 26%
- Traded goods: 20%
- Raw materials: 54%

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Shareholder composition
As of March 30, 2018

- Société d'Investissement Deconinck: 50.2%
- Treasury shares: 0.9%
- Free float: 48.9%
Executive Management Committee

International and entrepreneurial teams

**Operational leaders**

- **Fabrice Barthélemy**
  - President EMEA & LATAM
  - Member of the Management Board

- **Andrew Bowman**
  - President North America

- **Slavoljub Martinovic**
  - President of Eastern Europe

- **Eric Daliere**
  - President Sports

**Functional Leaders**

- **Glen Morrison**
  - CEO
  - & Chairman of the Management Board

- **Raphaël Bauer**
  - CFO

- **Sharon MacBeath**
  - Human Resources
  - Member of the Management Board

- **Wendy Kool-Foulon**
  - General Counsel

- **Anne-Christine Ayed**
  - Research, Innovation & Environment

- **Antoine Prevost**
  - Operations

- **Gilles Lebret**
  - VP Customers Operations & Group CIO

Customer-driven culture
Decentralized and aligned organization
Compensation aligned with financial targets
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

- Ceramics 60%
- Wood & Laminate 11%
- Vinyl, Linoleum & Rubber 9%
- Commercial Carpet 7%
- Residential Carpet 10%
- Other non-resilient 3%
- Residential Carpet 10%

Flooring preferred categories vary greatly across world

Disclaimer

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