FY 2018 Financial Results

February 8, 2019
Agenda

- 2018 Highlights & 2019 Priorities
- 2018 Financial Results
- Conclusion
- Appendices
2018 Highlights & 2019 Priorities

Fabrice Barthélemy
CEO
2018: a challenging year

• Great momentum in Sports (+11.7%)\(^{(1)}\)
• Highest selling price increase in the past 10 years: +€22m
• Lexmark acquisition, #3 in carpet for Hospitality North America

• Unprecedented inflation of raw material and freight prices
  • -€48m, only 45% covered by selling price increase
• Adverse currencies
• Slowdown in some regions
  • CIS (CIS, APAC & LATAM segment -1.5%\(^{(1)}\) in 2018, -5.5%\(^{(1)}\) in Q4)
  • Weak Q4 in North America (-2.2%\(^{(1)}\))
• Manufacturing productivity below target

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<table>
<thead>
<tr>
<th>Successes</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Net Sales €2,836m</td>
<td>• Net Debt/Adjusted EBITDA(^{(2)}) pro forma 2.8x</td>
</tr>
<tr>
<td>• Organic growth +2.1%(^{(1)})</td>
<td>• Adjusted EBITDA(^{(2)}) €249m 8.8% of net sales</td>
</tr>
</tbody>
</table>

(1) Organic growth: At constant scope of consolidation and exchange rates (Note: in the CIS and Turkey, 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.
2019 environment and Tarkett’s priorities

• **2019 Market perspectives**
  • Signs of slowdown in some key construction and renovation markets
  • Uncertainties in the CIS
  • Inflationary pressure, mostly in H1
    • Full year raw material and freight impact estimated at -€15m\(^{(1)}\)

• **Tarkett key priorities in 2019**
  • Restore profitability
  • De-leverage through tight cash management

\(^{(1)}\) Vs. 2018, based on January 2019 purchasing prices
Key drivers of financial performance in 2019

Priority to cost reduction and deleveraging

- Reduction in discretionary spend
- Reduction in headcount
- Industrial performance recovery in NA
- Manufacturing productivity driven by automation

- Tight inventory management
- Focused Capex
- Close follow-up of accounts receivable

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

Offset inflation over FY19

€40m productivity in 2019

Restore flexibility

Maximize synergies in 2019 50bps contribution to Group EBITDA margin by 2020

Tarkett – FY 2018 Financial Results – February 8, 2019
New strategic plan to be presented in June 2019

Structurally improve financial performance
- Focus on winning segments / channels
- Pricing power
- Improve cost base

Agile and customer-driven company
- Leverage global offering & key account management
- Focused innovation

Differentiate through Digital
- Develop specific digital services and added-value digital assets
- On-line business opportunities

Reinforce leadership in circular economy
- Further deploy Restart collection program for our customers
- Increase recycled content
Financial Results in 2018

Raphaël Bauer
CFO
Solid organic growth in 2018: +2.1%

- Record activity level in Sports
- North America fueled by increase in selling prices
- Slower activity in CIS in a weak market
- CIS currencies headwinds mitigated by price increase

(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).

Tarkett – FY 2018 Financial Results – February 8, 2019
Slight organic decrease in Q4 2018

in €m

- Improved activity in EMEA
- **North America** penalized by weaker commercial carpet
- Slow activity in **CIS**
- **CIS** currencies headwinds mitigated by price increase
- Strong contribution of acquisitions, mainly Lexmark

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>EMEA</th>
<th>North America</th>
<th>CIS, APAC and LATAM</th>
<th>Sports</th>
<th>Q4 2018 Lfl(^{(1)})</th>
<th>Perimeter</th>
<th>Currencies</th>
<th>Selling price Lag effect in CIS</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>654</td>
<td>4.1</td>
<td>(3.6)</td>
<td>(9.0)</td>
<td>0.1</td>
<td>645</td>
<td>28.4</td>
<td>6.4</td>
<td>(1.2)</td>
<td>679</td>
</tr>
</tbody>
</table>

\(1\) *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).*
Full year Adjusted EBITDA margin penalized by raw material and freight inflation

in €m

- Segment and product mix penalizing operating leverage
- Unprecedented impact of raw material price and freight cost inflation
- Active Selling price management offsetting more than 45% of inflation
- CIS currency headwind more than offset by selling price increase

Adj EBITDA\(^{(1)}\) margin

(1) Adjusted EBITDA: adjustments include expenses such as restructurings, acquisitions and share-based payment expenses.
Q4 Adjusted EBITDA weakened by lower sales

in €m

- **Lower sales** in North America and CIS
- **Selling price** increases holding up and offsetting almost 70% of inflation
- Strong contribution from **acquisitions**, mainly Lexmark
- **Marketing and sampling** for new product launches

Adj EBITDA\(^{(1)}\) margin

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

Tarkett – FY 2018 Financial Results – February 8, 2019
EMEA FY 2018

in €m

Net sales

- Continuing good trends in Germany, South Europe and Poland
- Improvement in Q4 in the Nordics, leading to stability in full year
- Q4 activity levelling in the UK, but uncertain prospects
- Lower activity in France over the full year
- Dynamic growth in LVT
- 40% of raw material and freight inflation offset by selling price increase
- Tight working capital management and destocking

Adjusted EBITDA and Margin Evolution

(1) Organic growth: At same perimeter and exchange rates.
Tarkett – FY 2018 Financial Results – February 8, 2019
Another dynamic year in LVT (Luxury Vinyl Tile)

Solid performance in accessories

Sales retreated in commercial carpet in a soft market, weak Q4

Strong contribution of selling price increase, fully offsetting inflation (raw materials and transportation)

Additional price increase implemented in September to offset tariff increase on Chinese imports

Poor manufacturing performance in 2 production sites

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(1) Organic growth: At same perimeter and exchange rates.
CIS, APAC & Latam FY 2018

Net sales

- CIS
  - Weak demand in H2
  - Price increase (July 1st) in Russia more than offsetting currency impact

- Latin America
  - Strong performance driven both by volume growth and selling price increase

- Asia-Pacific
  - Growth driven by China

High inflation in raw materials and lower volumes penalizing EBITDA

Adjusted EBITDA and Margin Evolution

(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 FY 2018

in €m

Net sales

2017 512
2018 564

+10.0% reported

FY 2018 Net sales organic growth (1)

Q4 2018 Net sales organic growth (1)

+11.7%
+0.5%

Adjusted EBITDA and Margin Evolution

2017 reported 52 10.1%
2017 excl. Settlement 41 8.0%
2018 53 9.4%

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

- Another year above 10% organic growth
- High level of activity in Turf North America
- Further growth in Tracks
- Solid growth in EMEA
- Successful integration of Grassman in Australia

- EBITDA margin improvement (+140bps) thanks to higher sales and productivity
  > 2017 benefited from $12m settlement in patent infringement claim
Reported EBIT at €106.6m, reflecting operational activity in €m

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>2,836</td>
<td>2,841</td>
</tr>
<tr>
<td>Adjusted EBITDA(^{(1)})</td>
<td>248.7</td>
<td>315.1</td>
</tr>
<tr>
<td>% of net sales</td>
<td>8.8%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(117.5)</td>
<td>(118.8)</td>
</tr>
<tr>
<td>Adjusted EBIT(^{(1)})</td>
<td>131.3</td>
<td>196.3</td>
</tr>
<tr>
<td>% of net sales</td>
<td>4.6%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Adjustments to EBIT</td>
<td>(24.7)</td>
<td>(183.7)</td>
</tr>
<tr>
<td>EBIT</td>
<td>106.6</td>
<td>12.7</td>
</tr>
<tr>
<td>% of net sales</td>
<td>3.8%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>

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

### FY 2018

<table>
<thead>
<tr>
<th>Item</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring</td>
<td>(11.2)</td>
</tr>
<tr>
<td>Gain/losses on asset sales/impairment</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Business combinations</td>
<td>(5.1)</td>
</tr>
<tr>
<td>Shared-based compensation</td>
<td>(4.1)</td>
</tr>
<tr>
<td>Others</td>
<td>(0.9)</td>
</tr>
<tr>
<td><strong>TOTAL ADJUSTMENTS TO EBIT</strong></td>
<td>(24.7)</td>
</tr>
</tbody>
</table>

- Increase in restructuring cost related to loss making activities shutdown
- 2017 penalized by €165m fine from French Anti-competition authorities

Tarkett – FY 2018 Financial Results – February 8, 2019
### Net income of €49m

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBIT</strong></td>
<td>106.6</td>
<td>12.7</td>
</tr>
<tr>
<td>% of net sales</td>
<td>3.8%</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>Financial income and expenses</strong></td>
<td>(30.1)</td>
<td>(23.4)</td>
</tr>
<tr>
<td>Share of profit on equity accounted investees</td>
<td>(7.9)</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Profit before income tax</strong></td>
<td>68.6</td>
<td>(7.7)</td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>(18.5)</td>
<td>(30.3)</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>24.2%</td>
<td>19.7%</td>
</tr>
<tr>
<td><strong>Net profit</strong> (attributable to owners)</td>
<td>49.3</td>
<td>(38.7)</td>
</tr>
<tr>
<td><strong>Earnings per share</strong> (Basic, €)</td>
<td>0.78</td>
<td>(0.61)</td>
</tr>
</tbody>
</table>

### Higher financial expenses
- Increased debt leading to higher interests (-€4m)
- Cost of debt remains contained at 2.3%
- FX impacts, mainly CIS (-€3m)

### Effective Tax rate at 24.2%:
- 2017 exceptionally low
  - Cancellation of 3% tax on dividends (France)
  - Recognition of tax assets
- 2018 benefiting from the decrease of US tax rate and conclusion of a tax litigation in Canada

### Stable dividend maintained at €0.60/share
- Option to receive dividend in shares
- Controlling family opting for dividend in shares

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(1) Excluding the effect of the €165m French Competition Authority penalty, non tax deductible.

Tarkett – FY 2018 Financial Results – February 8, 2019
### Free Cash Flow

in €m

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>FY 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow before working capital changes</td>
<td>218.5</td>
<td>128.1</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>(12.3)</td>
<td>(37.0)</td>
</tr>
<tr>
<td>Acquisitions of intangible assets and property, plant and equipment % of net sales</td>
<td>(128.2)</td>
<td>(111.1)</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(17.2)</td>
<td>(11.3)</td>
</tr>
<tr>
<td>Net taxes paid</td>
<td>(25.3)</td>
<td>(37.8)</td>
</tr>
<tr>
<td>Miscellaneous operational items paid</td>
<td>(0.7)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>1.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Free Cash Flow</td>
<td>36.4</td>
<td>(65.6)</td>
</tr>
</tbody>
</table>

- **Working capital increase**
  - Higher activity in some segments, mainly Sports
  - Slight increase in DOI\(^{(1)}\) (85 days to 89 days) due to activity slowdown in Q4
  - Group average DSO\(^{(2)}\) stable around 45 days

- **Increase of Capex in line with expectations**:
  - Productivity through automation
  - Increased capacity in growing categories

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\(^{(1)}\) DOI: Days of Inventory
\(^{(2)}\) DSO: Days of Sales Outstanding

Tarkett – FY 2018 Financial Results – February 8, 2019
Net Debt, Leverage and Maturity

in €m

NET FINANCIAL DEBT AND LEVERAGE RATIO

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Financial Debt/Adjusted EBITDA pro forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>End of June 2016</td>
<td>568 1.8x</td>
</tr>
<tr>
<td>End of Dec 2016</td>
<td>378 1.1x</td>
</tr>
<tr>
<td>End of June 2017</td>
<td>294 1.3x</td>
</tr>
<tr>
<td>End of Dec 2017</td>
<td>492 1.6x</td>
</tr>
<tr>
<td>End of June 2018</td>
<td>594 2.2x</td>
</tr>
<tr>
<td>End of Dec 2018</td>
<td>754 2.8x</td>
</tr>
</tbody>
</table>

(1) Adjusted EBITDA pro forma: includes full year EBITDA of acquired companies

MATURITY OF AVAILABLE CREDIT LINES

- RCF: €503m + $106m Private placements
- Undrawn facilities
- Debt repayment profile

(2019-2025)

Tarkett – FY 2018 Financial Results – February 8, 2019
Conclusion

Fabrice Barthélemy
CEO
Management team committed to transform Tarkett

- Restore profitability
- Improve cash generation to regain financial flexibility

Short term focus on financial results

- Structurally improve financial performance
- Customer-driven organization
- Leverage Digital opportunities
- Reinforce leadership in circular economy

New strategic plan in June
Appendices
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**
- EMEA
- North America
- CIS, APAC & LATAM
- Sports

Pro forma figures based on 2018 Net Sales and Adjusted EBITDA, i.e. including full year impact of 2018 acquisitions. 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

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

Pro forma figures based on 2018 Net Sales and Adjusted EBITDA, i.e. including full year impact of 2018 acquisitions

Tarkett – FY 2018 Financial Results – February 8, 2019
Thanks to Lexmark, Tarkett is #3 in carpet for Hospitality in North America

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

Sales performance by quarter

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>% growth</th>
<th>Organic Growth(1)</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>% growth</th>
<th>Organic Growth(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EMEA</strong></td>
<td>228.3</td>
<td>243.4</td>
<td>-6.2%</td>
<td>-4.6%</td>
<td>236.0</td>
<td>237.9</td>
<td>-0.8%</td>
<td>+1.7%</td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>163.5</td>
<td>190.3</td>
<td>-14.1%</td>
<td>-1.6%</td>
<td>214.8</td>
<td>222.4</td>
<td>-3.4%</td>
<td>+3.7%</td>
</tr>
<tr>
<td><strong>CIS, APAC &amp; LATAM</strong></td>
<td>116.3</td>
<td>121.3</td>
<td>-4.1%</td>
<td>+5.0%</td>
<td>145.4</td>
<td>154.4</td>
<td>-5.8%</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>Sports</strong></td>
<td>59.8</td>
<td>56.7</td>
<td>+5.4%</td>
<td>+15.9%</td>
<td>153.2</td>
<td>137.6</td>
<td>+11.3%</td>
<td>+18.5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>567.9</td>
<td>611.7</td>
<td>-7.2%</td>
<td>+0.1%</td>
<td>749.4</td>
<td>752.3</td>
<td>-0.4%</td>
<td>+5.3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 2018</th>
<th>Q1 2017</th>
<th>Q1 2018 Margin</th>
<th>Q1 2017 Margin</th>
<th>Q2 2018</th>
<th>Q2 2017</th>
<th>Q2 2018 Margin</th>
<th>Q2 2017 Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA(2)</strong></td>
<td>29.8</td>
<td>51.5</td>
<td>5.2%</td>
<td>8.4%</td>
<td>86.3</td>
<td>108.8</td>
<td>11.5%</td>
<td>14.5%</td>
</tr>
</tbody>
</table>

(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 by quarter (Q3 & Q4)

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>Q3 2018</th>
<th>Q3 2017</th>
<th>% growth</th>
<th>Organic Growth(^{(1)})</th>
<th>Q4 2018</th>
<th>Q4 2017</th>
<th>% growth</th>
<th>Organic Growth(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>225.2</td>
<td>227.1</td>
<td>-0.8%</td>
<td>+0.9%</td>
<td>218.9</td>
<td>217.9</td>
<td>+0.4%</td>
<td>+1.9%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>206.0</td>
<td>197.9</td>
<td>+4.1%</td>
<td>+4.3%</td>
<td>199.3</td>
<td>172.8</td>
<td>+15.3%</td>
<td>-2.2%</td>
<td></td>
</tr>
<tr>
<td>CIS, APAC &amp; LATAM</td>
<td>165.4</td>
<td>178.0</td>
<td>-7.1%</td>
<td>-4.8%</td>
<td>153.4</td>
<td>165.3</td>
<td>-7.2%</td>
<td>-5.5%</td>
<td></td>
</tr>
<tr>
<td>Sports</td>
<td>243.3</td>
<td>220.4</td>
<td>+10.4%</td>
<td>+11.8%</td>
<td>107.3</td>
<td>97.6</td>
<td>+10.0%</td>
<td>+0.5%</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>839.9</td>
<td>823.5</td>
<td>+2.0%</td>
<td>+3.4%</td>
<td>678.8</td>
<td>653.6</td>
<td>+3.9%</td>
<td>-1.3%</td>
<td></td>
</tr>
<tr>
<td>€m</td>
<td>Q3 2018</td>
<td>Q3 2017</td>
<td>Q3 2018 Margin</td>
<td>Q3 2017 Margin</td>
<td>Q4 2018</td>
<td>Q4 2017</td>
<td>Q4 2018 Margin</td>
<td>Q4 2017 Margin</td>
<td></td>
</tr>
<tr>
<td>Adjusted EBITDA(^{(2)})</td>
<td>97.7</td>
<td>101.2</td>
<td>11.6%</td>
<td>12.3%</td>
<td>35.0</td>
<td>53.7</td>
<td>5.2%</td>
<td>8.2%</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(1)}\) 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

<table>
<thead>
<tr>
<th>Net Sales</th>
<th>Adjusted EBITDA(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organic Growth(1)</td>
</tr>
<tr>
<td>€m</td>
<td>H1 2018</td>
</tr>
<tr>
<td>EMEA</td>
<td>464.3</td>
</tr>
<tr>
<td>North America</td>
<td>378.3</td>
</tr>
<tr>
<td>CIS, APAC &amp; LATAM</td>
<td>261.7</td>
</tr>
<tr>
<td>Sports</td>
<td>213.0</td>
</tr>
<tr>
<td>Central Costs</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,317.3</td>
</tr>
</tbody>
</table>

(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 H2

<table>
<thead>
<tr>
<th></th>
<th>Net Sales</th>
<th>Adjusted EBITDA(2)</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>444.1</td>
<td>445.1</td>
<td>-0.2%</td>
<td>+1.4%</td>
<td>40.2</td>
<td>58.3</td>
<td>9.1%</td>
<td>13.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>405.3</td>
<td>370.7</td>
<td>+9.3%</td>
<td>+1.3%</td>
<td>34.6</td>
<td>43.3</td>
<td>8.5%</td>
<td>11.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CIS, APAC &amp; LATAM</td>
<td>318.7</td>
<td>343.3</td>
<td>-7.2%</td>
<td>-5.1%</td>
<td>43.0</td>
<td>48.3</td>
<td>13.5%</td>
<td>14.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports</td>
<td>350.6</td>
<td>318.0</td>
<td>+10.3%</td>
<td>+8.3%</td>
<td>39.0</td>
<td>28.5</td>
<td>11.2%</td>
<td>9.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(24.1)</td>
<td>(23.6)</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,518.8</td>
<td>1,477.1</td>
<td>+2.8%</td>
<td>+1.3%</td>
<td>132.7</td>
<td>154.8</td>
<td>8.7%</td>
<td>10.5%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(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 2018

<table>
<thead>
<tr>
<th>€m</th>
<th>2018</th>
<th>2017</th>
<th>% growth</th>
<th>Organic Growth(1)</th>
<th>2018</th>
<th>2017</th>
<th>2018 Margin</th>
<th>2017 Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMEA</td>
<td>908.4</td>
<td>926.4</td>
<td>-1.9%</td>
<td>-0.1%</td>
<td>97.3</td>
<td>126.8</td>
<td>10.7%</td>
<td>13.7%</td>
</tr>
<tr>
<td>North America</td>
<td>783.6</td>
<td>783.4</td>
<td>0.0%</td>
<td>+1.3%</td>
<td>70.2</td>
<td>95.0</td>
<td>9.0%</td>
<td>12.1%</td>
</tr>
<tr>
<td>CIS, APAC &amp; LATAM</td>
<td>580.5</td>
<td>619.0</td>
<td>-6.2%</td>
<td>-1.5%</td>
<td>74.1</td>
<td>88.5</td>
<td>12.8%</td>
<td>14.3%</td>
</tr>
<tr>
<td>Sports</td>
<td>563.6</td>
<td>512.3</td>
<td>+10.0%</td>
<td>+11.7%</td>
<td>52.8</td>
<td>51.5</td>
<td>9.4%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Central Costs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(45.6)</td>
<td>(46.7)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,836.1</td>
<td>2,841.1</td>
<td>-0.2%</td>
<td>+2.1%</td>
<td>248.7</td>
<td>315.1</td>
<td>8.8%</td>
<td>11.1%</td>
</tr>
</tbody>
</table>

(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.
# New norm IFRS 16 – Lease accounted for as Assets in €m

<table>
<thead>
<tr>
<th></th>
<th>FY 2018</th>
<th>IFRS 16 Estimated impact (1)</th>
<th>Simulation of FY 2018 incl. IFRS16</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Financial Debt</strong></td>
<td>754</td>
<td>+100</td>
<td>854</td>
</tr>
<tr>
<td><strong>Net Debt/Adjusted EBITDA(2) proforma(3)</strong></td>
<td>2.8x</td>
<td>+0.1x</td>
<td>2.9x</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA(2)</strong></td>
<td>249</td>
<td>+28</td>
<td>276</td>
</tr>
<tr>
<td><strong>% of net sales</strong></td>
<td>8.8%</td>
<td>+97bps</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>(117)</td>
<td>(26)</td>
<td>(143)</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>107</td>
<td>+2</td>
<td>109</td>
</tr>
<tr>
<td><strong>Financial income and expenses</strong></td>
<td>(30)</td>
<td>(3)</td>
<td>(33)</td>
</tr>
<tr>
<td><strong>Net profit (attributable to owners)</strong></td>
<td>49</td>
<td>(1)</td>
<td>49</td>
</tr>
</tbody>
</table>

- New norm IFRS 16 on leases is effective 1\(^{st}\) of January, 2019
- Assets leased are to be recognized as Fixed Asset financed by Financial Debt
- Preliminary estimates for Tarkett in 2019:
  - +€100m in Net Financial Debt
  - +€28m in Adjusted EBITDA
  - +€2m in EBIT
  - Around -€1m impact on net result
- Based in 2018 financials, this leads to:
  - ~+100bps in EBITDA margin
  - Net Debt/Adjusted EBITDA proforma at 2.9x (+0.1x, vs. 2.8x reported)

---

(1) Preliminary estimate based on preparatory work done to deploy the new norm
(2) Adjusted EBITDA: Adjustments include expenses such as restructuring, acquisitions and share-based payment expenses.
(3) Pro forma : includes full year EBITDA of acquired companies
Cost of goods sold and Raw materials details

COGS BREAKDOWN

- Total COGS: €2,184m
- Raw materials: 54%
- Payroll: 16%
- Transport and logistics: 10%
- Others: 20%

MATERIAL CONSUMPTION DETAIL

- Traded goods: 23%
- Other raw materials: 24%
- Oil derivatives: 53%

As of December 2018
Key Oil Derivatives: Purchasing Price Drivers

Oil Barrel / Shale Gas

Feedstock

Raw Material purchased by Tarkett

P&L impact

Month M(1)

Month M+1.5(1)

Month M+3(1)

Month M+5(1)

Cracking

Chemical Transformation

Transformation

Inventory

• Nafta
• Ethylene
• Polypropylene
• Caprolactam
• ...

• PVC
• Plasticizers
• Nylon
• Polyethylene
• ...

> 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, Rhine drought)
  ✓ 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 – FY 2018 Financial Results – February 8, 2019
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
Tarkett – FY 2018 Financial Results – February 8, 2019
Russia: consumer confidence, real retail sales and real wages

Source: Rosstat.
Objective: 3.5%-4.0% of sales in 2019
Return On Invested Capital (ROIC)

\[
\text{ROIC} = \frac{\text{NOPAT}(1)}{\text{Invested Capital}}
\]

- **NEW**
  - Adjusted EBIT \times (1 - \text{Normative tax rate})

  
  
  Goodwill + Tangible & intangible Assets + Working Capital

\(1\) Pro forma NOPAT (Net Operating Profit After Tax) including 12 months of activity of acquired companies

\(2\) Tarkett – FY 2018 Financial Results – February 8, 2019
## Liquidity

### As of December 31, 2018

### In €m

<table>
<thead>
<tr>
<th>Source</th>
<th>Utilization</th>
<th>Credit Lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Syndicated Facility (RCF)</td>
<td>235.8</td>
<td>650</td>
</tr>
<tr>
<td>Private Placement</td>
<td>595.5</td>
<td>595.5</td>
</tr>
<tr>
<td>Asset-backed financing</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Other</td>
<td>18</td>
<td>87.3</td>
</tr>
<tr>
<td><strong>Total Borrowings</strong></td>
<td><strong>849.3</strong></td>
<td><strong>1,382.8</strong></td>
</tr>
<tr>
<td>Cash and cash equivalent</td>
<td>95.7</td>
<td></td>
</tr>
<tr>
<td><strong>Net Debt</strong></td>
<td><strong>753.6</strong></td>
<td></td>
</tr>
</tbody>
</table>
Shareholding structure
As of December, 2018

SHAREHOLDING

- Société d'Investissement Deconinck: 50.8%
- Free float: 48.7%
- Treasury shares: 0.5%

VOTING RIGHTS

- Société d'Investissement Deconinck: 66.8%
- Free float: 33%
- Treasury shares: 0.2%
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

- Ceramics: 61%
- Wood & Laminate: 11%
- Vinyl, Linoleum & Rubber: 9%
- Commercial Carpet: 7%
- Residential Carpet: 9%
- Other non-resilient: 3%

26% addressed product categories

Flooring preferred categories vary greatly across world

North America: 1.7bn sqm

- Ceramics: 17%
- Carpet: 17%
- Vinyl, Linoleum & Rubber: 14%
- Wood & Laminate: 1%
- Other (non-resilient): 51%

Europe(1): 1.6bn sqm

- Ceramics: 31%
- Carpet: 26%
- Vinyl, Linoleum & Rubber: 18%
- Wood & Laminate: 21%
- Other (non-resilient): 4%

CIS: 0.6bn sqm

- Ceramics: 37%
- Carpet: 10%
- Vinyl, Linoleum & Rubber: 28%
- Wood & Laminate: 25%
- Other (non-resilient): 0%

Latin America: 1.1bn sqm

- Ceramics: 92%
- Carpet: 2%
- Vinyl, Linoleum & Rubber: 2%
- Wood & Laminate: 4%
- Other (non-resilient): 0%

Middle East & Africa: 1.6bn sqm

- Ceramics: 85%
- Carpet: 9%
- Vinyl, Linoleum & Rubber: 2%
- Wood & Laminate: 4%
- Other (non-resilient): 0%

Asia Pacific: 6.5bn sqm

- Ceramics: 75%
- Carpet: 6%
- Vinyl, Linoleum & Rubber: 6%
- Wood & Laminate: 8%
- Other (non-resilient): 5%

Ceramics is the dominant category in emerging countries


Tarkett – FY 2018 Financial Results – February 8, 2019
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.

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